

# COUNCIL

Wednesday, 13th July 2011  
at 2.00 pm

**PLEASE NOTE TIME AND  
VENUE**

Sir James Matthews Building,  
Solent University

**Members of the Council**

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

**Contacts**

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

<b>WARD</b>	<b>COUNCILLOR</b>	<b>WARD</b>	<b>COUNCILLOR</b>
<b>Bargate</b>	Bogle Noon Willacy	<b>Millbrook</b>	Furnell Thorpe Wells
<b>Bassett</b>	Hannides B Harris L Harris	<b>Peartree</b>	Drake Jones Dr Paffey
<b>Bevois</b>	Burke Barnes-Andrews Rayment	<b>Portswood</b>	Capozzoli Claisse Vinson
<b>Bitterne</b>	Fuller Letts Stevens	<b>Redbridge</b>	Holmes McEwing Pope
<b>Bitterne Park</b>	Baillie P Williams White	<b>Shirley</b>	Matthews Kaur Mead
<b>Coxford</b>	Morrell Thomas Walker	<b>Sholing</b>	Mrs Blatchford Fitzgerald Kolker
<b>Freemantle</b>	Ball Moulton Parnell	<b>Swaythling</b>	Osmond Turner Vassiliou
<b>Harefield</b>	Daunt Fitzhenry Smith	<b>Woolston</b>	Cunio Payne Dr R Williams

# **PUBLIC INFORMATION**

## **Role of the Council**

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

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

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

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

## **Public Involvement**

### **Representations**

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

### **Petitions**

At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions.

Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. Petitions with less than 1,500 signatories (non-qualifying) shall be presented to the Council meeting and be received without discussion.

### **Deputations**

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

## **Questions**

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

## **Southampton City Council's Six Priorities**

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

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

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

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

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

## **Dates of Meetings**

<b>2011</b>	<b>2012</b>
18 May	15 February
13 July	14 March
14 September	16 May
16 November	

## CONDUCT OF MEETING

### **FUNCTIONS OF THE COUNCIL**

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

### **RULES OF PROCEDURE**

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

### **BUSINESS TO BE DISCUSSED**

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

### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 16.

## **DISCLOSURE OF INTERESTS**

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

### **PERSONAL INTERESTS**

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

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

A Member must disclose a personal interest.

/continued.....

## **PREJUDICIAL INTERESTS**

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

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

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

There are some limited exceptions.

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

## **PRINCIPLES OF DECISION MAKING**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

Director of Corporate Services  
M R HEATH  
Civic Centre, Southampton, SO14 7LY

Tuesday, 5 July 2011

**TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL**

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 13TH JULY, 2011 in the SIR JAMES MATTHEWS BUILDING at 2.00 pm when the following business is proposed to be transacted:-

**1 APOLOGIES**

To receive any apologies.

**2 MINUTES**

To authorise the signing of the minutes of the Council Meetings held on 18th May 2011, attached.

**3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER**

Matters especially brought forward by the Mayor and the Leader.

**4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS**

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

**5 EXECUTIVE BUSINESS**

Report of the Leader of the Council, attached.

**6 MOTIONS**

A) Councillor Drake to move:-

This Council notes that, following the disbanding of Regional Health Authorities, the responsibility for fluoridation schemes will fall to local authorities. This Council therefore urges the Executive, on behalf of the Council, to use its present and future influence to reverse the decision to add fluoride to Southampton's water.

B) Councillor R Williams to move:-

Council calls on the Executive to support the Secretary of State for Communities and Local Government's request to return to talks to resolve the current industrial dispute and suspend the threat of dismissals whilst those talks take place.

**7 QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR**

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

**8 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES**

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

**9 FINANCIAL STATEMENTS 2010/11**

Report of the Cabinet Member for Resources Leisure and Culture concerning the Financial Statements for 2010/11, attached.

**10 GENERAL FUND REVENUE OUTTURN FOR 2010/11**

Report of the Cabinet Member for Resources Leisure and Culture, concerning the general fund revenue outturn for 2010/11, attached

**11 GENERAL FUND CAPITAL OUTTURN FOR 2010/11**

Report of the Cabinet Member for Resources Leisure and Culture, concerning the general fund capital outturn for 2010/11, attached.

**12 HOUSING REVENUE ACCOUNT AND CAPITAL OUTTURN FOR 2010/11**

Report of the Cabinet Member for Housing, concerning the housing revenue account and capital outturn for 2010/11, attached.

**13 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2010/11**

Report of the Head of Finance (Chief Financial Officer), concerning the treasury management activities for 2010/11, attached.

**14 COLLECTION FUND OUTTURN 2010/11**

Report of the Cabinet Member for Resources Leisure and Culture, concerning the actual payments made to and from the collection fund during the 2010/11 financial year, attached.


**15 COUNCIL PLAN**

Report of the Leader of the Council seeking approval for the draft 2011- 2014 Council Plan, attached.

**16 THE SOUTHAMPTON HOUSING STRATEGY 2011 - 2015 AND HOUSING REVENUE ACCOUNT BUSINESS PLAN 2011 - 2041**

Report of the Cabinet Member for Housing detailing the Southampton Housing Strategy 2011 - 2015 and Housing Revenue Account Business Plan 2011 – 2041, which form part of the Council's policy framework, attached.

NOTE: There will be prayers by the Reverend Dr Julian Davies, Church of England, and a Thought for the Day from Mr David Vane (representative of the Buddhist faith) at 1.30 pm in the Mayor's Parlour for Members of the Council and Officers who wish to attend.

A handwritten signature in black ink, appearing to read 'M R HEATH', with a large, stylized flourish at the end.

**M R HEATH**  
Director of Corporate Services



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## SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON  
18 MAY 2011

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### Present:

The Mayor, Councillor Matthews  
The Sheriff, Councillor Burke  
Councillors Baillie, Ball, Barnes-Andrews, Mrs Blatchford, Bogle, Capozzoli, Claisse, Cunio, Daunt, Drake, Fitzgerald, Fitzhenry, Fuller, Furnell, Hannides, B Harris, L Harris, Holmes, Jones, Kaur, Kolker, Letts, Mead, McEwing, Morrell, Moulton, Noon, Osmond, Dr Paffey, Parnell, Payne, Pope, Rayment, Smith, Stevens, Thomas, Thorpe, Turner, Vassiliou, Vinson, Walker, Wells, White, Willacy, P Williams and Dr R Williams

### 1. ELECTION OF MAYOR FOR THE ENSUING YEAR

RESOLVED upon the motion of Councillor Vassiliou, seconded by Councillor Dr R. Williams and supported by Councillor Vinson, that Councillor Matthews be elected to the Office of 789<sup>th</sup> Mayor of Southampton and Chair of the Council for the ensuing year.

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

### **THE MAYOR (COUNCILLOR MATTHEWS) IN THE CHAIR**

### 2. MAYOR'S CHARITIES

The Mayor announced that he would be supporting the Gift of Sight Charity and the Alzheimer's Society.

### 3. APPOINTMENT OF SHERIFF FOR THE ENSUING YEAR

RESOLVED upon the motion of Councillor Rayment, seconded by Councillor Holmes and supported by Councillor Vinson, that Councillor Burke be appointed the 574<sup>th</sup> Sheriff of the City of Southampton and Vice-Chair of the Council for the ensuing year.

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

### 4. VOTE OF THANKS TO RETIRING MAYOR

RESOLVED upon the motion of Councillor Dr. R. Williams, seconded by Councillor Smith and supported by Councillor Drake, that the Council places on record its appreciation for the distinguished manner in which Councillor Cunio had discharged the duties of the Mayor of the City during the period of her term of office.

5. CITY OF SOUTHAMPTON AWARDS

RESOLVED upon the motion of the Mayor (Councillor Matthews) and seconded by the Sheriff (Councillor Burke), that the City of Southampton Award be presented to the City of Southampton Albion Band, Philip Arnold and a joint award to Patrick Sanford and Kate Anderson from the Nuffield Theatre.

6. PRESENTATION OF MEDALS TO RETIRING COUNCILLORS

RESOLVED upon the motion of the Mayor (Councillor Matthews) and seconded by the Sheriff (Councillor Burke), that medals be presented to former Councillors Mrs Damani, Dean, Dick, Marsh-Jenks, Norris, Odgers, Samuels, Slade and Sollitt in recognition of their service to the City Council.

**AT THE RECONVENED MEETING OF THE SOUTHAMPTON CITY COUNCIL HELD  
IN THE COUNCIL CHAMBER, CIVIC CENTRE ON 18TH MAY, 2011**

7. APOLOGIES

No apologies for absence were received.

8. MINUTES

RESOLVED that the minutes of the Council Meetings held on 16<sup>th</sup> March, and 6<sup>th</sup> April 2011 be approved and signed as correct records.

9. ANNOUNCEMENTS FROM THE MAYOR

(i) The Mayor thanked all Members for their support in electing him as Mayor. In order for the meetings to run efficiently and effectively he asked Members to keep in mind through the year the basic courtesies that needed to be adhered to for this to happen, timeliness both in arriving at the meeting and when speaking: speaking to the point, and listening carefully to the arguments. He asked Members to remember the courtesies they would like from members when they are speaking and extending those to others.

(ii) The Mayor reminded Members to switch off their mobile phones and that any that ring would incur an instant fine.

(iii) The Mayor announced that Lorraine Brown, Executive Director of Environment and Nick Murphy, Executive Director of Neighbourhoods would be leaving the Council's employ in the coming weeks and thanked them on behalf of the councillors for their contribution to the City.

(iv) The Mayor reminded Members of the change of venue for the next meeting of the Council scheduled for the 13<sup>th</sup> July and that the meeting would be held in the Sir James Matthews building.

10. ELECTION OF THE LEADER

The nomination of Councillor Smith was moved and seconded.

UPON BEING PUT TO THE VOTE IT WAS:

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

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

Adult Social Care and Health – Councillor White  
 Children’s Services and Learning – Councillor Moulton  
 Environment and Transport – Councillor Fitzhenry  
 Housing – Councillor Baillie  
 Resources, Leisure and Culture – Councillor Hannides

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

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

(a) APPOINTMENT OF MEMBERS

Political Group	Seats on Council	%
Conservative	26	54.17
Labour	19	39.60
Liberal Democrats	3	6.25

Committees	Lib Dem	Labour	Con	Number of Seats to Groups
Overview and Scrutiny Management(10)	1 Cllr Vinson	4 Cllr Barnes-Andrews Cllr Morrell Cllr Stevens Cllr R Williams	5 Cllr Fitzgerald Cllr B Harris Cllr Kolker Cllr Mead Cllr Walker	10
Planning and Rights of Way (7)		3 Cllr Mrs Blatchford Cllr Cunio Cllr Thomas	4 Cllr Claisse Cllr L Harris Cllr Jones Cllr Osmond	7
Employment and Appeals Panel (7)		3 Cllr McEwing Cllr Noon Cllr Pope	4 Cllr Fitzgerald Cllr B Harris Cllr Kolker Cllr Osmond	7

Chief Officer Employment Panel (7)		3 Cllr Letts Cllr Rayment Cllr R Williams	4 Cllr Hannides Cllr Moulton Cllr Parnell Cllr Smith	7
Licensing Committee (13)	1 Cllr Drake	5 Cllr Mrs Blatchford Cllr Cunio Cllr Rayment Cllr McEwing Cllr Thomas	7 Cllr Ball Cllr Fuller Cllr Holmes Cllr Osmond Cllr Parnell Cllr Vassiliou Cllr Willacy	13
<b>Sub-Committees</b>	<b>Lib Dem</b>	<b>Labour</b>	<b>Con</b>	
Health Overview and Scrutiny Panel (7)	1 Cllr Turner	2 Cllr Payne Cllr Thorpe	4 Cllr Capozzoli Cllr Daunt Cllr Fitzgerald Cllr Parnell	7
Audit Committee (7)		3 Cllr Bogle Cllr Furnell Cllr Paffey	4 Cllr Ball Cllr Daunt Cllr Fuller Cllr Mead	7
Licensing General Sub- Committee (5) (Membership must come from membership of Licensing Committee)	1	2	2	5
<b>TOTAL</b>	<b>4</b>	<b>25</b>	<b>34</b>	<b>63</b>

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

<b>Committee/Sub-Committee</b>	<b>Lib Dem</b>	<b>Labour</b>	<b>Con</b>	<b>Number of Seats to Groups</b>
Standards and Governance ((10) including the Mayor and 3 independent members) (requirement to appoint 3 Independent Members but 4 appointed Full Council 7/08)	2 Cllr Drake Cllr Turner	2 Cllr Burke Cllr Noon	2 Cllr Osmond Cllr Parnell	6

Assessment Sub-Committee (4) 1 Independent (Chair) plus 3 Members appointed from S&G	1	1	1	3
Assessment Appeals Sub- Committee (4) 1 Independent (Chair) plus 3 Members appointed from S&G)	1	1	1	3
Local Determinations Hearing Panel (5) 2 Independent (1 as Chair) plus 3 Members from S&G	1	1	1	3
Licensing and Gambling Sub-Committee (3) (Any 3 Members drawn from the Licensing Committee membership on rotation basis)	1	1	1	3

<b>Other bodies</b>	<b>Lib Dem</b>	<b>Labour</b>	<b>Con</b>	
Hampshire Fire and Rescue Authority (3)		1 Cllr Morrell	2 Cllr Smith Cllr Moulton	3
South East Employers (3 + 3)	1 (+1) Cllr Vinson Cllr Drake - (Deputy)	1 (+1) Cllr Payne Cllr Stevens – (Deputy)	1 (+1) Cllr Kolker	6
Local Democracy Network for Councillors (2)	1 Cllr Drake	1 Cllr Letts		2
Police Joint Committee (Police Authority) (1) <i>(Overall proportionality is calculated across the County. This may require a change in appointment)</i>			Cllr Moulton	1
Partnership for Urban South Hampshire – Overview and Scrutiny Committee (1)	Cllr Vinson			1

(b) APPOINTMENT OF CHAIRS AND VICE-CHAIRS

RESOLVED that the following Chairs be elected for the 2011/2012 municipal year and the Vice-Chairs be elected at their first meetings of the municipal year: -

<u>Committee</u>	<u>Chair</u>
Overview and Scrutiny Management	Councillor Barnes-Andrews
Planning and Rights of Way	Councillor Jones
Employment and Appeals	Councillor Kolker
Chief Officer Employment Panel	Councillor Smith
Licensing Committee	Councillor Parnell
Health Overview and Scrutiny	Councillor Cappozzoli
Audit Committee	Councillor Ball

(c) OTHER APPOINTMENTS

- (i) It was noted that an advert had been placed for the appointment of the Independent Members to the Standards and Governance Committee.
- (ii) It was noted that that Independent Remuneration Panel was being re-established to review the Members Allowance Scheme. The Panel would be meeting over the next few months and a report on the Panel's recommendations would be submitted to the September Council meeting.

12. CALENDAR OF MEETINGS

The Council approved the following dates for meetings of the Council in the 2011/12 municipal year:

13th July 2011  
14th September 2011  
16th November 2011  
15th February 2012 (Budget)  
14th March 2012  
16th May 2012

13. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

1. It was noted that no requests to present deputations, petitions or public questions had been received.
2. It was noted that a petition had been received regarding anti-social behaviour. The petition was now closed and in accordance with the Council's petition scheme had been posted on the City Council's web site and was reported for information.

14. EXECUTIVE BUSINESS

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

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

The following questions were then submitted in accordance with Council Procedure Rule 11.1:-

### **1 Weston Shore Pitch and Putt**

Question from Councillor Payne to Councillor Baillie

What is the future of the Weston Shore pitch and putt site?

#### Answer

The Weston Shore Pitch and Putt facility has historically been opened for public play between May and September each year. The facility has never generated sufficient income to cover the costs of its management and upkeep, and at the Council's budget setting meeting in February 2011, the decision was taken to close the course unless a local business, charity or community group could be found to take on the future management of the facility on an economic basis, i.e. requiring no subsidy from the City Council.

The search for new management partners for this facility has to date been unsuccessful. However, scrutiny of past income records highlighted that 70% of the course's use took place at weekends and on Bank Holidays. It has been decided to open the course to the paying public on weekends and bank holidays, and allow free use of the course during weekdays, while potential new options for the management of the course are further explored. The free use will be on a trial basis to ensure there is no misuse of the course.

### **2. Window Replacement Programme**

Question from Councillor Vinson to Councillor Baillie

Would the Cabinet Member confirm that the Window Replacement Programme has been brought forward so that all single-glazed windows will be replaced during the current financial year?

#### Answer

The intention is to replace all single glazed windows by the end of 2012.

### **3. Outsourcing Management of the Arts Facilities**

Question from Councillor Bogle to Councillor Hannides

What is the business case for outsourcing management of the arts facilities Sea City Museum, Tudor House Museum and the Art Gallery? What other options were considered and what were the cost/benefits of each option?

#### Answer

During the development of the funding bid to the Heritage Lottery Fund for Sea City, consultants developed a business case that considered the potential merits of different

management options. This appraisal indicated that museums could be run more efficiently if run on a Trust model or by a commercial operator.

The Cabinet considered a report on Sea City 2<sup>nd</sup> August 2010 and agreed recommendations which included the following:

- *The implementation of a procurement exercise to identify a management partner for Sea City Museum, with the option of including other heritage venues, subject to an economic assessment of the costs and benefits being completed in accordance with the council's approved project appraisal process and, on the basis that the procurement proceeds.*

The consultants' appraisal indicated apparent financial benefits to the alternative management models, and hence, consideration is being given to other options for Tudor House Museum and the Art Gallery.

The details of the options appraisal exercise, including the cost/benefits of each option are commercially sensitive and as we are still in the process of deciding the next steps, publication of this information may be prejudicial to future decision making by the Cabinet.

The instigation of a procurement exercise does not commit the Council to proceeding with a third party operator. The evaluation model gives 55% of the marks to quality factors, with 45% allocated to financial considerations. The report to Cabinet will include results of the procurement exercise which will be tested against a public sector comparator. A recommendation to proceed will only be made if there are benefits compared to a public sector comparator.

## 15. MOTIONS

### **(a) Promotions by commercial companies of free alcohol samples**

Councillor Turner moved and Councillor Drake seconded:

“Council is concerned at commercial companies mounting promotions giving out free alcohol samples to young people in the City Centre which is part of the designated alcohol free zone and asks the Licensing Committee to investigate and if necessary bring forward proposals for regulating such promotions”.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED LOST.

RESOLVED that the motion be not approved.

### **(b) Disposal of Westridge Road Car Park**

Councillor Vinson presented a petition and then moved and Councillor Turner seconded:

“Full Council calls upon the Executive to reconsider and reverse their decision to dispose by way of a 1000 year lease of Westridge Road Car Park in Portswood District Centre to facilitate a further supermarket as this will have an adverse



effect on the diversity and vitality of Portswood District Centre and on the surrounding neighbourhoods”

Amendment moved by Councillor Moulton and seconded by Councillor Smith:

AMENDMENT

In the 1<sup>st</sup> line, after the words “Full Council”, delete the words:

“calls upon the Executive to reconsider and reverse their”

and replace with:

“notes the Executive’s”

In the 3<sup>rd</sup> line, after the words “District Centre”, delete the words:

“to facilitate a further supermarket as this will”

and replace with:

“and also notes that the decision on whether or not to grant planning permission for a new supermarket next to the Westridge Road Car Park in Portswood District Centre rests with Planning and Rights of Way Panel.

Full Council calls on Planning and Rights of Way Panel to determine the planning application in accordance with the policies of the development plan and to give proper consideration to the policies of the development plan and any other material planning considerations including possible concerns of residents about parking and traffic and in making its decision, to consider whether the development would...”

In the 4<sup>th</sup> line, delete the word “diversity” and replace with “viability”.

Amended Motion to read:

Full Council notes the Executive’s decision to dispose by way of a 1000 year lease of Westridge Road Car Park in Portswood District Centre, and also notes that the decision on whether or not to grant planning permission for a new supermarket next to the Westridge Road Car Park in Portswood District Centre rests with Planning and Rights of Way Panel.

Full Council calls on Planning and Rights of Way Panel to determine the planning application in accordance with the policies of the development plan and to give proper consideration to the policies of the development plan and any other material planning considerations including possible concerns of residents about parking and traffic and in making its decision, to consider whether the development would have an adverse effect on the viability and vitality of Portswood District Centre and on the surrounding neighbourhoods.

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED CARRIED

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

RESOLVED that the motion as amended be approved.

N.B. Councillors Drake, Turner and Vinson voted against the amendment and the substantive motion.

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

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

17. CHANGES TO THE CONSTITUTION

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

RESOLVED

- (i) that the changes to the Constitution as set out in the report be agreed;
- (ii) that the Director of Corporate Services be authorised to finalise the arrangements as approved by Full Council and make any further consequential or minor changes arising from the decision(s) of Full Council; and
- (iii) that the City Council's Constitution, as amended, including the Officer Scheme of Delegation for the municipal year 2011/12 be approved.

18. ANNUAL STANDARDS AND GOVERNANCE BUSINESS REVIEW

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

19. CITY COUNCIL ELECTIONS 2011

RESOLVED that the report of the Returning Officer concerning the results of the City Council Elections 2011 and the referendum on the alternative vote be received and noted (copy of report circulated at the meeting and appended to signed minutes.)

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

RESOLVED that the report of the Head of Corporate Policy and Performance summarising the use of the call-in procedure over the last six months be received and noted (copy of report circulated with agenda and appended to signed minutes).

21. OVERVIEW AND SCRUTINY ANNUAL REPORT 2010/11

RESOLVED that the report of the Head of Corporate Policy and Performance detailing the Overview and Scrutiny Management Committee Annual Report 2010/11 in accordance with the Council's Constitution be received and noted (copy of the report circulated with the agenda and appended to signed minutes.)

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SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON  
18 MAY 2011

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Present:

The Mayor, Councillor Matthews  
The Sheriff, Councillor Burke  
Councillors Baillie, Ball, Barnes-Andrews, Mrs Blatchford, Bogle, Capozzoli, Claisse, Cunio, Daunt, Drake, Fitzgerald, Fitzhenry, Fuller, Furnell, Hannides, B Harris, L Harris, Holmes, Jones, Kaur, Kolker, Letts, Mead, McEwing, Morrell, Moulton, Noon, Osmond, Dr Paffey, Parnell, Payne, Pope, Rayment, Smith, Stevens, Thomas, Thorpe, Turner, Vassiliou, Vinson, Walker, Wells, White, Willacy, P Williams and Dr R Williams

22. APOLOGIES

No apologies for absence were received.

23. HONORARY ALDERMEN

RESOLVED unanimously:

That in pursuance of Section 249 (1) of the Local Government Act 1972, the office of Honorary Alderman be conferred on former Councillors Mrs Jill Baston, Mrs Parvin Damani and Mr Alec Samuels in recognition of their eminent service to the City and their names be recorded in the Roll of Honorary Aldermen.

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# Agenda Item 5

<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	EXECUTIVE BUSINESS
<b>DATE OF DECISION:</b>	13 JULY 2011
<b>REPORT OF:</b>	LEADER OF THE COUNCIL
<b>STATEMENT OF CONFIDENTIALITY</b>	
NONE	

## **BRIEF SUMMARY**

This report outlines executive business conducted since the last Council meeting and highlights some of the positive developments and achievements.

## **RECOMMENDATIONS:**

- (i) That the report be noted.

## **REASONS FOR REPORT RECOMMENDATIONS**

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

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. Not applicable

## **DETAIL (Including consultation carried out)**

3. As Leader of the Council, I identified in July 2010, two priorities for the Council:
  - achieving Value for Money; and
  - Strong Leadership in facilitating economic growth for prosperity for the City.This report highlights the business undertaken by the Executive, particularly good news stories which demonstrate the progress we are making towards our objectives. A list of Cabinet decisions taken since the last Full Council meeting in May 2011 is attached as Appendix 1.

## 4. Guildhall Square and QE2 Mile Awards 2011

The Guildhall Square has achieved an award under the Editor's Choice category for the Local Government News Street Design Awards 2011. The Editor of the LGN came to Southampton on 8<sup>th</sup> July to present the award to the City Council. The QE2 Mile has also achieved recognition by gaining 3<sup>rd</sup> place in the Major Projects category for Engineering Excellence (ICE South East England). This has been achieved by staff working across the Council particularly the Economic Development and Environment Directorates.

## **LEADER'S PORTFOLIO**

## 5. Royal Pier

The City Council has entered into a two year Exclusivity Agreement with Morgan Sindall Investments Ltd, who will work with the Council, Associated British Ports and the Crown Estate to agree legal arrangements and prepare a master plan for how the site will be developed. The programme allows them to do this by early next year.

6. Southampton to host start of the Clipper 2011-2012 Round the World Yacht Race

Southampton City Council and MDL Marinas, are working in partnership to host the Clipper 2011-2012 yacht race. This internationally renowned event will attract tens of thousands of people to Southampton, generating millions of pounds for the local economy. It will be an opportunity to showcase all that Southampton has to offer to an international audience.

7. QE2 Mile – Holy Rood and installation of anchor

Works have now re-commenced on site with our Highways partner Balfour Beatty Workplace to complete all outstanding public realm works.

8. Turtle Bay Opening

Turtle Bay's opening launch event took place on 16<sup>th</sup> June. The opening of this Caribbean restaurant brings new vibrancy to the Guildhall Square, 30 local jobs and £600k investment into the Cultural Quarter.

9. Tyrrell & Green Planning Application

Grosvenor displayed its plans for the development of the former Tyrrell & Green site in the Artisan Café Guildhall Square in May. The event attracted extensive public interest and positive comments on both the architecture and the arts complex proposals. The overall development is expected to provide over 400 jobs, with restaurants opening in 2014 and the arts complex in 2015. Further to this public consultation, a full planning application will be submitted by July.

10. Yellow Card celebrates a successful first year

Southampton's Yellow Card scheme has just celebrated its first anniversary. The scheme, combating alcohol-related, anti-social behaviour and disorder in Southampton was launched by the Council, the police and the rest of the Safe City Partnership twelve months ago and has been a great success.

11. ASB MARAC Recognised as Best Practice

The Home Office are currently trialling new ways of dealing with anti-social behaviour in terms of call handling, case management and risk assessment for vulnerable victims. Our process for dealing with the most vulnerable victims has already been recognised nationally as best practice and we have been able, in most of the cases of 35 vulnerable victims supported, to either reduce or eliminate the risk caused by them being victimised.

12. Southampton re-launches Neighbourhood Watch

Southampton City Council is launching a drive to increase the number of Neighbourhood Watch schemes in the City. A redesigned scheme was launched for the National Neighbourhood Watch week (18-26 June 2011). This aims to attract more residents from all areas to get involved in reducing crime in their community.



## **ADULT SOCIAL CARE AND HEALTH PORTFOLIO**

13. Safe Places Successful Launch in Shirley

A Safe Place scheme has been successfully launched in Shirley involving local shopkeepers and business owners offering their premises as places of safety to people who feel intimidated, scared or vulnerable when out in the community. At least ten Shirley premises have signed up and will display a brightly coloured sticker and the success means that the scheme may be rolled out not only across Southampton, but Hampshire as well.

14. Changes to the NHS

The changes to the NHS continue apace and the SHIP Primary Care Trust cluster has now been formally established. We are working with colleagues in the Cluster and the GP Commissioning Consortia, to take forward the changes and several productive meetings have been held including between the Chief Executive of the Council and the newly appointed Cluster Chief Executive, Debbie Fleming.

15. Southern Cross

Members will want to be reassured that an active plan is in place to ensure that the Council can manage the expected impact of the difficulties experienced by Southern Cross. The potential impact in the City were Southern Cross to fold would be minimal and the Council has plans in place to deal with this should the situation arise.

16. NHS Health and Wellbeing Grant

A £3,000 NHS Health and Wellbeing grant is being used to fund an eight week trial at the Mayfield Nursery. The aim of the scheme is to offer a natural solution to the issues of depression, anxiety and low moods and GPs in the City can refer patients to the scheme.

## **CHILDREN'S SERVICES AND LEARNING PORTFOLIO**

17. Foster Care Fortnight Roadshows hit Southampton

Foster Care Fortnight is a national campaign to raise the profile of fostering and encourage more people to consider becoming a foster carer. As part of Fostering Fortnight, Southampton City Council's foster carers had the chance to talk to professionals, as well as carers and young people about their experiences.

Schools:

18. a) Newlands Primary School rebuild gets underway

Mansell has won a £6 million contract to build a new school in Southampton. The new Newlands Primary School has been procured through the Improvement and Efficiency South East (IESE) Framework. The new school building will be built on the existing school site and will comprise a one-storey building.

b) The Children Services and Learning Directorate is providing support to:-

- Upper Shirley High School, which has been given approval to become an Academy from August 1<sup>st</sup> 2011.

- Rosewood School has applied to become a maintained school under the Free Schools legislation.
- Springhill School, which has applied to become an Academy.
- Regents Park Community College, Banister Infant School and St. Johns Infant and Nursery, which are working to form a co-operative Trust.

19. Safeguarding Children Inspection

Following our second ‘unannounced’ inspection of Children’s Social Care as part of Ofsted’s national programme of inspections, we remain an authority with ‘no priority areas for action’. The inspection focuses on our compliance with statutory guidance in respect of children and young people who are at risk of, or the subject of, neglect or abuse.

20. Ofsted Inspections

Congratulations to:

- Weston Park Infant School, judged ‘outstanding’ in May,
- Shirley Infants School and Upper Shirley High School, who were both judged ‘good’ and Heathfield Junior School is no longer judged to require a ‘notice to improve’.

21. School-to-School Partnerships

Southampton has been at the forefront of a new educational initiative, School-to-School Partnerships, which is at the heart of the Coalition Government’s school reforms. There is considerable evidence in the City, particularly in our primary schools, that the model of our outstanding head teachers working in partnership with less successful schools can lead to a sharp rise in educational standards. The Department of Education’s (DfE) report to be published soon will contain just five or six case studies of excellent practice across the country, two of which are Southampton partnerships – one led by Portswood Primary School and the second by the Upper Shirley Learning Community.

22. NEETS

The percentage of unemployed 16-18 year old young people in Southampton was 8.9% in March 2011 and has decreased to 8.5% in April and 7.6% in May. This has been achieved through a sustained City wide approach by locality teams and partner organisations, which has increased the number of 16-18 young people who are education, employment or training, and has targeted resources to deliver preventative work at pre-16. From April 2011, the Department for Education has revised the formula for calculating NEET rates. The new calculation, based on residency and academic age, has contributed to the reduced percentage.

**ENVIRONMENT AND TRANSPORT PORTFOLIO**

23. Southampton Ceremonies

The new web pages for Southampton Ceremonies on our website have now been launched, covering Bereavement Services, Weddings and Civil Partnerships, Birth and Citizenship ceremonies. The new pages have been completely redesigned with images, photography and virtual tours that we hope will encourage customers to use our services.

24. New Bus Shelter Contract

The Council has recently let a new bus shelter contract. This means that all the existing bus shelters will be replaced with new, modern ones and the same company will repair and maintain them. In addition, the Council are receiving a share on advertising income and this will save the Council over £50K per year.

25. Highway and PFI contracts

The Council entered into a Highways Services Partnership (HSP) and a Street Lighting Private Finance Initiative (PFI) during 2010/11. 'Benefits Realisation' reports assessing the initial phases of both contracts have now been prepared. The HSP which began in October 2010, is delivering a better service to customers, is on target to make significant financial savings for reinvestment into the highway network and is performing to a high standard. The PFI, which commenced in April 2010, is also performing to a high standard. This has replaced 2,534 lighting units as part of its Core Investment Programme and resident feedback indicates that 92% of people feel that the new lighting has reduced their fear of crime.

26. Preliminary Flood Risk Assessment Report

As part of new responsibilities arising from the Flood Risk Regulations (2009) the Council has prepared and submitted a preliminary flood risk assessment report to the Environment Agency (EA). Southampton does not contain any areas meeting flood risk criteria set by the Government but the City Council will, in its role as a Lead Local Flood Authority, be assessing flooding from local sources within the City which will be managed through the Local Flood Risk Management Strategy.

## **HOUSING PORTFOLIO**

27. Activity Coordinators and Tenants win TPAS awards

Southampton Council staff and tenants have been successful in winning two categories at the Tenant Participation Advisory Service (TPAS) Southern Regional Awards. The Activity Coordinators won their category for Best Practice in Supported Housing and the International Cookery Exchange (ICE), which is a tenant run community cooking club, were successful in winning Best Practice in the Community as well as the prestigious Queen's Award for Voluntary Service, which is the highest award given to volunteer groups across the UK for outstanding work done in their local community. The group is supported by Southampton City Council. These two projects will now be put forward for the national awards which take place at the TPAS Annual Conference on 28<sup>th</sup> and 29<sup>th</sup> July.

28. Southampton shares £30M from Big Lottery to help the financially vulnerable

Southampton is one of five areas in the South East chosen to share part of a £30m windfall by the Big Lottery to help the financially vulnerable. The £30M funding has been targeted across 69 local authorities in England including Southampton City Council, which the Big Fund Lottery has identified as having some of the most financially excluded residents.

29. 29 New Council Homes completed in Southampton

Southampton City Council has improved the lives of tenants with the completion of 23 new family homes and six apartments built for tenants wishing to downsize. The 29 new homes have been developed on five separate sites which were previously derelict or under used garages.

30. Gantry – Show Flat opens

The show flat opening for Empire View started on 21<sup>st</sup> June (formally the Gantry Site). This scheme is on programme for completion in March 2012.

31. Estate Regeneration

We are now working on the next phase of the Council's estate regeneration programme which is designed to improve the opportunities and lives of people on our estates. We are already investing in improvements in Townhill Park. We are currently appointing a team who will work with local residents to develop plans for the future. We are also working with residents at the Weston Shopping Parade.

**RESOURCES, LEISURE AND CULTURE PORTFOLIO**

32. Barricade – No Fit State Cruise event Guildhall Square

Guildhall Square was transformed into a spectacular aerial playground on 9<sup>th</sup> July, with circus imagery, breathtaking aerial and acrobatic skills, amazing pyrotechnics and inspiring live music in BARRICADE, an event delivered by No Fit State Circus as part of the European funded programme of outdoor theatre events, building on the success of 'Midsummer Dream' and 'Alive and Ablaze'.

33. Race for Life

The City has once again hosted one of the largest fundraising races in the Country. 7,500 women joined in the 2010 event, we hope that more will enjoy the wonderful spaces of the Avenue and the City in their quest to make their mark and raise funds for cancer treatment, care and research.

34. Public Opening of Tudor House and Gardens on 30<sup>th</sup> July

The Tudor House and Garden will become a welcoming and enjoyable visitor experience with new facilities and displays, which will tell the story of the house and the people who lived and worked there. It has undergone a comprehensive refurbishment, in two phases, funded by the Heritage Lottery Fund and the City Council and will be open to the public for the first time in many years.

**SOUTHAMPTON CONNECT UPDATE**

35. Since its launch in April 2011, Southampton Connect has continued to meet on a monthly basis. As a team of chief executives or equivalent from organisations across the private, public and voluntary sectors, it is committed to working together to address some of the most significant City challenges that require a sustained collaborative approach to address. It is currently guiding the work to develop a new City Plan which will replace the current City of Southampton Strategy and this is scheduled to come to Council on the 14<sup>th</sup> September for adoption.

36. Contained within the City Plan will be around 10 Priority Projects which Connect will lead on to accelerate progress. These projects, which are currently being developed, comprise some of the most challenging issues facing the City, for example: ‘tackling poverty and welfare dependency’ and ‘citywide support to entrepreneurs and business start-ups’. One of the emerging projects is around ‘targeted intervention and support within our most deprived neighbourhoods’ and Southampton Connect received a presentation on the Index of Multiple Deprivation 2010, on the scale of the challenge ahead. Southampton Connect has agreed that its allocation of the Local Area Agreement Performance Reward Grant (known as the Cross Service Development Fund) will be utilised as a strategic fund aligned to the Priority Projects and that Southampton Connect itself will allocate funding to where the greatest impact can be made. Further information can be found at [www.southampton-contact.com](http://www.southampton-contact.com).

**FORTHCOMING BUSINESS**

37. The Executive published its Forward Plan on the 16 June 2011 covering the period July to October 2011 and will publish its next plan on the 15<sup>th</sup> July covering the period August to November 2011. Details of all forthcoming executive decision items can be found at: <http://sccwww1.southampton.gov.uk/decisionmaking/internet/forwardplanindex.asp>

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

38. None

**Property/Other**

39. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

40. None

**Other Legal Implications:**

41. None

**POLICY FRAMEWORK IMPLICATIONS**

42. None

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	E-mail:	<a href="mailto:suki.sitaram@southampton.gov.uk">suki.sitaram@southampton.gov.uk</a>		

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	None directly since this report is presented for information purposes
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**SUPPORTING DOCUMENTATION**

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

**Appendices**

1.	Decisions taken by Cabinet between June and July
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**Documents In Members' Rooms**

1.	None
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**Integrated Impact Assessment**

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

1.		
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# Agenda Item 9

<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	FINANCIAL STATEMENTS 2010/11
<b>DATE OF DECISION:</b>	13 JULY 2011
<b>REPORT OF:</b>	HEAD OF FINANCE (CHIEF FINANCIAL OFFICER)
<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	

## **BRIEF SUMMARY**

In accordance with the Accounts and Audit Regulations 2011 the Financial Statements 2010/11 were signed by the Chief Financial Officer on 30 June 2011. The Financial Statements will be submitted to the Audit Committee on 22 September and to Standards and Governance on 23 September. A copy of the draft unaudited Financial Statements is available in the Members Room.

Presenting the accounts at this time means that the Annual Audit, carried out by the Audit Commission, will not have been completed. Any major changes to the Financial Statements arising from the annual audit will be reported to the Standards and Governance Committee after the completion of the audit on 30 September 2011.

## **RECOMMENDATIONS:**

It is recommended that Council:

- (i) Notes that the Financial Statements 2010/11 have been signed by the Chief Financial Officer.
- (i) Notes that the approval of the Financial Statements 2010/11 by the Standards and Governance Committee will take place on 23 September, subject to any changes required after the completion of the Audit. Any such changes will be presented to the Audit Committee.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. It is a legal requirement to that the Chief Financial Officer (CFO) sign the Financial Statements by 30 June 2011 and certify that they present '*a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year*'.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. The Financial Statements have been prepared in accordance with statutory accounting principles. No other options have been considered as it is a legal requirement that the Financial Statements are prepared and signed by the CFO by 30 June.

## **DETAIL (Including consultation carried out)**

### **CONSULTATION**

3. Not applicable

## FINANCIAL STATEMENTS

4. The Financial Statements are complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of Council are detailed below.

## CHANGES TO THE 2010/11 ACCOUNTS

5. The Financial Statements for 2010/11 are the first to be prepared on an International Financial Reporting Standards (IFRS) basis, adapted for the public sector by the Code of Practice on Local Authority Accounting (The Code). This has resulted in the restatement of some opening balances and transactions, with the result that some prior year comparative figures in the Financial Statements for 2010/11 are different from the equivalent figures presented in the 2009/10 financial statements.

6. The Accounting Policies applied to the 2010/11 Financial Statements have been reviewed and changed, where appropriate, to comply with IFRS

The main changes are:

- **Property, Plant and Equipment** - Property, Plant and Equipment (previously known as fixed assets) 'have been renamed, reclassified and redefined. The Code also requires changes in the value of investment property to be charged, along with other expenditure and income from investment properties, to the Comprehensive Income and Expenditure Statement.
- **Cash and cash equivalents** - The definition of Cash and Cash Equivalents has changed and they are now represented by cash in hand, deposit accounts and Money Market Funds which are repayable without penalty on notice of not more than 24 hours.
- **Government Grants and Contributions** - Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable and any conditions have been met. Previously, unused grants were held in a Capital Grants & Contributions Unapplied account in the Liabilities section of the Balance Sheet until they were expended, at which point they were transferred to Government Grants & Contributions Deferred account and recognised as income over the life of the assets which they were used to fund.
- **Leases Reclassification** - As part of the implementation of IFRS the Council has reclassified a number of Plant and Equipment operating leases to finance leases.
- **Short-Term Accumulating Absences** - The Council has made an accrual for the cost of Teacher's Annual Leave entitlement not taken by the year end, in accordance with the Chartered Institute of Public Finance & Accountancy's (CIPFA) methodology. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which



the holiday absence occurs. No Accrual has been made in respect of annual leave and flexi-time carried forward by non-teaching staff as this is considered not to be material.

7. These changes have had no effect on the General Fund balances available to the authority or on Council Tax.

### **GENERAL FUND REVENUE EXPENDITURE AND INCOME**

8. The Financial Statements present the Income & Expenditure Account in a statutory format which includes notional costs that have no impact on the Council Tax charge.

The table on page 4 of the Financial Statements presents the Council's expenditure and income in a format that shows the net impact on the General Fund Balance, compared to budget. This shows that the revised budget assumed a total contribution from reserves of £3.9M.

However, during the year, the Council has made changes to the revised budgets which were reported to Cabinet in February 2011. Compared to this working budget, the Council's actual expenditure for the year is £4.7M under budget and this is made up as follows:

	<b>£ ,000s</b>
Reductions in Portfolio Spending	2,485
Reduced Net Borrowing Costs Due to Lower Interest Rates and Re-phasing of the Capital Programme	1,652
Reduction and Re-phasing of Project Costs (Funded from within the Revenue Development Fund)	235
Unspent Contingencies	211
Other Variations	73
<b>Total</b>	<b>4,656</b>

9. Against this are requests to carry forward budget of £629,000 (of which £158,000 relates to central repairs and maintenance) which will be subject to approval by Council. Further draws on the overall favourable position of £4.7M (subject to approval by Full Council) include:

- Revenue Development Fund (£100,000) – In recognition of the fact that there are uncertainties in relation to timing and speed of progress of complex and strategic projects, the funding for these projects has been placed into a Revenue Development Fund from 2010/11 to enable the Council to retain flexibility in funding. The outstanding funding at the end of 2010/11 is £235,200 and it is proposed that £100,000 of this under spend is carried into 2011/12 and added to the Revenue Development Fund.
- Organisational Development Reserve (£3,986,600) – Every year as part of the outturn position officers review the funding within the

strategic reserve to deal with organisational change. It is proposed this year given the overall under spend to contribute an additional £4.0M into the Organisational Development Reserve which is used for restructuring, re-training, redeployment and redundancy costs in future years.

### **GENERAL FUND BALANCES**

10. The General Fund balance stands at £17.4M and is used as a working balance and to support future spending plans. This compares to a balance of £19.8M at the end of 2009/10.
11. Commitments have been proposed which subject to approval by Council will leave an uncommitted value of balances totalling £4.5M in the medium term which is in line with the minimum level recommended by the CFO following a risk assessment of the required level to be maintained.

### **HOUSING REVENUE ACCOUNT (HRA)**

12. The table on page 6 of the Financial Statements presents the Council's expenditure and income in a format that shows the net expenditure within the HRA compared to budget. This shows that the budget assumed a deficit of £389,000.

Actual net expenditure for the year is a surplus of £34,000 which compared to the budgeted deficit results in an under spend of £423,000. This is made up as follows:

	<b>£M</b>
Net Saving on Total Repairs	139
Savings on Supervision & Management	287
Savings on Capital Financing	221
Increase in Subsidy Paid to CLG	(101)
Reduction in Dwelling Rent Income	(120)
Other Variances	(3)
<b>Total</b>	<b>423</b>

### **CAPITAL EXPENDITURE**

13. In 2010/11 the Council spent £126.8M on capital projects. This was £13.3M less than the approved estimates, due largely to re-phasing of expenditure which will now be incurred in 2011/12. Of this expenditure £93.2M related to the General Fund and £33.6M to the HRA.

### **THE COLLECTION FUND**

14. The Collection Fund had a surplus for the year of £38,100. There was a surplus brought forward from 2009/10 of just over £4.0M, to give a surplus to be carried forward of £4.1M. When setting the Council Tax for 2011/12 in February 2011, it was estimated that there would be a surplus of £3.8M to be carried forward.

15. This estimated surplus was taken into account in setting the 2011/12 Council Tax and was shared by the City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Authority in proportion to the precepts levied by each authority in 2009/10. This leaves a surplus of £296,700 that will be carried forward to 2011/12 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2012/13 is set.

### **PENSIONS**

16. In 2010/11 the Council paid an employer's contribution of £23.0M into Hampshire County Council's Pension Fund. The employer's rate in 2010/11 was 19.1% of employees' pay. The rate set for 2011/12 is 13.1% of employees' pay plus a fixed payment equivalent to 6.0% of the payroll as at 31 March 2010.
17. The Council's share of the assets in the Hampshire County Council pension fund at 31 March 2011 was £457.3M, compared to its estimated liabilities of £760.8M, giving an estimated deficit on the Fund of £303.5M (£409.0M in 2009/10).
18. In its budget on 22 June 2010 the Government announced that future increases in public sector pensions will reflect movements in the Consumer Price Index (CPI), effective from April 2011. Increases were previously determined by reference to the Retail Price Index (RPI).
19. The rate at which pensions will increase is one of the key factors in determining the liabilities of defined benefit pension funds. Any change in the rate at which pensions will increase will therefore affect the value of pension fund liabilities. The CPI differs from, and tends to be lower than, the RPI. The change from RPI to CPI has resulted in a reduction in the pension liability and therefore the pension deficit on the balance sheet. This £100.7M reduction in liabilities, due to the above change, has been accounted for as a (negative) past service cost, and has been treated as an exceptional item both within the Comprehensive Income and Expenditure Statement £90.8M and the HRA Income and Expenditure Statement £9.9M.
20. The deficit will be made good by taking into account anticipated changes in market conditions, levels of anticipated employee contributions and future employer contributions.

### **ACCOUNTING POLICIES**

21. The Council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain, which is recognised by statute as representing proper accounting practices and meets the requirements of the Accounts and Audit regulations 2011.
22. The Accounting Policies are described in detail on pages 16 to 32 of the Financial Statements and cover such items as:
- Fixed assets
  - Depreciation
  - Pensions

- Accruals
- PFI contracts
- VAT
- Leasing

The Audit Committee will be asked to review the policies adopted and note the new policies adopted for 2010/11 under 'Accounting Issues and Developments' on page 9. However, it should be borne in mind that the majority of the accounting policies adopted by the Council are in line with CIPFA's Statement of Recommended Practice (the SORP) and the Audit Committee would therefore be more likely to be interested if the Council were to depart from the recognised practice.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

23. The capital implications are considered as part of the Capital Outturn report that is presented elsewhere on the Agenda. The revenue implications are considered as part of the Revenue Outturn report that is presented elsewhere on the Agenda.

### **Property/Other**

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

## **LEGAL IMPLICATIONS**

### **Statutory Power to undertake the proposals in the report:**

25. Accounts and Audit Regulations 2011.

### **Other Legal Implications:**

26. None.

## **POLICY FRAMEWORK IMPLICATIONS**

27. Not applicable. It should be noted that the Financial Statements are prepared in accordance with CIPFA's code of Practice on Local Authority Accounting in the UK.

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**SUPPORTING DOCUMENTATION**

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

**Appendices**

1.	None
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**Documents In Members' Rooms**

1.	Draft Unaudited Financial Statements 2010/11
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**Integrated Impact Assessment**

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**

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

<b>WARDS/COMMUNITIES AFFECTED:</b>	None
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VERSION NUMBER:

1
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DATE LAST AMENDED:

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Report Tracking

AMENDED BY:

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<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	GENERAL FUND REVENUE OUTTURN 2010/11
<b>DATE OF DECISION:</b>	13 JULY 2011
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE PORTFOLIO
<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	

## **BRIEF SUMMARY**

The purpose of this report is to summarise the overall General Fund revenue outturn for 2010/11. It compares actual spending against the revised budget approved at Council in February 2011, adjusted for approved changes throughout the year.

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

The overall position on the General Fund shows that Portfolios had a net under spend of £2.5M against the working budget. After taking into account the outturn on other spending items and approved movements from balances, there was an overall favourable variance of £4.7M for the year. This report seeks to commit £0.6M of carry forwards to be funded from the surplus, together with other provisions totalling £4.1M

The level of General Fund balances at 31 March 2011 after taking into account the outturn on the revenue account, the capital programme and movements from the Strategic Reserve is £17.4M, which reduces to £4.5M over the medium term after taking into account the commitments outlined in this report and previously approved decisions.

## **RECOMMENDATIONS:**

It is recommended that Council:

- (i) Notes the final outturn for 2010/11 detailed in Appendix 1.
- (ii) Notes the performance of individual Portfolios in managing their budgets as set out in paragraph 9 of this report and notes the major variances in Appendix 2.
- (iii) Approves the addition to the Revenue Development Fund of £100,000 as set out in paragraph 15.
- (iv) Approves the carry forward requests totalling £629,000 (of which £158,000 relates to central repairs and maintenance) as outlined in paragraph 18 and set out in detail in Appendix 3.
- (v) Approves the use of £3,986,600 of the 2010/11 under spend to maintain the Organisational Development Reserve as set out in paragraph 19.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn for 2010/11 forms part of the approval of the statutory accounts.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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

## DETAIL (Including consultation carried out)

### CONSULTATION

3. Not applicable.

### GENERAL FUND REVENUE BUDGET

4. The original budget as approved by Council on 17 February 2010 was revised by Council in February 2011. The revised budget remains fixed however, the working budget is amended throughout the year and takes account of various budget adjustments and virements which managers can make under delegated powers as well as those that go to Cabinet for approval. Each Portfolio within the General Fund is responsible for monitoring net controllable spend against the working budget through out the financial year.
5. Whilst there are significant numbers of under and over spends highlighted in this report (Appendix 2), many of these have already been reported to Cabinet and Scrutiny as part of the corporate financial monitoring process throughout the year. In general terms, Portfolios are required to manage their budgets "within the bottom line" and where there are potential problems identified, Executive Directors have prepared action plans to bring spending back in line.
6. This report covers the outturn position for 2010/11 and analyses the spending against the working budget and identifies where applicable, where any under spend has been requested to be carried forward into 2011/12.

### OVERALL GENERAL FUND REVENUE POSITION

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

	(Under) / Over Spend £000's
<b>Portfolio Total</b>	<b>(2,485)</b>
Levies & Contributions	69
Capital Asset Management	(1,652)
Revenue Development Fund	(235)
Other Income & Expenditure	(142)
Unspent Contingencies	(211)
<b>NET GF SPENDING</b>	<b>(4,656)</b>



8. This summarises the key reasons for the total net under spend during the year. Further details can be found in Appendix 1. It should be noted that the format of the accounts in Appendix 1 is different from the Comprehensive Income and Expenditure Account in the Statement of Accounts as the Comprehensive Income and Expenditure Account format is prescribed in Codes of Practice. It should also be noted that Appendix 1 does not take account of requests for carry forwards detailed in this report.
9. As shown in the above table, the Portfolio revenue outturn is an under spend of £2.5M and this is analysed below:

Portfolio	(Under) / Over Spend	
	£000's	%
Adult Social Care & Health	264.9	0.5
Children's Services	259.9	0.8
Environment & Transport	(1,619.9)	6.3
Housing Portfolio	(245.0)	13.2
Leader's Portfolio	(665.0)	9.1
Leisure, Culture & Heritage	(46.9)	0.6
Local Services & Community Safety	(2.0)	0.0
Resources & Workforce Planning	(765.4)	1.9
<b>Net Controllable Spend Total</b>	<b>(2,819.5)</b>	<b>1.6</b>
Non-Controllable Portfolio Costs	276.8	
Environment Trading Areas	(64.1)	
Risk Fund	122.3	
<b>Portfolio Total</b>	<b>2,484.5</b>	<b>1.2</b>

10. Potential pressures that arose during 2010/11 relating to volatile areas of expenditure and income have been managed through the Risk Fund. A net sum of £3.9M was included in the revised budget to cover these pressures, to be released during the year if additional expenditure against the specific items was identified. The final draw on the Risk Fund totalled £4.1M, being £122,300 higher than estimated.
11. Details of corporate issues and significant variations in net controllable spending on Portfolios, including those which take into account amounts held in the Risk Fund for specific service areas, are given in Appendix 2.
12. Whilst many of these explanations refer to 'over spends', the majority of the major variations were reported throughout the year and these spending pressures within Portfolios were effectively managed through the use of the Risk Fund. The main areas are shown in the table below:

<b>Portfolio</b>	<b>Service Activity</b>	<b>£000's</b>
Children's Services	Multi Agency Resource Panel and Out of City	728.6
Environment & Transport	Income impacted by the economic climate – Off Street Car Parking	1,771.0
Environment & Transport	Income impacted by the economic climate – Development Control	424.0
Environment & Transport	Income impacted by the economic climate – Bus Shelter Contract	350.0
Environment & Transport	Bereavement Services	723.0
Local Services & Community Safety	Fuel Inflation – Open Spaces	62.0
<b>Portfolio Draw From Risk Fund</b>		<b>4,058.6</b>

### **NON-PORTFOLIO VARIANCES**

13. Levies and Contributions (£68,600) – The variance on Levies and Contributions relates primarily to charges from the Coroners service, and is due to the higher than expected use of the Mortuary, Medical Practitioners Fees and Special Analyses & Examinations.
14. Capital Asset Management (£1,651,600) – In order to balance the fall in investment income a conscious decision was taken to switch to short term debt which is currently available at lower rates than long term debt due to the depressed market. This policy has been maintained and as a result the average rate for repayment of debt, (the Consolidated Loan & Investment Account Rate – CLIA), has remained at a lower rate for 2010/11 than originally estimated as rates have continued to be maintained at historically low levels. The CLIA was 2.99% in 2010/11 which has resulted in a reduction in net interest paid compared to the estimated amount which assumed a CLIA of 3.17%. In addition, re-phasing within the Capital Programme reducing the in year level of borrowing from that estimated.
15. Revenue Development Fund (£235,200) – In recognition of the fact that there are uncertainties in relation to timing and speed of progress of complex and strategic projects, the funding for these projects has been placed into a Revenue Development Fund from 2010/11 to enable the Council to retain flexibility in funding. The outstanding funding at the end of 2010/11 is £235,200 and it is proposed that £100,000 of this under spend is carried into 2011/12 and added to the Revenue Development Fund.
16. Other Income and Expenditure (£142,900) – The major element of this relates to Net Housing Benefit Payments and is due to increased income from recovery of overpayments and a reduced contribution to the bad debt provision.
17. Unspent Contingency (£210,500) – The remaining general contingency of £210,500 was not required in 2010/11.

## CARRY FORWARD REQUESTS AND OTHER NEW SPENDING

18. Carry forward requests totalling £471,000 have been put forward by officers and details of the requests are given in Appendix 3. Council is asked to approve the carry forwards which would then be incurred in 2011/12 and be funded from balances. In addition there is an under spend of £158,000 on the central repairs and maintenance budget which Council has agreed to automatically carry forward subject to the overall financial position of the Authority.
19. Funding of £3,986,600 is also requested from Council in order to maintain the Organisational Development Reserve. Every year as part of the outturn position officers review the funding within the strategic reserve to deal with organisational change. It is proposed this year given the overall under spend to contribute an additional £4.0M into the Organisational Development Reserve which is used for restructuring, re-training, redeployment and redundancy costs in future years.
20. The table below shows the position for balances after taking into account the commitments outlined in this report and the funding required for the current capital programme.

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's	£000's
<b>Opening Balance</b>	<b>19,849.5</b>	<b>17,393.9</b>	<b>9,760.1</b>	<b>5,223.8</b>	<b>4,458.3</b>
Draw (from) / to Revenue	2,369.2	249.0			
Draw to Support Capital	(499.6)	(145.0)			
Draw for Strategic Schemes	(4,325.2)	(7,737.8)	(4,536.3)	(765.5)	42.3
<b>Closing Balance</b>	<b>17,393.9</b>	<b>9,760.1</b>	<b>5,223.8</b>	<b>4,458.3</b>	<b>4,500.6</b>

21. The uncommitted value of balances totals £4.5M which is in line with the minimum level recommended by the Chief Financial Officer following a risk assessment the required level to be maintained.

## RESOURCE IMPLICATIONS

### Capital/Revenue

22. As set out in the report details.

### Property/Other

23. None

## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

24. The Council's accounts must be approved by Council in accordance with the Accounts and Audit Regulations 2011.

### Other Legal Implications:

25. None

## POLICY FRAMEWORK IMPLICATIONS

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

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**KEY DECISION?** Yes/No

**WARDS/COMMUNITIES AFFECTED:**

## SUPPORTING DOCUMENTATION

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

### Appendices

1.	General Fund Revenue Outturn 2010/11
2.	Main Variances on Portfolio Spending
3.	Carry Forward Requests

### Documents In Members' Rooms

1.	
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### Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/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.		
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## GENERAL FUND REVENUE OUTTURN 2010/11

Revised Budget £000's		Working Budget £000's	Final Outturn £000's	(Under) / Over Spend £000's
50,831	Adult Social Care & Health	50,812	51,077	265
29,992	Childrens Services & Learning	31,260	31,520	260
22,294	Environment & Transport	25,745	24,125	(1,620)
1,858	Housing	1,858	1,612	(245)
7,341	Leader's Portfolio	7,341	6,676	(665)
8,101	Leisure, Culture & Heritage	8,461	8,414	(47)
10,999	Local Services & Community Safety	11,060	11,058	(2)
38,309	Resources & Workforce Planning	40,874	40,108	(765)
<b>169,724</b>	<b>Sub-total (Net Controllable Spend) for Portfolios</b>	<b>177,410</b>	<b>174,591</b>	<b>(2,819)</b>
21,639	Non-Controllable Portfolio Costs	21,639	21,916	277
20	Environment Trading Areas	20	(44)	(64)
3,936	Risk Fund	(122)		122
<b>195,320</b>	<b>Portfolio Total</b>	<b>198,947</b>	<b>196,463</b>	<b>(2,485)</b>
<b>Levies &amp; Contributions</b>				
44	Southern Seas Fisheries Levy	44	45	1
44	Flood Defence Levy	44	43	(1)
500	Coroners Service	500	568	68
<b>588</b>		<b>588</b>	<b>657</b>	<b>69</b>
<b>Capital Asset Management</b>				
10,600	Capital Financing Charges	10,600	9,288	(1,312)
(23,652)	Capital Asset Management Account	(23,652)	(23,992)	(339)
<b>(13,052)</b>		<b>(13,052)</b>	<b>(14,704)</b>	<b>(1,652)</b>
<b>Other Expenditure &amp; Income</b>				
443	Direct Revenue Financing of Capital	443	503	60
(1,000)	Net Housing Benefit Payments	(1,000)	(1,151)	(151)
4,125	Revenue Development Fund	3,009	2,774	(235)
(2,354)	Exceptional Expenditure & Income	(2,354)	(2,354)	
2,354	Contribution to Capital DRF Funding	2,354	2,354	
536	Open Space and HRA	536	536	
	Other Expenditure & Income		(52)	(52)
211	Contingencies	211		(211)
<b>4,314</b>		<b>3,198</b>	<b>2,610</b>	<b>(589)</b>
<b>187,170</b>	<b>NET GF SPENDING</b>	<b>189,681</b>	<b>185,025</b>	<b>(4,656)</b>
<b>Draw from Balances:</b>				
(2,375)	(Draw from) / Addition to Balances (General)	(2,346)	2,369	4,716
(1,092)	Draw from Strategic Reserve	(3,632)	(3,625)	7
(433)	To fund the capital programme	(433)	(500)	(67)
<b>(3,900)</b>		<b>(6,412)</b>	<b>(1,756)</b>	<b>4,656</b>
<b>183,270</b>	<b>Budget Requirement</b>	<b>183,270</b>	<b>183,270</b>	<b>0</b>

**MAIN VARIANCES ON CONTROLLABLE PORTFOLIO SPENDING**

**ADULT SOCIAL CARE AND HEALTH PORTFOLIO**

The Portfolio is over spent by **£264,900** at year-end, which represents a percentage over spend against budget of **0.5%**.

**ASCH 1 – Adult Disability Care Services (adverse variance £1,743,000)**

**There is an over spend of £779,100 on Domiciliary Care and £1,001,800 on Nursing Care which includes the loss of income in respect of agreements for the provision of Nursing services with the PCT, £121,600.**

Domiciliary Care is over spent by £779,100. This is due to:

- An increase in the number of clients, that can be attributable to an increase in NHS acute activity arising from the risk in potential delayed transfer fines and the transfer of clients from the City Care Service of £366,800.
- In addition, following the migration to framework agreements for the 'spot' purchase of domiciliary care, it was agreed that unbudgeted £40,000 TUPE costs would be payable in 2010/11 for staff that transferred under these agreements.
- Extra care provided under contract with Southampton Care Association cost an additional £172,300. This was assumed to be funded by a matched reduction in general domiciliary care provision however, this was not achieved.
- In setting the 2010/11 estimates it was assumed that there would be an increase in the use of Direct Payments and a corresponding reduction in Domiciliary Care provision. This has not materialised (£200,000). This has contributed to the £171,400 under spend on direct payments.

Nursing is over spent by £1,001,800. This is mainly due to:

- A net loss in NHS Southampton City (NHSSC) income of £121,600. NHSSC have funded ten nursing home beds since 2006/07 following the closure of a ward at the Tom Rudd Unit (within the grounds of Moorgreen Hospital). However, this funding has now ceased leaving a budget shortfall of £201,600. This has been offset in part by additional funds being received for the provision of Older Persons Mental Health Respite Services £80,000.
- There is an over spend on care packages of £787,800 arising from new clients in year and changes in packages for existing clients.
- A payment of £97,400 has been made for Free Nursing Care (FNC) refunds to NHSSC in respect of void beds within Northlands Unit for 2008/09 and 2009/10.

The following table demonstrates the effect of these forecast changes on the equivalent number of units:

	2010/11 Net Budget £000's	10/11 Unit Prices	2010/11 Budgeted Units	2010/11 Outturn £000's	2010/11 Outturn Units	Difference (units)	Variance to Budget £000's
Day Care	236.9	£57 Per Day	4,156	191.8	3,365	(791)	(45.1)
Direct Payments	2,536.2	£9.47 Per Hour	267,814	2,364.8	249,715	(18,099)	(171.4)
Domiciliary	3,900.5	£12.85 Per Hour	303,541	4,679.6	364,171	60,630	779.1
Nursing	4,693.3	£64.82 Per Day	72,405	5,695.1	87,860	15,455	1,001.8
Residential	5,465.9	£49.15 Per Day	111,209	5,644.5	114,842	3,633	178.6
<b>Total</b>	<b>16,832.8</b>			<b>18,575.8</b>			<b>1,743.0</b>

It should be noted that additional expenditure of £277,800 has been incurred on older person's care packages to be funded from monies received from NHSSC to meet the costs of reablement and winter pressures.

A number of management actions are being assessed and developed to address the potential impact of the outturn position on the new financial year 2011/12.

### **ASCH 2 – Complex Care (favourable variance £718,800)**

**The Care Management teams have significantly exceeded their vacancy management targets (£252,000); an under spend on additional funding from NHSSC to meet the costs of developing reablement services of £267,000 where expenditure has been incurred within specific activities elsewhere in the Portfolio; and an under spend on specific provision to purchase additional specialist and telecare equipment £200,000 which will be the subject of a carry forward request.**

The care management teams significantly exceeded their vacancy management targets by £252,000 through holding posts vacant during a period of restructure for the Portfolio. This has allowed the management team greater flexibility in shaping the future of the service.

In addition, funding has been made available to SCC via NHSSC to meet the costs of developing reablement services (£350,000) of which £88,000 has been used to fund the development of the Care Closer To Home Project within In House Care Services and £179,000 has been used to meet the costs of Older Persons Care Packages. The remaining funding has been used to meet the costs of additional staffing in the Hospital Discharge Team.

Further winter pressures funding of £776,000 has also been received. £536,400 has been allocated against Complex Care for the purchase of specialist and telecare equipment. This has under spent by £200,000 for which a carry forward request will be made.

### **ASCH 3 – Adult Social Care Learning and Development (favourable variance £171,600)**

**An additional saving target was set for the training budget to deliver in order to help offset other pressures on the Portfolio.**

The Head of Service set an additional target saving of £150,000 within the staff development training budget to offset pressures elsewhere in the portfolio. Further savings of £21,600 have also been achieved.

#### **ASCH 4 – In House Care Services (favourable variance £140,500)**

##### **Staff vacancy savings offset by additional running costs of homes.**

A savings proposal was approved in February 2010 which led to a change in the way that domiciliary care is accessed. The new refocused SCC service provides short term enabling and crisis support which aims to enable clients to care for themselves at home as part of reducing ongoing requirements for care and support packages. Posts were held vacant in 2009/10 within the City Care teams to help facilitate the movement to a new staffing structure being adopted to implement this saving. It was originally budgeted for the structure to be fully staffed by 1<sup>st</sup> April 2010 but there was a planned delay whereby the remaining vacancies will be filled during 2011/12 giving an underspend of £269,200.

The residential units achieved additional income of £183,500 as a result of additional numbers of self funding clients. This has been substantially offset by an overspend of £318,100 predominantly due to costs arising from the delay in the closure of Whitehaven Lodge and Birch Lawn as well as significant increases in the provision for agency and overtime cover for sickness.

It should also be noted that this also includes unbudgeted expenditure of £50,000 to meet security costs for the Whitehaven and Birch Lawn sites pending their disposal.

#### **ASCH 5– Directorate & Portfolio Management (favourable variance £222,300)**

**This is predominantly due to an under spend on the centrally held budget, to meet the immediate and short term costs of the Directorate restructure. The actual costs have been met from within specific service budgets within the Portfolio.**

### **CHILDREN'S SERVICES & LEARNING PORTFOLIO**

The Portfolio is over spent by **£259,900** at year-end. This represents a percentage over spend against budget of **0.8%**.

#### **CSL 1 – Tier 4 Safeguarding Specialist Services (adverse variance £225,100)**

**During 2010/11, the numbers of children in fostering and residential placements increased by 33. The placement cost of a looked after child under 16 ranged from an internal placement costing £16,500 to an external independent placement costing £206,000. The above variance is after a draw from the Risk Fund of £728,600**

The detailed breakdown of costs before the draw from the Risk Fund is shown below:

<b>Service Area</b>	<b>Month 10 Forecast Variance £000's</b>	<b>Actual Outturn £000's</b>	<b>Increase/ (Decrease) £000's</b>
Civil Secure Accommodation	159.3 F	158.6 F	0.7
Foster Care Services	400.0 A	372.4 A	(27.6)
Independent Fostering Agencies	203.7 A	200.0 A	(3.7)
Independent Sector Residential Social Care Placements	776.6 A	779.7 A	3.1
Residential Units	72.6 F	79.8 F	(7.2)
Adoption	111.2 F	140.2 F	(29.0)
Other Tier 4 Services	2.6 A	19.8 F	(22.4)
<b>Total</b>	<b>1,039.8 A</b>	<b>953.7 A</b>	<b>(86.1)</b>



### Civil Secure Accommodation (favourable variance £158,600)

The budget for civil secure accommodation allowed for one annual placement (at an average cost of £240,000) and two three month placements. However, only five short-term placements were made during the year.

### Foster Care Services (adverse variance £372,400)

During March, there were 46 more children in City Council foster care than the 200 budgeted for. Each placement costs an average of £16,500. It is current council policy to invest in and use local foster care as far as possible when it is the most appropriate placement for the child. In addition there was increased demand on the Contact Scheme (supervised parental contact with their children), due to additional court ordered contact. This additional demand is a direct consequence of lowering the age of children entering care, leading to an increased need for supervised parental contact. The presiding District Judge met with the Executive Director of CSL and agreed that contact can be taken back to court for review. Safeguarding has produced a plan to make contact more efficient and effective.

### Independent Fostering Agency (IFA) Placements (adverse variance £200,000)

There was an over spend of £200,000 on IFA placements during the year due to both the increase in children in care and the increased complexity of circumstances surrounding those children. Independent placements cost an average of £45,500 for a standard placement (representing foster care cost plus agency charge), approximately £29,000 more than the average for a SCC foster care placement.

Details of changes in the demand for IFA placements are identified in the table below:

<b>IFA Social Care Placements Annual Cost Band £</b>	<b>Below 1,000</b>	<b>1,000 to 9,999</b>	<b>10,000 to 59,999</b>	<b>60,000 to 99,999</b>	<b>Over 100,000</b>
Budgeted Placements (Set Aug 2010)	0	0	39	1	0
Actual Placements at 31/3/2011	0	0	55	3	0

### Independent Sector Residential Social Care Placements (adverse variance £779,700)

Expenditure on independent sector residential social care placements over spent due to an increase in the numbers of children requiring expensive placements over and above the estimated position. The budget allowed for 17 placements whereas there were 23 placements during the year, 13 of which are continuing into 2011/12. Ten of these cost over £100,000 with the most expensive placement costing over £200,000.

### Adoption (favourable variance £140,200)

This favourable variance has mainly arisen as a result of a reduction in the number of allowances paid to adoptive parents and custodians of children subject to residence orders. The budget was based on adoption allowances being paid in respect of 112 children, and 29 allowances paid in respect of children on residence orders. However, in March 2011, there were only 95 adoption allowance payments and 24 residence order allowance payments, costing an average of £4,400 per annum. Further savings have arisen from staff vacancies, together with management action taken to means test payments made to adoptive parents.

**CSL 2 – Safeguarding Locality Frontline Teams and Management (adverse variance £1,356,200)**

**The over spend was due to a continuing need for temporary safeguarding frontline staff, associated agency costs and a rise in legal costs associated with necessary court proceedings.**

During 2010/11, national market conditions were such that the supply of social workers was insufficient to meet demand and there was significant competition between authorities to recruit and retain high calibre social work staff. This meant a continuing need for temporary staff, acquired from independent agencies, with the associated market agency fees.

The additional costs to meet current needs are shown in the table below:

<b>Costs in Front Line Teams</b>	<b>Actual FTE at 31/3/2011</b>	<b>Actual Over Spend</b>
Agency Team Managers	0.00	£41,300
Additional Senior Practitioners	1.50	£277,100
Agency Social Workers	12.00	£313,600
Temporary Social Care Assistants	3.00	£126,200
Temporary Information Officers	1.00	£49,600
Other sickness/handover cover		£81,900
Recruitment and relocation costs (for US Social Workers)		£98,700
Unachieved vacancy management		£131,700
<b>TOTAL</b>	<b>17.50</b>	<b>£1,120,100</b>

The 2011/12 budget includes funding for three additional Senior Practitioners on an ongoing basis.

The over spend of £265,400 for legal fees related to court fees and the additional cost of external solicitors for the increased numbers of court proceedings being initiated on behalf of children looked after. The Head of Safeguarding is reviewing each case to eliminate drift and determine end dates.

**CSL 3 – Prevention & Inclusion Service Including Special Educational Needs (favourable variance £783,958)**

**Staffing vacancies within the Prevention and Inclusion Service resulted in a favourable position. Approximately £1.M of savings will be made in 2011/12 as a result of deleting posts within the Prevention & Inclusion Service.**

The service had been holding significant vacancies to support proposed savings. All three locality teams have been carrying vacant posts for play workers, community development workers and youth support workers plus a vacant service manager post within the central locality. There is also an under spend within the Think Family team of £261,000 also due to staffing vacancies, and savings within project expenditure.

#### **CSL 4 – Commissioning & Workforce Development (favourable variance £228,289)**

**Savings within contracts and unallocated grant has resulted in a favourable position.**

There are several contracts that had been set up for this financial year but due to changes within the voluntary organisations that were due to receive funding the contracts have either been cancelled or reduced, which has resulted in a £113,000 under spend.

Diploma Support Grant funding totalling £123,200 has been received and offset against existing qualifying expenditure as there is no requirement to return any unspent funding.

#### **CSL 5 – Infrastructure (adverse variance £169,740)**

**The over spend relates to revenue costs incurred in connection with capital schemes.**

The costs relate to security at the vacant Netley Court School, Capita fees for a survey at Ridgeway House, Prospect House and Wood Close, and feasibility costs for aborted capital projects at Valentine Infant kitchen, Springhill Primary kitchen and Maytree Infant & Nursery biomass boiler.

### **ENVIRONMENT & TRANSPORT PORTFOLIO**

The Portfolio has under spent by **£1,619,900** at year-end, which represents a percentage under spend against the budget of **6.3%**.

#### **E&T 1 – Off Street Car Parking (adverse variance £2,000)**

**This variance is after a draw on the Risk Fund of almost £1.8M due to previously identified parking pressures.**

There was an adverse variance in car parking income, due to a number of factors. The most significant factor being that ticket machine income and season ticket sales continued to fall short of the challenging target, as per expectations at the start of the year.

All marketing and commercial opportunities are being explored, as part of a three year strategy to maximise income. A reduced £5 per day parking charge at the Marlands car park was introduced on 1st January 2011. This increased the volume of business for this car park and generated additional income of around £25,000. It is believed that this initiative will generate significantly more additional income in a full year. However, there was a total draw on the Risk Fund of £1,771,000 in 2010/11, principally as a result of the economic downturn.

#### **E&T 2 - Bereavement Services (adverse variance £14,000)**

**There was an income shortfall on adult cremation fees of £723,000, which was met from a draw on the Risk Fund.**

A sum was included in the Risk Fund for the effects of a reduction in crematorium fee income due to fewer numbers of cremations. During the year there were 2,230 adult cremations, 695 fewer than for the same period last year. A reduction in numbers was also reported by all neighbouring crematorium facilities and is part of a national downturn in the death rate. However, it should also be noted that the new independent Wessex Vale crematorium in Hedge End is now fully operational. Although the effects of this are difficult to measure, a resultant reduction in income is also reflected in the outturn figure.

The budgeted increase in the cremation fee by £50 in April 2010 was not implemented, in an attempt to minimise the draw on the Risk Fund, as market conditions would not support the additional rise in fees. As a further remedial action, there was a reduction in the cremation fee, from £600 to £399, for the under utilised slots at less popular times of the day, which was successful in increasing the volume of business at these times. However, there was a total draw on the Risk Fund of £723,000 for crematorium income this year.

### **E&T 3 – Development Control (favourable variance £75,000)**

**This variance is after a draw on the Risk Fund of £424,000 due to a shortfall on planning application fees and Section 106 income.**

Planning application fee income was £398,000 lower than the budgeted figure. This is a similar shortfall to that reported in 2009/10, as market conditions continue to be unfavourable. In addition, Section 106 income in respect of administration costs was £26,000 adverse. Therefore, the total draw on the Risk Fund, due to the effects of the economic downturn, was £424,000.

The favourable position on the activity was mainly due to an under spend on the services funded by Housing and Planning Delivery Grant.

### **E&T 4 – Public Transport – Bus Shelters (nil variance)**

**There was a draw on the Risk Fund of £350,000 in relation to a new bus shelters contract.**

There was an income estimate of £350,000 for increased sponsorship income from a new bus shelters contract. A twenty year contract is currently being tendered, which will pass over the maintenance liability to the contractor and require a minimum income contribution to the Council of £80,000 per annum. This is expected to rise as the market in advertising picks up. As the agreement was not concluded in 2010/11, there was a draw on the Risk Fund of £350,000.

### **E&T 5 – Waste Disposal (favourable variance £929,000)**

**A reduction in the amount of waste has reduced disposal costs, which, together with further savings from contract negotiations and lower staffing costs, has generated total savings of £929,000.**

During the year the Council processed less Civic Amenity, Dry Recyclable and Household waste through the waste disposal contract. This saved £270,000 on haulage charges for waste going to landfill over the course of the year. In addition, tonnage was reduced, due to the successful implementation of Trade Waste controls, resulting in a favourable variance of £114,000. The general collected household and garden waste tonnage was also lower, resulting in savings of £294,000 over the course of the year.

Additionally, there was a saving of £18,000, due to borrowing costs for works on an access road at Marchwood incinerator that were paid off in full at the end of 2009/10; there was staff turnover within the service, which saved £33,000 over the year, and there was an additional £56,000 from the sale of ferrous metal, which is volatile in price and hard to predict. Furthermore, there was a favourable variance of £71,000, due to additional income from the profit share at the Energy Recovery Facility (Marchwood incinerator) and unbudgeted LATS income of £49,000.

## **E&T 6 – Waste Collection (favourable variance £225,000)**

**There was additional income and other net savings, totalling £225,000.**

There was additional income of £91,000 for dry mixed recyclable waste, due to an unbudgeted income increase of £3.65 per tonne. There were fleet savings of £152,000 on external hire vehicle costs, as an initiative was in place to keep spare vehicles down to a minimum. Reducing expenditure on supplies and services saved £164,000 over the year, which included £18,000 of wheelie bin storage savings. However, there was an adverse variance of £48,000, due to the increased cost of fuel, a shortfall in external 'Skip Hire' income of £45,000 and the trade waste service was £100,000 adverse by the end of the year, due to a fall in customers in the current economic climate (£72,000) and additional agency staff costs to cover sickness absence (£28,000).

## **E&T 7 – Planning Policy (favourable variance £209,000)**

**A carry forward of £100,000 is needed to establish the basis for developers' contributions to fund infrastructure.**

The under spend of £209,000 was due to savings being achieved by a re-assessment of the background evidence required for the City Centre Action Plan and the Southampton Development Master Plan with some studies being delivered through different means. It was also caused by an agreed delay in the programmes of these two statutory plans due to a reduction in staff resources and other priority work coming forward.

## **HOUSING PORTFOLIO**

The Portfolio is under spent by **£245,000** at year-end, which represents a percentage variance against budget of **13.2%**.

### **HOU 1 – Housing Needs (favourable variance £123,800)**

**A general saving of £80,200 was achieved from staff vacancies with a further £43,600 arising from staff being seconded to work on overcrowding without their posts being back filled.**

A grant for Overcrowding for 2010/11 only has been received. Posts were held vacant until structural changes and plans for future years were finalised. One post holder was seconded to Health and Social Care.

### **HOU 2 – Housing Strategy and Private Sector Housing (favourable variance £99,900)**

**A saving of £62,200 was achieved from employee budgets where posts have been held vacant and £37,700 from supplies and services.**

Savings of £37,400 were achieved in Housing Strategy by holding posts vacant pending a restructure that was completed during the year. As a result of the restructure and holding posts vacant a further saving of £15,400 on Housing Strategy supplies and services was achieved. In Private Sector Housing a saving of £74,800 was achieved by holding posts vacant, although this was partly offset by a reduction of £50,000 in charges to capital leaving a net saving of £24,800. There were savings of £22,400 in supplies and services in Private Sector Housing.

## **LEADERS PORTFOLIO**

The Portfolio is under spent by **£665,000** at year end, which represents a percentage under spend against budget of **9.1%**.

### **LEAD 1 – Corporate Performance & Best Value (favourable variance £212,700)**

#### **Under spends within Salaries and Wages**

The under spends are due mainly to vacancies within the Corporate Policy and Performance structure.

### **LEAD 2 – Legal and Democratic (favourable variance £98,300)**

#### **General under spends**

The under spends are due mainly to vacancies and reduced expenditure on general supplies and services, all of which form part of plans to achieve 2011/12 approved and ongoing savings.

### **LEAD 3 – Economic Development, Regeneration and Renewal (favourable variance £126,300)**

#### **Under spends on the planned programme to reduce youth unemployment and the pump priming budget for the Future Jobs Fund**

A carry forward request of £40,000 is requested which is due to an under spend of the pump priming budget for the Future Jobs Fund. The carry forward will enable completion of the approved planned programme, to which external grant funding will be committed.

In addition a carry forward request of £95,000 will be required to complete the planned programme to reduce re-offending and to increase the employability of young people, which was not completed in 2010/11.

### **LEAD 4 – Land Charges (favourable variance £97,800)**

#### **Additional income from fees**

Land Charges income estimates were calculated to prudently reflect the difficult market conditions anticipated to continue during 2010/11, however, income has been higher than originally estimated.

### **LEAD 5 – Elections (favourable variance £129,700)**

#### **General under spends**

The favourable variance has arisen at year-end due to various changes in the methodology for reclaiming funds from the electoral claims unit following the Parliamentary Elections in May 2010. It was not until final guidance was supplied that it became fully clear what monies could be reclaimed, with the confirmation of settlement letter for the claim relating to this election not being received until April 2011. It is hoped that if no further revisions are made, this process will be easier to monitor in future years.

## **LEISURE, CULTURE & HERITAGE PORTFOLIO**

The Portfolio is under spent by **£46,900** at year-end, which represents a percentage under spend against budget of **0.6%**.

### **LCH 1 – Major Projects (favourable variance £38,000)**

**Savings have been made due to only £14,000 of the £50,000 carry forward from 2009/10 for funding the procurement of a partner for the Sea City Museum having been spent. The remaining £36,000 is required to be carried forward.**

The expenditure on consultancy support for the Sea City Museum procurement has been lower than anticipated for this stage of the exercise. The carry forward will reduce the need to draw on the Revenue Development Fund required to complete the procurement exercise. The total cost was estimated as £200,000 in the Cabinet Report to seek Sea City Museum Scheme approved on 2<sup>nd</sup> August 2010.

## **LOCAL SERVICES & COMMUNITY SAFETY PORTFOLIO**

The Portfolio is under spent by **£2,000** at year-end, which represents a percentage under spend against budget of **0.0%**.

### **LS&CS 1 – Parks & Street Cleansing Fuel (nil variance)**

#### **Fuel Inflation**

Open Spaces are £62,000 over spent on fuel due to price increase. As fuel estimates were based on an average price of £0.88 per litre however the actual price for 2010 is £1.19 per litre. This has been met through a planned draw on the Risk Fund.

## **RESOURCES AND WORKFORCE PLANNING PORTFOLIO**

The Portfolio is under spent by **£765.400** at year-end, which represents a percentage under spend against budget of **1.9%**.

### **RES 1 – Central Repairs and Maintenance (forecast favourable variance £458,000)**

#### **Under spend on planned repairs and maintenance budgets**

A recent review of the planned programme of works has been undertaken to coincide with the timetable for other major repairs currently underway. As a result a favourable variance of £300,000 has arisen at year-end, in line with the forecast under spend previously reported. Full Council has agreed to automatically carry forward any surplus/deficit at year-end subject to the overall financial position of the Authority. Given the current financial position it is recommended that this final under spend at the end of this financial year be added to General Fund balances.

In addition, a sum of £158,000 within the planned programme for school roofing projects is to be spent to coincide with school holidays to avoid disruption and is therefore requested as a carry forward into 2011/12 to enable the agreed works to be completed.

## **RES 2 – Risk Management (favourable variance £323,000)**

**The recent renegotiation of the insurance premium has resulted in reduced costs.**

Following completion of these renegotiations, a reduction of £200,000 was expected in the current financial year and the ongoing impact of this reduction has been built into future year's budgets as part of the Mini Budget process approved by Full Council in July 2010.

The additional saving has arisen as a result of the final outcome of these negotiations including amendments required under the new partnership arrangements entered into by the Council part-way through the financial year. These premiums will be reviewed for ongoing budgetary purposes.

## **RES 3 – Local Taxation & Benefits (favourable variance £308,000)**

**Additional grant income received**

It was anticipated that additional grant income received in-year would be utilised to cover additional Capita costs incurred in managing a changing volume of work. However the impact of this was subsequently managed within existing resources.

## **RES 4 – Accommodation Costs / Property Capita (adverse variance £466,000)**

**Capita Accommodation Costs offset by additional income contribution generated from Capita fees**

Planned costs incurred by SCC for the Capita accommodation move to One Guildhall square have been offset to a large extent as during the year, higher volumes / values of variable work have been placed with Property Capita than were originally estimated. This has resulted in a surplus of income from clients to cover Capita / SCC costs and overheads. This has not been previously forecast due to the inherent difficulties in predicting demand due to the volatile nature of variable work.

The treatment of Accommodation related costs is covered by delegated powers to allow for the allocation of 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. Given the overall Portfolio position the remaining costs will not be drawn from the Strategic Reserve.

## **RES 5 – Property Portfolio Management (favourable variance £136,000)**

**Net additional Investment Property rental income**

The additional income has primarily arisen as a result of the receipt of back-dated rent payable by one major tenant, for whom the rental income payable is based on audited accounts. This income had not been previously forecast as the audited accounts were not received until towards the end of the financial year.



**CARRY FORWARD REQUESTS**

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

The carry forward requests received, relating to the 2010/11 outturn position, are as follows:

**ADULT SOCIAL CARE AND HEALTH PORTFOLIO**

**Complex Care Specialist & Tele-care Equipment – £200,000**

Funding for winter pressures of £776,000 was received towards the end of 2010/11 from which £536,400 was allocated against Complex Care for the purchase of specialist and tele-care equipment. Of this sum £200,000 remains to be spent and the carry forward will enable the completion of this planned expenditure the aim of which is to reduce / manage overall care costs through re-enablement.

**ENVIRONMENT & TRANSPORT PORTFOLIO**

**Planning Policy – £100,000**

The carry forward will fund a piece of work, to set the parameters for the collection of money from development to be spent on infrastructure in the city centre and elsewhere. The Coalition Government had originally indicated that they would remove the Community Infrastructure Levy (CIL), but in the recent Localism Bill they have clarified that the CIL will be retained with some modifications. There is a need, therefore, to provide for a statutory Examination into the Community Infrastructure Levy Charging Schedule (currently being prepared by consultants) in 2011/12, to enable the Council to quickly establish the new basis for developers' contributions. The Council has to adopt a CIL by 2014, if it wishes to retain strategic infrastructure tariffs (such as highway improvements and flood defences), because the Government has now made it clear that the scope of S106 contributions will be restricted to site specific requirements by this date.

**LEADERS PORTFOLIO**

**Future Jobs Fund – £40,000**

To date there has been an under spend of the pump priming budget for the Future Jobs Fund. The carry forward request will enable completion of the approved planned programme, to which external grant funding will be committed.

**Reoffending Programme – £95,000**

The carry forward request will enable the completion of the planned programme to reduce re-offending and to increase the employability of young people, which was not completed in 2010/11.

## **LEISURE, CULTURE & HERITAGE PORTFOLIO**

### **Procurement Cost of a Sea City Museum Partner – £36,000**

The decision was taken to outsource the running of the Sea City Museum and the cost of procuring a suitable partner was estimated as £50,000, the funding for which was approved for 2010/11. The timing of this spend will span the financial year and in order to complete the exercise the unspent funding will be required in 2011/12.

<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	GENERAL FUND CAPITAL OUTTURN 2010/11
<b>DATE OF DECISION:</b>	13 JULY 2011
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE PORTFOLIO
<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	

## **BRIEF SUMMARY**

The purpose of this report is to outline the General Fund capital outturn position for 2010/11 and seek approval for the proposed financing of the expenditure in the year. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2011/12 which take account of slippage and re-phasing.

## **RECOMMENDATIONS:**

It is recommended that Council:

- (i) Notes the actual capital spending in 2010/11 as shown in paragraphs 4 and 5 and notes the major variances in Appendix 1.
- (ii) Approves the proposed capital financing in 2010/11 as shown in paragraph 10.
- (iii) Notes the revised estimates for 2011/12 as adjusted for slippage and re-phasing as shown in Appendix 3.
- (iv) Notes that the capital programme continues to run a deficit of £9.2M, (as reported in February) and that the over programming is within the previously approved tolerances.
- (v) Note that due to delays in the receipt of anticipated capital receipts an additional £2.7M had to be borrowed to fund the 2010/11 programme which is in line with delegated powers approved in September 2008.
- (vi) Note that there will be a potential need to undertake additional borrowing to fund the 2011/12 programme if the anticipated capital receipts are delayed further.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn position for 2010/11 forms part of the approval of the statutory accounts.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. The outturn and financing for 2010/11 have been prepared in accordance with statutory accounting principles.

## **DETAIL (Including consultation carried out)**

### **CONSULTATION**

3. Not applicable.

## **CAPITAL OUTTURN 2010/11**

4. Total General Fund capital expenditure in 2010/11 was £93.2M compared to an estimate of £104.6M, giving an under spend of £11.4M or 10.9% of the programme.
5. The Capital Board for each Portfolio will have received a report on the outturn position. The performance of individual capital programmes in 2010/11 is summarised in the following table.

### **SUMMARY OF GF CAPITAL OUTTURN 2010/11**

<b>Portfolio</b>	<b>Approved £000's</b>	<b>Actual £000's</b>	<b>Variance £000's</b>	<b>Variance %</b>
Adult Social Care & Health	926	858	(68)	(7.3)
Children's Services & Learning	29,823	25,565	(4,258)	(14.3)
Environment & Transport	22,078	17,851	(4,227)	(19.1)
Housing	4,821	4,357	(464)	(9.6)
Leader's	6,933	5,959	(974)	(14.0)
Leisure, Culture & Heritage	6,372	6,352	(20)	(0.3)
Local Services & Community Safety	1,499	901	(598)	(39.9)
Resources & Workforce Planning	32,170	31,363	(807)	(2.5)
<b>Total GF Capital Programme</b>	<b>104,622</b>	<b>93,206</b>	<b>(11,416)</b>	<b>(10.9)</b>

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.
7. Appendix 2 shows the 2010/11 actual and 2010/11 approved estimate, together with the total spend for all years for each scheme, compared to the total scheme budget.
8. Slippage accounted for £13.2M of the under spend, partially offset by the re-phasing of some schemes to bring expenditure forward. As part of the revised processes surrounding Sharepoint, (the Council's project management system), slippage and re-phasing is automatically approved and processed at the year-end. The details of this are shown in Appendix 3. A small number of negative budgets on individual schemes resulted from this process and this will be corrected by the finance support teams; within the relevant Portfolio capital programme resources.
9. Any over spends on individual schemes are funded from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them; this may result in reduced outputs where an over spend results in cuts being made elsewhere in the programme.

10. The table below shows the proposed basis of financing the General Fund capital programme. Council is asked to approve this financing.

**GENERAL FUND CAPITAL FINANCING 2010/11**

	<b>£000's</b>
Total Financing Required	93,206
<b>Financed By: -</b>	
Supported Borrowing	6,840
Unsupported Borrowing	43,682
Capital Receipts	3,798
Capital Grants & Contributions	35,099
Car Parking Surplus	71
Direct Revenue Financing	3,716
<b>Total</b>	<b>93,206</b>

11. The impact of scheme variances for 2010/11 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 14 September 2011.

**PRUDENTIAL INDICATORS**

12. The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown below are those reported to Council as part of the February 2011 Annual Treasury Management Strategy and Prudential Limits report.

	<b>Actual</b>	<b>Estimates</b>			
	<b>2010/11</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
General Fund	93,206	99,174	82,330	17,157	4,950
HRA	33,584	38,057	26,142	26,471	0
<b>Total</b>	<b>126,790</b>	<b>137,231</b>	<b>108,472</b>	<b>43,628</b>	<b>4,950</b>

13. The reason for the difference between the General Fund estimate for 2010/11 in the table above and the estimate shown elsewhere in this report is due to new schemes being approved between the Treasury Management Strategy report being written and the end of March.

14. This indicator for 2011/12 to 2013/14 will be updated as part of the Capital Programme Update report to Council in September 2011. The Treasury Management Outturn Report 2010/11, elsewhere on the agenda, contains details of the other Prudential Indicators.

### **CONTINUING IMPACT OF THE RECESSION**

15. The current economic climate has continued to have an impact on the Council's financial position during 2010/11, in particular a reduction in capital receipts from the sales of land and property which continue to be less than forecast.
16. Funding for the capital programme is heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the changes in the economic climate have increased the Council's risk in this area.
17. This was recognised in 2008 and in the event therefore that there was a temporary deficit in the funding of the capital programme due to delays in receiving capital receipts, delegated authority was given by Council to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, Leisure and Culture, to undertake additional borrowing in order to provide cover for any delays in the timing of capital receipts.
18. Due to delays in the receipt of anticipated capital receipts an additional £2.7M had to be borrowed to fund the 2010/11 programme and there will be a potential need to undertake additional borrowing to fund the 2011/12 programme if the anticipated capital receipts are delayed further. The additional revenue costs associated with undertaking prudential borrowing will have to be built into future budget forecasts.
19. Following the update of the capital programme in February the position reported to Council and approved was a deficit of £9.2M due, largely to the loss of capital receipts. This was compared to a £10.5M deficit reported in September 2010. The deficit represented 4.2% of the overall capital programme which was within the limit of 5% set in the Medium Term Financial Strategy and approved on the 13 May 2009.
20. Given the deficit in the programme and the lack of available capital resources over the past three years, additions to the programme are only considered in very exceptional circumstances.
21. At this stage rather than make large scale changes to the existing programme for what it is hoped is a medium term problem, it is recommended that the Council 'over programme' on the basis that in future years the position will recover.

### **RESOURCE IMPLICATIONS**

#### **Capital/Revenue**

22. This report principally deals with capital. However, the revenue implications arising from borrowing to support the capital programme are considered as part of the annual revenue budget setting meetings.

**Property/Other**

23. None.

**LEGAL IMPLICATIONS**

**Statutory Power to undertake the proposals in the report:**

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

**Other Legal Implications:**

25. None.

**POLICY FRAMEWORK IMPLICATIONS**

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

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**KEY DECISION?** Yes/No

<b>WARDS/COMMUNITIES AFFECTED:</b>	None
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**SUPPORTING DOCUMENTATION**

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

**Appendices**

1.	Capital Outturn 2010/11 – Details of Significant Variances
2.	Actual v Budget 2010/11 at Individual Scheme Level
3.	2010/11 Slippage/Re-phasing

**Documents In Members’ Rooms**

1.	
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**Integrated Impact Assessment**

Do the implications/subject/recommendations in the report require an Integrated Impact Assessment to be carried out?	No
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**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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## CAPITAL OUTTURN 2010/11 – DETAILS OF SIGNIFICANT VARIANCES

### ADULT SOCIAL CARE & HEALTH PORTFOLIO

The spend for the year is **£858,100**. This can be compared with the budgeted figure for 2010/11 of **£926,000** resulting in an under spend of **£67,900**, which represents a percentage under spend against budget of **7.3%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

There are no significant over or under spends for the Portfolio.

### **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

There are no major items of slippage for the Portfolio at this stage however it should be noted that there are smaller variances across a number of other schemes which will be utilised in 2011/12.

### CHILDREN'S SERVICES & LEARNING PORTFOLIO

The spend for the year is **£25,565,000**. This can be compared with the budgeted figure for 2010/11 of **£29,823,000** resulting in an under spend of **£4,258,000**, which represents a percentage under spend against budget of **14.3%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

#### **CS 1 – Academies Management (adverse variance £256,000)**

#### **Additional costs incurred in procuring the Academy contracts.**

The adverse variance is attributable to three main factors. Firstly, the budget was set by a project team that is no longer in the employment of the Council. This team incurred significant programme slippage in the early part of the project life-cycle along with associated abortive work and expenditure. The current project team therefore inherited a reduced budget and significant programme pressure. Additional expenditure was required to recover lost time and to avoid the comparatively more significant risks of:

- incurring adverse construction cost driven by inflation / programme slippage; and
- the risk of government capital being withdrawn due to slippage and change of government.

Significant additional and unforeseen expenditure was incurred in the latter part of the projects, particularly at Lord's Hill, in order to manage commercial issues attached to the associated Highways and Planning works. Both Academy projects will ultimately be brought in on programme and on-budget as a function of this work.

## **CS 2 – Children’s Centres (favourable variance £1,094,000)**

### **Savings on the contracts to build Children’s Centres and early years provision.**

The schemes to build and invest in Children’s Centres and early years provision across the City has now been completed on time. There have been under spends against many of the 44 projects in Phase 3 although all have been delivered to the correct specification.

The scheme has been partly funded by Department for Education Sure Start grant and it is estimated that £570,000 of the unspent grant will need to be returned to the department.

## **CS 3 – Harefield Primary Rebuild Project (favourable variance £345,000)**

### **Savings on the contract to rebuild Harefield Primary School.**

This under spend has accrued as a result of an advantageous tender and the subsequent works to enable the retention of the old Junior School hall being delivered at a favourable cost.

## **CS 4 – Redbridge Community School (favourable variance £252,000)**

### **Savings on the contract to extend Redbridge Community School.**

This under spend is due to a favourable tender for the construction works.

## **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

## **CS 5 – Academies (favourable variance £807,000)**

### **Delay in the start date of the build of the new Lord’s Hill Academy.**

The favourable variance is attributable to a re-programming of the Lord’s Hill Academy project which saw it commence construction four months later than originally planned. The re-programming was agreed with Central Government, Oasis Community Learning and SCC in order to manage the additional Highways and Planning complexities associated with the scheme. The project is running on-time and on budget in line with the revised programme.

## **CS 6 – Bitterne Park 6<sup>th</sup> Form (favourable variance £537,000)**

### **Delay in the project to build a 6<sup>th</sup> Form at Bitterne Park School**

The favourable variance is a reflection of the ten week slippage in the programme due to additional groundwork due to increment weather and on site flooding over the winter. The sixth form extension is now due to open after the autumn half term.

## **CS 7 – Sports Development (favourable variance £282,000)**

### **Delay to the start of the sports development project**

The project is led by Solent University with a contribution from SCC. Works are now on-programme and a payments schedule has been requested of Solent University setting out the timing of SCC contributions.

### **CS 8 – Reinstatement of land at Redbridge Primary (favourable variance £225,000)**

#### **Delay to the reinstatement of playing fields due to planting taking place next autumn**

The redundant buildings have now been demolished, however springtime weather was not conducive to planting and so the planting scheme has been delayed until autumn 2011.

### **CS 9 Redbridge Primary Rebuild (favourable variance £358,000)**

#### **Savings on the contract to rebuild Redbridge Primary School.**

The construction phase of this project was completed 17 weeks early leading to an under spend on the overall project which is still to be finalised.

### **CS 10 – Primary Review Phase 1 (favourable variance £450,000)**

#### **Delay to some of the projects to extend eight Primary Schools by September 2011**

This variance is a reflection of slippage in the programme that has resulted in an under spend on the anticipated expenditure on the projects particularly at St Mark's Primary and the Freemantle C of E Community Academy. All of the projects are due to open on time by September 2011.

## **ENVIRONMENT & TRANSPORT PORTFOLIO**

The spend for the year is **£17,851,000**. This can be compared with the budgeted figure for 2010/11 of **£22,078,000**, resulting in an under spend of **£4,227,000** which represents a percentage under spend against budget of **19.1%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

#### **E&T 1 – Highways Maintenance Risk Fund (favourable variance £195,000)**

##### **The contingency for outstanding payments has been reduced.**

A contingency was set aside in the Highways Maintenance Risk Fund, as part of the February 2011 Capital Programme Review, as work was in progress to finalise any outstanding payments on schemes that Colas had delivered for Highways. This has now been reduced to reflect a number of schemes where final payments were agreed in 2010/11. In particular, an adverse variance of £160,000 on the Surface Dressing project, within the Unclassified Roads scheme, has been funded by a contribution from this provision.

### **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

#### **E&T 2 – Relocation of Town Depot (favourable variance £936,000)**

**There is slippage due to changes in the profile of some expenditure items.**

There has been a change to the expenditure profile, but not the overall forecast, as it has not been possible to purchase the Gas Site. As a result, the sale of the Warehouse, which was profiled for 2011/12, will not now take place. Also, payments to the main contractor are behind schedule, although the works are on target.

### **E&T 3 – Highways Improvements (Developers) (favourable variance £418,000)**

**There is slippage due to a revised delivery timescale agreed with the highways partner.**

A review of the S106 developer contributions is required and is being developed in 2011/12 to be incorporated into a one off programme to deliver the outstanding works over the next two years. It has been agreed with the highways partner to slip part of the 2010/11 budget to reflect the revised delivery programme.

### **E&T 4 – Itchen Bridge (favourable variance £552,000)**

**There is slippage due to a change in the works required.**

There is slippage of £385,000 on the Itchen Bridge Repairs project, as a more complex solution than originally anticipated is necessary. Although investigatory inspections of the bearings have revealed that they are in a worse state than expected, it is anticipated that the costs will be contained within budget. In addition, the Itchen Bridge Street Lighting project has slipped by £161,000 following a competitive process being carried out, through the street lighting partnership, to seek best value.

### **E&T 5 – Public Transport (favourable variance £445,000)**

**There is slippage which is mainly due to delays on two projects.**

There is slippage of £240,000 on the Southampton Central Station project, as it has taken longer than envisaged to pass through Network Rail approval procedures. There is also slippage of £119,000 on the Bus Stop Infrastructure project, as there were delays in obtaining prices for the work through the highways partnership.

### **E&T 6 – Principal Roads (favourable variance £161,000)**

**There is slippage due to the need to co-ordinate works.**

The main slippage is on the Burseldon Road/Warburton Road to City Boundary project, which was delayed to enable the carriageway surfacing to be carried out in conjunction with S278 development works.

### **E&T 7 – Cycling Improvements (favourable variance £263,000)**

**There is slippage which is mainly due to a number of external factors.**

The main slippage is on the DIY Streets St. Denys project, which is due to a number of factors. There was a delay from the Department for Transport in approving the scheme; additional coring samples were necessary, due to the poor road condition, and Southern Water replaced the water main later than expected.

### **E&T 8 – Multi Storey Car Park (MSCP) Maintenance Programme (favourable variance £136,000)**

**There is slippage on lift refurbishment work due to contractor delays.**

The slippage on the West Park and Grosvenor Square lift refurbishment projects is due to the contractor taking longer than anticipated to complete the work. The projects will be completed in 2011/12 and there are no health and safety issues in the interim period.

### **E&T 9 – Classified Roads (favourable variance £144,000)**

**There is slippage due to costs not being included in a year end application.**

The main slippage was on the Lodge Road/Inner Avenue to Bevois Hill project. Although the majority of works on site were complete by year end, the highways partner did not include the value of the work in their application for payment and were unable to provide appropriate certification of works done.

## **HOUSING PORTOFLIO**

The spend for the year is **£4,357,000**. This can be compared with the budgeted figure for 2010/11 of **£4,821,000** resulting in an under spend of **£464,000**, which represents a percentage under spend against budget of **9.6%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

There are no corporate issues for the Portfolio.

### **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

#### **HLS 1 – Home Improvement Loans Approved in 2010/11 (favourable variance £232,000)**

##### **Value of work at year end over estimated**

The value of work was over estimated by the Home Improvement Agency when they produced their figures during the year. The work will be re-phased to 2011/12. The project remains on track to be completed by 30<sup>th</sup> June 2011 and within budget.

#### **HLS 2 – Disabled Facilities Grants Approved in 2010/11 (favourable variance £115,000)**

##### **Value of work at year end over estimated**

The value of work was over estimated by the Home Improvement Agency when they produced their figures during the year. The work will be re-phased to 2011/12. The project remains on track to be completed by 30<sup>th</sup> June 2011 and within budget.

## **LEADER'S PORTFOLIO**

The spend for the year is **£5,959,400**. This can be compared with the budgeted figure for 2010/11 of **£6,933,000**, resulting in an under spend of **£973,600**, which represents a percentage under spend against budget of **14.0%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

There are no corporate issues for the Portfolio.

### **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

#### **LEAD 1 – QE2 Mile (favourable variance £211,000)**

##### **Slippage due to revised phasing of works**

The installation of the QE2 anchor has been delayed as a result of poor contractor response which has also impacted on delivery of remaining works to Holy Rood. In addition Bargate Square works were instructed later than planned due to new commissioning procedures for the Highway Partner.

#### **LEAD 2 – Guildhall Square (favourable variance £276,700)**

##### **Slippage due to revised phasing of works**

The minor works remaining have been delayed pending listed building consent and agreement of various traffic signs.

#### **LEAD 3 – Tyrell & Green (favourable variance £306,400)**

##### **Slippage due to outstanding agreement on final costs**

The slippage associated with demolition costs is due to delays to the Cuddy contracted works resulting in costs for some works remaining to be agreed. It is anticipated that agreement and final payment will be achieved early in the new financial year.

## **LEISURE, CULTURE & HERITAGE PORTFOLIO**

The spend for the year is **£6,351,500**. This can be compared with the budgeted figure for 2010/11 of **£6,372,000** resulting in an under spend of **£20,500**, which represents a percentage under spend against budget of **0.3%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

There are no corporate issues for the Portfolio.

## **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

### **LCH 1 – Tudor House Museum Phase 2 Implementation (adverse variance £159,600)**

**Expenditure is slightly ahead of schedule but overall the project is still expected to be complete within budget.**

Linford have completed slightly more work than included in the approved budget at year end. The overall the project is forecast to be completed within budget.

### **LCH 2 – Northern Above Bar Arts Complex (favourable variance £125,800)**

**Delay on the developer's plans.**

There has been a delay in the developer's plans. These are now moving ahead, but it means that the arts complex stage c is delayed. As a consequence there was a reduced spend on consultants at the end of March 2011.

## **LOCAL SERVICES & COMMUNITY SAFETY PORTFOLIO**

The actual spend for the year is **£901,000**. This can be compared with the budgeted figure for 2010/11 of **£1,499,000** resulting in an under spend of **£598,000**, which represents a percentage under spend against budget of **39.9 %**.

## **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

There are no corporate issues for the Portfolio

## **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

### **LS&CS 1 – St James Park Implementation (favourable variance £294,000)**

**The scheme has been delayed and an extension of time has been agreed with GMC**

Continuing to work with GMC (main contractor for installation) to ensure that site works progress according to the revised agreed schedule. The overall project completion is on target. The Lottery funding does not expire until December 2012.

## **RESOURCES & WORKFORCE PLANNING PORTFOLIO**

The spend for the year is **£31,363,300**. This can be compared with the budgeted figure for 2010/11 of **£32,170,000**, resulting in an under spend of **£806,700**, which represents a percentage under spend against budget of **2.5%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER OR UNDER SPENDS**

There are no corporate issues for the Portfolio.

### **MAJOR ITEMS OF SLIPPAGE/RE-PHASING**

#### **RES 1 – Office Accommodation (favourable variance £641,500)**

##### **Slippage due to delays caused by additional works**

The slippage has arisen as a result of delays to the scheme from both the relocation of the site compound and the recently agreed requirement to carry out additional asbestos related works. These delays are being closely monitored and it is hoped that through the revised phasing of handover dates within the building, the scheme should still complete within the original approved timescales.



# Agenda Item 11

APPENDIX 2

Scheme No	Description	Budget 2010	Actual 2010	Variance	Total Scheme Budget	Total Actual to 31/3/11
		£000's	£000's	£000's	£000's	£000's
<b>Adult Social Care &amp; Health</b>						
R9215	Modernisation Soton Day Services-Phase 2	183	169	(14)	1,703	1,529
R9265	Sds Modernisation Woolston Comm Centre	3	9	6	1,138	47
R9310	Mental Health Scheme (R9310)	256	251	(5)	374	349
R9330	National Care Standards And H&S Work	100	81	(19)	721	278
R9340	Replacement Of Appliances And Equipment	77	55	(22)	290	148
R9360	Blue Badge - Southampton Centre For Exce	18	18	0	36	36
R9500	It Infrastructure Grant	9	9	0	222	159
R9700	Common Assessment Framework	145	172	27	1,476	172
R9710	Scrg Capital - Transforming Adult Social	135	94	(41)	155	94
		<b>926</b>	<b>858</b>	<b>(68)</b>	<b>6,115</b>	<b>2,812</b>
<b>Children's Services &amp; Learning</b>						
E0ACA	Academies	9,852	9,045	(807)	34,330	10,236
E9058	Bitterne Park 6Th Form	1,768	1,231	(537)	5,565	1,837
E0CC3	Childrens Centres Phase 3	4,030	3,295	(735)	4,692	3,886
E0CCC	Childrens Centre Capital Projects	313	101	(212)	4,973	4,719
E0CSL	C S & L General Other	3,268	2,613	(655)	9,942	9,287
E0ICT	Ict	528	520	(8)	1,613	1,337
E9023	Foundry Lane Primary School Kitchen	372	370	(2)	425	423
E0NDS	Modernisation	1,648	1,480	(168)	3,006	2,537
E0OLD	Completed Schemes	(70)	(74)	(4)	1,095	1,091
E0PLA	Play Areas	482	451	(31)	1,256	1,225
E0PR2	Primary Review Phase 2	0	112	112	4,477	112
E9050	Harefield Primary Rebuild Project	2,000	2,092	92	5,122	4,028
E0PRI	Primary Schooll Rebuild Projects	378	69	(309)	1,431	1,102
E8060	Newlands Primary Rebuild Project	475	547	72	7,500	804
E8070	Redbridge Primary Rebuild Project	474	116	(358)	5,317	4,959
E0PRW	Primary Review	1,731	1,281	(450)	5,910	1,747
E0SAF	Safeguarding	302	305	3	558	429
E9022	Schools Access Initiative 2009 - 2010	160	112	(48)	563	515
E0SCN	Secondary Review	372	356	(16)	3,005	2,745
E0SEN	Special Education Needs Review	1,594	1,449	(145)	12,226	12,021
E0YPS	Young People & Skills	146	94	(52)	1,028	567
		<b>29,823</b>	<b>25,565</b>	<b>(4,258)</b>	<b>114,034</b>	<b>65,607</b>

Scheme No	Description	Budget 2010	Actual 2010	Variance	Total Scheme Budget	Total Actual to 31/3/11
		£000's	£000's	£000's	£000's	£000's
<b>Environment &amp; Transport</b>						
<b>Accessibility</b>						
C7171	Accessibility	420	338	(82)	867	460
<b>Active Travel</b>						
C7121	Walking/Pedestrian Improvements	259	284	25	689	584
C712W	Walking - Bedford Place	502	465	(37)	819	782
C7131	Cycling Improvements	852	589	(263)	1,495	1,041
<b>Bridges</b>						
C612A	Chantry Road (Footbridge Refurbishment)	491	475	(16)	526	510
C7900	Itchen Bridge	1,061	509	(552)	1,495	804
C7911	Bridges Maintenance	356	313	(43)	3,523	6,911
<b>Environment &amp; Sustainability</b>						
C2050	Carbon Emissions Inventory	34	31	(3)	51	44
C2400	E-Planning Pdg	204	142	(62)	675	548
C2410	Mobile Working	15	2	(13)	50	2
C2520	Salix Energy Efficiency Measures	213	208	(5)	623	618
<b>General Environment</b>						
C2100	Purchase Of Vehicles	1,386	1,386	0	1,818	1,818
C2540	Gantry Development - Energy Infrastructu	393	322	(71)	650	579
C260G	Toddler Play Area And Garden	1	1	0	63	63
C2680	Essential Work To Kennels	55	54	(1)	60	59
C2690	Town Depot Relocation	6,189	5,253	(936)	13,216	8,098
C2730	Itchen Bridge Toll Automation	150	63	(87)	1,000	63
C2740	Crematorium Major Works	129	206	77	2,914	331
<b>Highways Other</b>						
C3910	Traffic Signals Upgrade	200	203	3	725	528
C719A	City Centre Clutter reduction	20	20	0	268	268
C719C	City Centre Studies	1	1	0	85	85
C7241	Capital Programme Management	109	120	11	216	227
C7971	Ukpms	102	84	(18)	532	514
C8200	Highways Drainage	158	67	(91)	302	171
<b>Improved Safety</b>						
C7151	Improved Safety	253	164	(89)	786	559
<b>Network Management</b>						
C7181	Its	100	97	(3)	297	294
<b>Parking</b>						
C9471	Mscp 10 Yr Maint. Programme	639	503	(136)	2,848	2,407
<b>Public Realm</b>						
C736C	Local and District Centres Imps - Woolst	187	108	(79)	200	121
C890A	East West Spine (Civic Centre Place)	200	130	(70)	925	130
<b>Public Transport</b>						
C6190	Smartcards (Migration to ITSO Standards)	3	3	0	766	766
C7141	Public Transport	1,102	657	(445)	4,275	3,095
<b>Roads</b>						
C6124	Dockgate 20	4	4	0	2,633	2,633
C7921	Principal Roads	916	755	(161)	2,268	1,889
C792J	Structural Repairs C792J	381	387	6	983	989
C795E	Portsmouth Rd	229	250	21	1,316	1,337
C8000	Classified Roads	938	794	(144)	1,066	801
C8100	Unclassified Roads	1,245	1,130	(115)	3,623	2,817
C9000	Advance Design fees	35	40	5	435	440
C9120	Highways Improvements (Developer)	911	493	(418)	1,557	1,139
C9131	Surface Treatments	1,054	976	(78)	1,056	978
C920A	Highways Maintenance Risk Fund	204	9	(195)	412	9
<b>Street Furniture</b>						
C8800	Street Furniture	176	91	(85)	1,302	1,052
<b>Travel Planning</b>						
C7161	Travel To School	201	124	(77)	1,152	914
		<b>22,078</b>	<b>17,851</b>	<b>(4,227)</b>	<b>60,562</b>	<b>47,478</b>

**APPENDIX 2**

Scheme No	Description	Budget 2010	Actual 2010	Variance	Total Scheme Budget	Total Actual to 31/3/11
		£000's	£000's	£000's	£000's	£000's
<b><u>Housing</u></b>						
G0400	Places Of Change	29	29	0	805	805
G6500	Enabling Salaries 2010/11	49	49	0	49	49
G6530	Family Housing Exemplar Scheme	600	600	0	1,000	1,000
GF001	Support To Rsls	678	678	0	1,854	1,854
G4110	Home Improvement Loans Approved In 2010/	1,464	1,232	(232)	1,723	1,232
G4200	Accessible Homes Loans Approved In 2010/	133	90	(43)	223	90
G4250	Push Marketing - Psrg - 2010/11	40	37	(3)	40	37
G4100	Warm Home Grants Approved In 2010/11	30	19	(11)	30	19
G4130	Home Improvement Agency 2010/11	75	56	(19)	75	56
G4120	Technical Salaries 2010/11	329	329	0	379	329
G4270	Insulation For Private Sector Landlords	167	154	(13)	300	287
G4490	Insulation Grants Approved In 2009/10	50	50	0	50	50
GF800	Insulation	217	204	(13)	350	337
G4070	Disabled Facilities Grant Approved In 09	403	403	0	1,702	1,702
G4080	Disabled Facilities Grants Computer Syst	11	11	0	38	38
G4090	Disabled Facilities Grants Approved In 2	1,278	1,163	(115)	1,812	1,163
G4140	Disabled Facilities Grant Support Cost 2	163	135	(28)	163	135
GF900	Disabled Facilities Grant	1,855	1,712	(143)	3,715	3,038
		<b>4,821</b>	<b>4,357</b>	<b>(464)</b>	<b>8,389</b>	<b>6,992</b>
<b><u>Leader's</u></b>						
C215A	Mayflower Park - Relocation Of Play Area	26	26	0	188	188
C6200	QE2 Mile Programme	45	0	(45)	1,070	0
C620E	Qe2 Mile 2008/09 High Street	2	2	0	1,425	1,425
C620F	Holy Rood	783	683	(100)	1,198	1,098
C620P	Lower High Street (South)	1	1	0	510	510
C620S	Above Bar	121	121	0	138	138
C620W	Qe2 Mile Advance Design Fees	7	7	0	158	158
C620X	Qe2 Mile - Installing Qe2 Anchor	80	39	(41)	80	39
C620Y	Qe2 Mile - Bargate Square	30	5	(25)	80	5
C6200	Qe2 Mile	1,069	858	(211)	4,659	3,373
J7740	Eastpoint Surrender	2,624	2,618	(6)	2,748	2,618
M9310	Strategic Purchase Of Sites	10	3	(7)	1,060	40
M9370	Town Depot (M9370)	53	40	(13)	583	40
M9390	Royal Pier	134	115	(19)	710	115
M9420	West Quay Phase 3	36	(1)	(37)	2,127	1,539
M9430	Northern Above Bar Fees	60	42	(18)	457	379
M9460	Gantry Site	6	5	(1)	117	111
M9470	College Street	4	4	0	4	4
M9500	Northern Above Bar (Guildhall Square)	2,152	1,875	(277)	5,139	4,712
M9820	Major Site Development	153	145	(8)	610	452
M9830	Major Site Developmnt-Feasibility Studies	34	7	(27)	212	25
M9840	Northern Above Bar (C&A Site Professnl F	33	11	(22)	100	78
M9850	Lower High Street	34	12	(22)	60	38
M9870	Tyrrell & Green Building - Demolition	505	199	(306)	881	575
		<b>6,933</b>	<b>5,959</b>	<b>(974)</b>	<b>19,655</b>	<b>14,287</b>

**APPENDIX 2**

<b>Scheme No</b>	<b>Description</b>	<b>Budget 2010</b>	<b>Actual 2010</b>	<b>Variance</b>	<b>Total Scheme Budget</b>	<b>Total Actual to 31/3/11</b>
		<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b><u>Leisure, Culture &amp; Heritage</u></b>						
L8260	Tudor House Museum Phase 2 Implementatio	2,490	2,650	160	5,464	3,631
LC102	Heritage Centre/Sea City	2,984	2,975	(9)	16,209	3,912
L1480	Conduit Head Monument	5	5	0	5	5
L1530	Solent Sky Repairs	3	5	2	336	22
L8100	Art In Public Places - Halation Decommis	8	8	0	315	315
L810U	Art in Public Places – Millbrook and Weston	9	0	(9)	74	0
L8130	Genotaph Memorial Wall	20	0	(20)	137	0
L8270	Old Town Heritage	8	0	(8)	8	0
L8320	Gods House Tower Reception	14	15	1	39	40
LC201	Arts And Heritage	67	33	(34)	914	382
L8200	Southampton New Arts Centre (Snac)	533	407	(126)	21,101	1,593
L674B	Riverside Football Pitch Drainage/Tennis	2	2	0	20	20
L674C	Sports Centre - Cyclo Cross	2	4	2	22	24
L674E	Sports Centre Althlectics Track	174	161	(13)	174	161
L674F	Sport Centre Synthetic Pitches	32	32	0	32	32
LC401	Pitch Improvements	210	199	(11)	248	237
L8330	Swimming Pool Improvements	65	65	0	69	69
L8300	Quays Leisure Centre Gym Extention	(5)	(2)	3	160	163
L8310	Libraries Rfid	28	25	(3)	470	467
		<b>6,372</b>	<b>6,352</b>	<b>(20)</b>	<b>44,635</b>	<b>10,454</b>

**APPENDIX 2**

Scheme No	Description	Budget 2010	Actual 2010	Variance	Total Scheme Budget	Total Actual to 31/3/11
		£000's	£000's	£000's	£000's	£000's
<b>Local Services &amp; Community Safety</b>						
J7830	Community Safety Projects.	10	10	0	107	107
J7980	C C T V Digitalisation	31	31	0	328	328
NS002	Portswood Rec Improvements	36	0	(36)	36	0
NS003	Green Flag Improvements	32	4	(28)	87	4
NS004	Deep Dene Improvements	49	5	(44)	49	5
J8260	Community Support for Neighbourhood Improvements	25	0	(25)	200	0
J426L	Southampton Common	33	0	(33)	51	18
J4280	Weston Shore Green Flag Improvements Yr	3	3	0	25	25
J4240	Queens Park	5	5	0	76	16
J8190	Daisy Dip Improvements	18	0	(18)	96	16
J426H	Peartree Green	4	0	(4)	10	4
J8220	Frogs Copse	9	9	0	20	20
J426K	Shoreburs Honeygot Imp Yr 2009-10	11	11	0	17	17
J427F	Central Parks Interpretation Signage Yr	8	5	(3)	10	7
J8230	Freemantle Common Minor Imp Yr 2009-11	7	3	(4)	10	6
J427H	Freemantle Lake Park Improvements Yr 2009-11	5	0	(5)	17	0
NS027	Minor Parks Development Works	48	6	(42)	73	11
J8120	Improvements To Lordshill Community Faci	5	5	0	192	192
J814B	St James Park - Implementation	925	631	(294)	1,702	662
J8240	Park Safety Imp Yrs 2009-11	14	7	(7)	25	18
J8180	Preventing Illegal Access To Green Space	22	16	(6)	120	114
NS033	Laa Stretch Target	23	4	(19)	76	57
J816A	Streetscene Thornhill - Design & Consult	67	18	(49)	72	23
J816B	Streetscene Thornhill - External Works	88	107	19	307	326
J816C	Streetscene Thornhill - Consultation & P	6	6	0	10	10
J816E	Streetscene Thornhill - Project Manageme	15	15	0	80	80
NS034	Streetscene Thornhill	176	146	(30)	469	439
		<b>1,499</b>	<b>901</b>	<b>(598)</b>	<b>3,796</b>	<b>2,066</b>
<b>Resources &amp; Workforce Planning</b>						
M9640	Connectnion to Utilicom District Cooling	13	13	0	237	237
M9710	Accommodation Strategy Action Programme (ASAP)	5,058	0	(5,058)	19,097	959
M971J	Civic Repair (Works)	0	2,601	2,601	11	2,612
M971U	Civic Repair Capita Fees	0	1,113	1,113	628	1,741
M971V	Civic Repair Additional Surveys	0	4	4	45	49
M971W	Rbc Fit Out	0	686	686	116	802
M971X	Rbc Additional Items	0	12	12	0	12
M9710	Office Accomodation	5,058	4,416	(642)	19,897	6,175
P5020	Art Gallery - Roof Repairs And Ahu Repla	225	149	(76)	1,936	149
P5030	Marlands House - Floor 7, Cooling Replac	2	2	0	50	2
P5040	Purchase Of The Regional Business Centre	26,021	26,021	0	26,021	26,021
P6230	Installation Of New Cooling System (Comp	278	274	(4)	597	593
P6850	R & M Backlog New Capital 2 Million	573	488	(85)	4,367	2,649
		<b>32,170</b>	<b>31,363</b>	<b>(807)</b>	<b>53,105</b>	<b>35,826</b>
<b>GRAND TOTAL</b>						
		<b>104,622</b>	<b>93,206</b>	<b>(11,416)</b>	<b>310,291</b>	<b>185,522</b>

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Scheme	Description	Original Budget 2011 £000's	Slippage £000's	Rephasing £000's	Revised Budget 2011 £000's
<b>Adult Social Care &amp; Health</b>					
R9255	Modernisation of Day Services - Changing Places	0	1	0	1
R9265	SDS Modernisation Woolston Comm Centre	447	0	(6)	441
R9310	Mental Health Scheme (R9310)	20	5	0	25
R9330	National Care Standards and H&S Work	424	18	0	442
R9340	Replacement of Appliances and Equipment	120	22	0	142
R9235	SDS Freemantle - Phase 2	160	13	0	173
R9700	Common Assessment Framework	1,331	0	(27)	1,304
R9710	SCRG Capital - Transforming Adult Social Care	20	40	0	60
		<b>2,522</b>	<b>99</b>	<b>(33)</b>	<b>2,588</b>
<b>Children's Services &amp; Learning</b>					
E8050	Children's Centres - Phase 1	42	0	(3)	39
E8052	Harefield Primary Children's Centre	0	108	0	108
E9071	Thornhill Primary Children's Centre	0	39	0	39
E9072	Townhill Junior Children's Centre	0	46	0	46
E4049	Childrens Centres - Retentions	0	21	0	21
E4001	Hollybrook School EYC	10	0	(10)	0
E4002	Townhill Community EYC	16	105	0	121
E4003	Ashby Youth Centre	2	69	0	71
E4004	Bitterne CofE School EYC	7	49	0	56
E4006	Early Years Direct Capital Grant	0	15	0	15
E4007	Barn Owls Pre-School	1	7	0	8
E4009	Bitterne Community Pre-School	1	10	0	11
E4010	Bitterne Manor Pre-School	1	7	0	8
E4011	Brook Pre-School	0	1	0	1
E4012	Canford Close Scout Hut Millbrook	3	25	0	28
E4013	Foundry Lane Community Playgroup	1	9	0	10
E4014	Happy Bunnies (St Monica Infant School)	3	38	0	41
E4015	Lordswood Pre-School	1	31	0	32
E4017	Oaktrees Playgroup	0	1	0	1
E4018	Riverside Pre-School	1	10	0	11
E4021	Spring Road Pre-School	2	56	0	58
E4023	St Peter's Pre-School	1	19	0	20
E4024	Tickleford Playgroup	1	6	0	7
E4026	Woolston Pre-School 1	0	3	0	3
E4028	Eastpoint Pre-School	3	101	0	104
E4031	Manor Road Pre-School	0	1	0	1
E4032	Mansel Minis Community Pre-School	1	18	0	19
E4033	Noah's Ark Pre-School	0	3	0	3
E4035	St Francis Pre-School	1	3	0	4
E4038	YMCA Townhill Early Years	1	20	0	21
E4040	Holy Family Pre-School	1	4	0	5
E4048	Porchester Road Scout Hut	3	38	0	41
E4050	St Christophers Pre-School	0	1	0	1
E6000	Youth Capital Fund	0	9	0	9
E9006	School Modernisation 2009-2010	121	0	(18)	103
E9028	Renewable Energy Prog 2009-2010	60	68	0	128
E9032	Safe Schools 2009-2010	0	1	0	1
E9103	Mods - Fairisle Junior - Access Lift & Link Corrid	0	1	0	1
E9104	Mods - Hardmoor EYC - Kitchen & Baby Room	9	0	(7)	2
E9106	Mods - St Monica Jnr - Classroom Extension	0	2	0	2
E9107	Mods - Townhill Jnr - Classroom Extension	7	0	(6)	1
E9108	Mods - Bitterne Inf & Jnr - Phrase 3 Ventilation	33	0	(14)	19
E9110	Mods - Shirley Warren Sch Library Building	0	1	0	1
E9111	Mods - St Monica Inf - Class Extension	7	1	0	8
E9114	Mods - Fairisle Junior - Windows	0	46	0	46
E9023	Foundry Lane Primary School Kitchen	0	2	0	2
E9022	Schools Access Initiative 2009-2010	0	48	0	48
E6720	Closure of Highcrown St (Highfield School)	0	64	0	64
E9060	Moorlands Primary Rebuild Project	0	17	0	17
E9090	Portwood School - Recreation Ground	0	3	0	3
E8060	Newlands Primary Rebuild Project	3,725	0	(72)	3,653
E8070	Redbridge Primary Rebuild Project	0	358	0	358
E9050	Harefield Primary Rebuild Project	1,037	0	(92)	945
E9086	Increased Places At St Marys Primary	0	3	0	3
E9088	Increased Places at Fairisle Junior	19	58	0	77
E9092	Increased Places at Maytree Infant - Phase 2	0	2	0	2

**APPENDIX 3**

<b>Scheme</b>	<b>Description</b>	<b>Original Budget 2011 £000's</b>	<b>Slippage £000's</b>	<b>Rephasing £000's</b>	<b>Revised Budget 2011 £000's</b>
E9093	Increased Places at St Mary's Primary - Phase 2	589	26	0	615
E9094	Increased Places at Mount Pleasant Junior	50	27	0	77
E9095	Increased Places at St Mark's Junior	12	97	0	109
E9096	Increased Places at Freemantle Infant	372	211	0	583
E9097	Increased Places at St John's Infant	812	54	0	866
E9099	Increased Places at Foundry Lane Primary	726	0	(50)	676
E9042	Learning Futures - New School West	0	8	0	8
E9043	Learning Futures - Redbridge Community School	100	8	0	108
E6920	SEN Review - Phase 1	0	26	0	26
E6921	SEN Review - Great Oaks Phase 2	60	119	0	179
E8136	Loft Extension to Carers Home	132	0	(3)	129
E8160	ICT Harnessing Technology Grant	242	0	(1)	241
L7680	Fair Play Playbuilder	0	25	0	25
L7690	Thornhill Adventure Playground	0	6	0	6
E8180	Sports Development	0	282	0	282
E9031	Schools Devolved Capital 2008-2011	0	372	0	372
E9058	Bitterne Park 6th Form	3,117	537	0	3,654
E9059	Reinstatement of Land at Redbridge Primary	20	225	0	245
E4045	Learningland Day Nursery	1	37	0	38
E4051	Woolston Infant Pre-School	1	2	0	3
E4055	St Jude's Childrens Centre	3	26	0	29
E9117	Asbestos Removal	45	24	0	69
E4052	Witherswood Day Nursery	1	4	0	5
E9054	Academies Management	118	0	(76)	42
E9056	Mayfield Academy Site Access	0	0	(6)	(6)
E9057	Academies - Capital Works	946	0	(40)	906
E9061	Mayfield Academy	10,359	0	(1,525)	8,834
E9062	Lordshill Academy	11,358	2,454	0	13,812
E9118	Newtown Adventure Playground	409	43	0	452
E4056	St Marks Pre-School	3	35	0	38
E9119	Mansel Park Pri - Internal Remodelling	3	18	0	21
E5001	Primary Review Phase 2	25	0	(1)	24
E5002	Primary Review P2 - Bassett Green Primary School	89	0	(6)	83
E5003	Primary Review P2 - Mansel Park Primary School	92	0	(8)	84
E5004	Primary Review P2 - Kaneshill Primary School	22	0	(5)	17
E5005	Primary Review P2 - Shirley Warren Primary	128	0	(8)	120
E5006	Primary Review P2 - Glenfield Infant School	116	0	(5)	111
E5007	Primary Review P2 - Moorlands Primary School	119	0	(34)	85
E5015	Primary Review P2 - Banister Infant School	0	0	(40)	(40)
		<b>35,191</b>	<b>6,214</b>	<b>(2,030)</b>	<b>39,375</b>



## APPENDIX 3

Scheme	Description	Original Budget 2011 £000's	Slippage £000's	Rephasing £000's	Revised Budget 2011 £000's
<b>Environment &amp; Transport</b>					
C252U	Carbon Reduction - Marlands Car Park	0	1	0	1
C530B	DIY Streets St Denys	0	135	0	135
C713F	Cycling - Promotion etc	75	4	0	79
C791H	Other Bridge Works	300	0	(12)	288
C791K	Northam Rail Bridge (NR)	7	10	0	17
C816A	St Deny's Footway	0	60	0	60
C816B	Footway Lighting Enhancement	0	55	0	55
C816C	Footways - Various Treatments	550	0	(5)	545
C820C	St James Road Drainage	0	34	0	34
C881J	Grit Bins	0	7	0	7
C269B	Dock Gate 20 - Warehouse Purchase First Avenue	137	500	0	637
C269C	Dock Gate 20 Client Costs	182	35	0	217
C269E	Dock Gate 20 - Contractor Costs (Town Depot DG20)	3,317	187	0	3,504
C269F	Dock Gate 20 - Warehouse Development	0	2	0	2
C269H	Dock Gate 20 - Junction Construction	100	67	0	167
C269K	Dock Gate 20 - IT Costs	200	144	0	344
C269L	Dock Gate 20 - Red Lodge Relocation	40	1	0	41
C736C	Local and District Centres Imps - Woolston	0	43	0	43
C815K	Windermere Ave	0	10	0	10
C947F	West Park Lifts	125	59	0	184
C947H	Grosvenor Square Lifts	180	71	0	251
C612A	Chantry Road (Footbridge Refurbishment)	0	16	0	16
C7914	TAMP - Bridges	105	20	0	125
C791T	Itchen Bridge Feasibility & Design Checks	0	6	0	6
C791X	Western Approaches Rail Bridge Feasibility	21	4	0	25
C712W	Walking - Bedford Place	0	7	0	7
C3910	Traffic Signals Upgrade	200	0	(3)	197
C881C	Improved Street Scene	0	49	0	49
C881D	City Centre Benches	0	20	0	20
C2050	Carbon Emissions Inventory	4	3	0	7
C252I	Bitterne CHP Salix	0	3	0	3
C717E	Legible Cities	175	129	0	304
C714F	Traveline (PTI 2005)	40	0	(5)	35
C714X	Southampton Central Station	560	240	0	800
C2540	Gantry Development - Energy Infrastructure	0	71	0	71
C796B	Burseldon Road Warburton road to City Bdry	0	200	0	200
C806A	Lodge Road Inner Avenue to Bevois Hill	0	30	0	30
C806C	Wessex Lane Bend nr Halls of Residence to Wide Lane	121	0	(4)	117
C812Y	Dropped Crossings	0	12	0	12
C813B	Kathleen Road (Part) - Footway	0	19	0	19
C815R	Priory Road St Denys Road to Kent Road	141	0	(4)	137
C822J	Decent Neighbourhoods	0	47	0	47
C9120	Highways Improvements (Developer)	0	418	0	418
C716E	Cycle Storage	0	37	0	37
C716J	Safer Routes - 20pmh zones	111	20	0	131
C716K	Safer Routes - minor works	0	11	0	11
C3820	Bus Stop Imps (Developers)	104	35	0	139
C714M	Bus Stop Infrastructure	31	119	0	150
C714R	Punctuality Improvement Partnership	0	44	0	44
C713D	Cycling - Cycle Parking On Street	25	7	0	32
C713Q	NCN23 Riverside Northam to Horseshoe Bridge	21	55	0	76
C2410	Mobile Working	35	13	0	48
C790A	Itchen Bridge Street Lighting	0	161	0	161
C790B	Itchen Bridge Major Repairs	139	385	0	524
C881B	St Nameplates	100	1	0	101
C712Y	Old Town Public Realm	130	14	0	144
C713K	Cycling - Quality Monitoring	20	30	0	50
C713X	Cycle Missing Links	50	19	0	69
C717C	Minor Schemes Programme	50	0	(5)	45
C717G	Crossings Programme	100	0	(42)	58
C890A	Civic Centre Place (C890A)	725	70	0	795
C2650	Refurbishment of the Crematorium	299	0	(64)	235
C2720	Replacement of the Cremators	751	0	(13)	738
C2680	Essential Works to Kennels	0	1	0	1
C716M	Travel Planning Site Specific Advice	50	9	0	59
C6250	Network Management Modelling	0	2	0	2
C714W	Congestion Modelling	0	1	0	1
C240C	Civica Storage for Scanned Documents	30	23	0	53

**APPENDIX 3**

<b>Scheme</b>	<b>Description</b>	<b>Original Budget 2011 £000's</b>	<b>Slippage £000's</b>	<b>Rephasing £000's</b>	<b>Revised Budget 2011 £000's</b>
C240A	PDG - Community Infrastructure	0	15	0	15
C240B	PDG - Lordshill Masterplan	25	23	0	48
C795B	Redbridge Rd (w/b Slip Road)	158	5	0	163
C714V	Traffic Systems IT	0	12	0	12
C2730	Itchen Bridge Toll Automation Project	850	87	0	937
		<b>10,384</b>	<b>3,918</b>	<b>(157)</b>	<b>14,145</b>

**Housing**

G4270	Insulation for private Sector Landlords	0	13	0	13
G4200	Accessible Homes Loans Approved in 2010/11	90	43	0	133
G4090	Disabled Facilities Grants Approved in 2010/11	534	115	0	649
G4140	Disabled Facilities Grant Support Costs 2010/11 (G4140)	0	28	0	28
G4130	Home Improvement Agency 2010/11	0	19	0	19
G4110	Home Improvement Loans Approved in 2010/11	259	232	0	491
G4250	PUSH Marketing - PSRG - 2010/11	0	3	0	3
G4100	Warm Home Grants Approved in 2010/11	0	11	0	11
		<b>883</b>	<b>464</b>	<b>0</b>	<b>1,347</b>

**Leader's**

J7740	Eastpoint Surrender	124	6	0	130
M9310	Strategic Purchase of Sites	1,013	7	0	1,020
M9430	Northern Above Bar Fees - T&G Marketing Fees	60	18	0	78
M9460	Gantry Site	5	1	0	6
M9500	Northern Above Bar - Guildhall Square	150	277	0	427
M9840	Northern Above Bar - RBC Disposal/DA Fees	0	22	0	22
M9850	Lower High Street	0	22	0	22
M9870	Northern Above Bar - Tyrrell & Green Building Demolition	0	306	0	306
M9370	Town Depot	530	13	0	543
M983Q	Feasibility - Central Station	61	25	0	86
M9390	Royal Pier	576	19	0	595
C620F	QE2 Mile - Holyrood	0	100	0	100
C6200	QE2 Mile Programme	90	45	0	135
M9420	West Quay Phase 3 WWQ	490	30	0	520
M942B	West Quay Phase 3 Site B	61	6	0	67
M9830	Feasibility - Major Site Devlpmt	99	2	0	101
C620X	QE2 Mile - Installing QE2 Anchor	0	41	0	41
C620Y	QE2 Mile - Bargate Square	0	25	0	25
		<b>3,259</b>	<b>965</b>	<b>0</b>	<b>4,224</b>

**Leisure, Culture & Heritage**

L8310	Libraries RFID	0	3	0	3
L8260	Tudor House Museum Phase 2 Implementation	1,993	0	(160)	1,833
L8280	Sea City Museum (I8280)	11,590	9	0	11,599
L8200	Southampton New Arts Centre (SNAC)	467	126	0	593
L1530	Solent Sky Repairs	316	0	(2)	314
L8270	Old Town Heritage	0	8	0	8
L674E	Sports Centre Athletics Track	0	13	0	13
L810U	Art in Public Places – Millbrook and Weston	65	9	0	74
L8130	Cenotaph Memorial Wall	117	20	0	137
		<b>14,548</b>	<b>188</b>	<b>(162)</b>	<b>14,574</b>

**APPENDIX 3**

<b>Scheme</b>	<b>Description</b>	<b>Original Budget 2011 £000's</b>	<b>Slippage £000's</b>	<b>Rephasing £000's</b>	<b>Revised Budget 2011 £000's</b>
<b><u>Local Services &amp; Community Safety</u></b>					
J8260	Community Support for Neighbourhood Improvements	75	25	0	100
J426L	Southampton Common	0	33	0	33
J8190	Daisy Dip Improvements	62	18	0	80
J8230	Freemantle Common Minor Improvements Yr 2009-11	0	4	0	4
J427H	Freemantle Lake Park Improvements Yr 2009-11	12	5	0	17
J426H	Peartree Green	2	4	0	6
J814B	St James Park - Implementation	685	294	0	979
J427E	Monks Brook Access Improvements Yrs 2008-11	0	7	0	7
J4250	Rollesbrook Improvements Yrs 2009-11	0	9	0	9
J8250	Bitterne Manor/Clausentum Wood Improvements Yrs 201	20	26	0	46
J8240	Parks Safety Improvements Yrs 2009-11	0	7	0	7
J8180	Preventing Illegal Access to Green Space (J8180)	0	6	0	6
J4360	Central Parks Green Flag Improvements Yr 2010/11	55	14	0	69
J4310	Deep Dene Improvements	0	15	0	15
J4290	Donkey Common Biodiversity Improvements	0	1	0	1
J4350	Mansel Park Green Flag Improvements Yr 2010/11	0	7	0	7
J4340	Hinkler Green Green Flag Improvements Yr 2010/11	0	8	0	8
J4320	Portswood Rec Improvements - Phase 3	0	34	0	34
J4330	Weston Shore Green Flag Improvements Yr 2010/11	0	2	0	2
J4370	Park Code for Green Space (Dog Control)	0	28	0	28
J8270	Guildhall Square CCTV	0	19	0	19
		<b>911</b>	<b>566</b>	<b>0</b>	<b>1,477</b>
<b><u>Resources &amp; Workforce Planning</u></b>					
M9710	Accommodation Strategy Action Programme (ASAP)	6,685	642	0	7,327
P6850	R & M backlog New Capital 2 million	0	86	0	86
P5020	Art Gallery - Roof Repairs and AHU Replacement	1,711	75	0	1,786
		<b>8,396</b>	<b>803</b>	<b>0</b>	<b>9,199</b>
<b>TOTAL PROGRAMME</b>		<b>76,094</b>	<b>13,217</b>	<b>(2,382)</b>	<b>86,929</b>

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<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2010/11
<b>DATE OF DECISION:</b>	13 JULY 2011
<b>REPORT OF:</b>	CABINET MEMBER FOR HOUSING
<b>STATEMENT OF CONFIDENTIALITY</b>	
None	

## **BRIEF SUMMARY**

This is the Housing Revenue Account (HRA) revenue and capital outturn report for the financial year 2010/11.

The actual level of net spending in 2010/11 was £422,900 lower than expected compared to a total turnover of £60M. The final outturn shows a surplus for the year of £34,100 compared to a budgeted deficit of £388,800. The HRA working balance at 31 March 2011 is £1,622,900.

Total capital expenditure in 2010/11 was £33,584,000 compared to the approved budget of £35,477,000, which represents an 94.7% spend level against the approved budget. This expenditure has made significant improvements to the condition of the Council's housing stock and has led to an additional 1,524 extra homes now meeting the 'Decent Homes' standard as at the end of March 2011 enabling the council to ensure that all of its homes meet the Decent Homes Standard apart from those homes which form part of the regeneration programmes. Not only did the council manage to virtually double the number of homes meeting the Decent Homes standard compared to 2009/2010 but it also manage to replace lifts, provide new heating systems and boilers, install new communal door entry systems and refurbish four supported housing schemes. The council is still aiming to maintain its ongoing "decent homes" plans for Council owned homes during 2011/12.

Capital expenditure has also been focused on carrying works within our estates and neighbourhoods. This includes the decent neighbourhoods programme, estate regeneration and local authority new build.

This paper also provides members with an update on the latest position on the reform of council housing finance.

## **RECOMMENDATIONS:**

- (i) Note that the HRA revenue outturn for the financial year 2010/11, which shows a favourable variance for the year of £422,900 and balances at the end of the year of £1,622,900.
- (ii) Approve the revenue carry forward of £250,000 for helping to fund the Mobile Working project in 2011/12
- (iii) Note the capital outturn for 2010/11.
- (iv) Approve the amendments to the HRA Capital Programme for 2011/12 set out in Appendix 3 to take account of the slippage and re-phasing in 2010/11.

- (v) Note that the use of the additional resources will be considered as part of the update of the capital programme that will be reported to Council in September.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The HRA revenue and capital outturn for 2010/11 forms part of the Council's statutory accounts.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. This report outlines the actual level of spend on the HRA for the financial year 2010/11. The figures have been prepared in accordance with statutory accounting principles. There are therefore no other options relating to the HRA revenue outturn position for members to consider. Members could decide not to amend the 2011/12 Capital Programme to reflect the 2010/11 outturn, but this could result in some approved schemes either not being completed, or overspending due to contractual commitments.

## **DETAIL (Including consultation carried out)**

### **Background**

3. The Housing Revenue Account records all the income and expenditure associated with the provision and management of Council owned homes in the City. This account funds a significant range of services to over 18,000 Southampton tenants and leaseholders and their families. This includes housing management, repairs and improvements, welfare advice, sheltered housing services, neighbourhood wardens, and contribute to bringing all Council properties up to the decent home standard.
4. The HRA Capital Programme deals with all capital expenditure on Council Housing and related environmental works. The main focus is to continue the investment in the estate regeneration programme as well as delivering the decent homes and neighbourhoods agendas. Other important areas of spending are on property adaptations for disabled people and tackling anti social behaviour.
5. This report sets out the actual level of revenue spending on day to day services provided to council tenants recorded in the HRA in 2010/11. The report compares the latest estimate for 2010/11 with the final spend for the year.
6. This report also summarises the HRA Capital Programme outturn for 2010/11 and recommends adjustments to the 2011/12 capital programme to take account of actual spending in 2010/11.
7. All Local Authorities are required to publish the HRA revenue outturn in accordance with CIPFA's Best Value Accounting Code of Practice. The HRA outturn for 2010/11 can be found in this form in the authority's Annual Statement of Accounts.

### **Consultation**

8. The HRA revenue and capital outturn outlined in this report represents the actual level of spending in 2010/11. The financial information has been prepared in accordance with statutory accounting principles. There is

therefore no scope for tenants, members or other stakeholders to influence the financial position contained in this report. The adjustments to the capital programme for 2011/12 are directly related to performance in 2010/11.

### **Revenue Outturn**

9. The HRA Revenue Summary attached at Appendix 1 shows a decrease in expenditure of £564,000 (0.9%) and a reduction in income of £141,100 (0.2%). Balances as at 31 March 2011 are therefore £422,900 higher than expected.
10. The net effect of changes in income and expenditure is a surplus on the HRA for the year of £34,100 against a budgeted deficit of £388,800, which results in an increase in working balances as at 31 March 2011. The working balance on the HRA, which will be carried forward into 2010/11, is therefore £1,622,900.
11. An explanation of the variances can be found at appendix 2. It will be noted that the underspend on responsive repairs arose because the money that had been set aside to help fund the mobile working project was not needed in 2010/11. This project is proceeding in 2011/12 and it is therefore recommended that £250,000 is carried over into 2011/12 to enable the project to proceed.
12. If this is approved, this leaves an overall improvement of revenue balances of £172,900. The use of the additional resources will be considered as part of the full update of the capital programme which will be reported to Council in September.

### **Capital Outturn**

13. A summary of capital expenditure for the HRA is shown in the following table:

Section	Approved Estimate 2010/11 £'000	Actual Outturn 2010/11 £'000	Over/(Underspend) £'000	%
Decent Homes	16,280	15,749	(531)	(3.3)
Decent Homes Plus	7,762	7,215	(547)	(7.0)
Decent Neighbourhoods	2,944	2,375	(569)	(19.3)
Estate Regeneration	3,532	3,549	17	0.5
New Build	4,894	4,696	(198)	(4.0)
Other Schemes	65	0	(65)	(100)
<b>TOTAL</b>	<b>35,477</b>	<b>33,584</b>	<b>(1,893)</b>	<b>(5.3)</b>

14. Appendix 3 shows the variances in every scheme in the capital programme. Appendix 4 provides an explanation of all variances either over £100,000.
15. The expenditure detailed above has made significant improvements in the condition of the Council's housing stock. Council is also asked to note that following expenditure detailed in this report, an additional 1524 homes now meet the 'Decent Homes' standard. Southampton City Council within the last 6 years has met the governments Decent Homes Standard to all properties apart from those homes which are subject to regeneration plans. In addition to essential major repairs and various environmental / neighbourhood improvements 1,572 homes have had new kitchens and 1,104 homes have had their bathrooms renewed.
16. The next full revision of the HRA Capital Programme will be presented to Council for approval in September. However, some amendments to the 2011/12 Programme, which take account of the variations in 2010/11, are recommended for approval in this report (see Appendix 3). A summary of the changes is shown in the following table:

	£000
Current Programme 2011/12	28,819
Spending delayed into 2011/12 from 2010/11	2,376
Spending brought forward into 2010/11 from 2011/12	(590)
Proposed Programme 2011/12	30,605

### **Capital Financing**

17. A comparison of the final financing of the spending in 2010/11 with the approved budgets is shown below:

	Approved Estimate £'000	Resources Used £'000	Variance £'000
Supported Borrowing Allowance	1,496	1,496	0
Unsupported Borrowing	9,192	5,303	(3,889)
Useable capital receipts	0	0	0
Grants/Contributions	5,781	6,451	670
Direct Revenue Financing	8,614	9,940	1,326
Major Repairs Allowance	10,394	10,394	0
<b>TOTAL</b>	<b>35,477</b>	<b>33,584</b>	<b>(1,893)</b>

18. The changes to the resources are explained below:

- Unsupported borrowing is lower than forecast because:
  - Less borrowing was needed for the new build programme due to the timing of grant receipts from the HCA,



- Spending on the installation of digital TV was lower than expected and
  - The £3.1M allocated for general support for the capital programme was not required.
  - The level of Grants and Contributions increased because some of the HCA grant for the new build programme was received earlier than budgeted and there were additional receipts from charges to leaseholders for major works.
  - There was sufficient DRF available to increase the amount used in 2010/11 and avoid some prudential borrowing.
19. The funding changes in 2010/11 mainly arise from timing issues. Over the life of the programme it will still be necessary to undertake the full amount of prudential borrowing reported to Council in February. The use of additional DRF in 2010/11 means that there is less available in future years. The level of unused DRF at 31 March 2011 is £2.303M. In overall terms, there has not been any material change in the resources available to fund the HRA capital programme in the period to 2012/13.

#### **Overall position**

20. In summary:
- The HRA working balance has increased by £172,900, after allowing for the carry forward of the £250,000 needed to fund the mobile working project,
  - The capital programme for 2011/12 will be increased by £1,786M due to the slippage and rephasing from 2010/11.
  - There are net savings of £108,000 on completed capital schemes.
  - There was no material change in the level of resources available to fund the HRA capital programme in the period to 2012/13.

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

21. In addition to the working balance, the HRA also has a balance of revenue funding that is earmarked to support the HRA Capital Programme. At 31 March 2010 this was £2.303M giving a total balance on the HRA at 31 March 2010 of £3,925,700

#### **Update on Reform of Council Housing Finance**

22. This section provides an update on developments since the HRA budget report was submitted to Cabinet and Council in February this year.
23. The Government published its latest proposals in early February. The broad principle remains that the HRA pays a one-off levy to CLG to buy its way out of the current subsidy system and stop the annual payments to CLG.
24. The key features of the current draft settlement are:
- The legal basis for the new system is the Localism Bill. The intention is that the new system will start from April 2012.
  - It is still expected that the new system will be benefit to us initially and in the long term.

- The draft settlement is not as good as previous proposals because:
    - The levy has increased to £64M from £52M,
    - The cost of borrowing has been increased by nearly 1%,
    - The Government will still retain 75% of all receipts from sales of HRA dwellings under the right-to-buy. Previous proposals were that councils could retain all receipts from RTB.
25. The latest proposals also retain the proposition that there will a limit placed on the maximum level of borrowing that the HRA can have outstanding at any one time. There will effectively be a cap on HRA debt levels.
26. The implications of all these changes are currently being assessed. It should be noted that the government plans to update the terms of the settlement in November and a final settlement will not be made available until January 2012.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

27. Contained in the detail of the report.

### **Property/Other**

28. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

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

### **Other Legal Implications:**

30. None

## **POLICY FRAMEWORK IMPLICATIONS**

31. The HRA revenue and capital outturn for 2010/11 forms part of the Council's overall Statutory Accounts. The details in this report reflect the actual level of spending on day to day services that were provided to council tenants, and the actual level of capital spending in 2010/11. This is compared to the approved budget for the year.

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**KEY DECISION?** Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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**SUPPORTING DOCUMENTATION**

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

**Appendices**

1.	HRA Revenue Summary Outturn 2010/11
2.	Revenue Variances
3.	HRA Capital Programme Outturn 2010/11
4.	Capital Variances

**Documents In Members' Rooms**

1.	None
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**Integrated Impact Assessment**

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

1.		
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# Agenda Item 12

Appendix 1  
Appendix 1

## HOUSING REVENUE ACCOUNT

	Revised Estimate 2010/11	Actual Outturn 2010/11	Variation	
	£'000	£'000	£'000	%
<b><u>EXPENDITURE</u></b>				
Responsive Repairs	10,695.2	10,488.4	-206.8	-1.93%
Programmed Repairs	5,171.7	5,240.3	68.6	1.33%
<b>Total Repairs</b>	<b>15,866.9</b>	<b>15,728.7</b>	<b>-138.2</b>	<b>-0.87%</b>
Rents Payable	52.6	39.4	-13.2	-25.10%
Debt Management	46.8	41.8	-5.0	-10.68%
Supervision & Management	17,256.5	16,968.8	-287.7	-1.67%
Capital financing charges	2,286.9	2,066.0	-220.9	-9.66%
Major Repairs Allowance	10,394.5	10,394.5	0.0	0.00%
Direct Revenue Financing	6,076.4	6,076.4	0.0	0.00%
Housing Subsidy paid to CLG	8,575.7	8,676.7	101.0	1.18%
<b>TOTAL EXPENDITURE</b>	<b>60,556.3</b>	<b>59,992.3</b>	<b>-564.0</b>	<b>-0.93%</b>
<b><u>INCOME</u></b>				
Dwelling Rents	57,118.3	56,998.6	-119.7	-0.21%
Other Rents	1,262.2	1,253.8	-8.4	-0.67%
<b>Total Rental Income</b>	<b>58,380.5</b>	<b>58,252.4</b>	<b>-128.1</b>	<b>-0.22%</b>
Service Charge Income from Tenants	1,099.9	1,100.1	0.2	0.02%
Service Charge Income from Leaseholders	659.7	634.3	-25.4	-3.85%
Interest Received	27.4	39.6	12.2	44.53%
<b>TOTAL INCOME</b>	<b>60,167.5</b>	<b>60,026.4</b>	<b>-141.1</b>	<b>-0.23%</b>
<b>SURPLUS/(DEFICIT) FOR YEAR</b>	<b>-388.8</b>	<b>34.1</b>	<b>422.9</b>	
<b><u>BALANCES</u></b>				
Working Balance B/Fwd	1,588.8	1,588.8	0.0	
Surplus/(Deficit) for year	-388.8	34.1	422.9	
<b>WORKING BALANCE C/FWD</b>	<b>1,200.0</b>	<b>1,622.9</b>	<b>422.9</b>	

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## HRA outturn 2010/11 - Revenue Variances

### Repairs

Repairs spending covers responsive and programme repairs.

#### Responsive Repairs

There was an underspend on responsive repairs of £206,800 (1.9%). However, £250,000 of the budget was set aside to support the mobile working project which now needs to be carried forward to 2011/12. This means there was an overspend on responsive repairs of £43,200 (0.4%).

#### Programme Repairs

There was an overspend on programme repairs of £68,600 (1.3%). The material variations in the programme repairs budget were as follows:

1. **External Decorations - overspend of £100,900 (8.2%)**  
The budget was reduced by £100,000 at revised estimates. However, after this was done it became necessary to charge £73,400 of the external decorations at Thornhill to this budget rather than the capital works budget.
2. **Electrical testing – underspend of £44,500 (25.4%)**  
It has been possible to make savings by changing working practices (the job could be done by a single tradesman, rather than requiring two), and fewer tests being required than budgeted.
3. **Structural Work – overspend of £16,700 (14.3%)**  
Unbudgeted costs incurred following the balcony collapse at Somborne House in March 2010
4. **Health & Safety works – overspend of £63,700 (37.8%)**  
Unbudgeted works to lifts, not covered by the Capita contract (£29,700), extra costs for emergency aircraft lighting (£20,500), various works at Shirley Towers following the fire (£11,300)
5. **Various Servicing – underspend of £60,000 (5.1%) of which the material variance is lift servicing, which underspent by £84,500 (30.2%).**  
At revised estimates, the budget for lift servicing was increased by £80,000 to cover a forecast overspend. Further investigation showed that this was not the case and the budget need not have been increased.

### **Rents Payable**

It has now been established that Estate Regeneration properties that have been vacant for more than 6 months are not subject to council tax. This has reduced the expected council tax charge for void dwellings by £13,200 (25.1%).

### **Supervision and Management**

This heading covers the costs of all services provided to tenants other than repairs. There is an under spend of £287,700 (1.7%) with the main variances being:

- There are savings on utility costs of £344,800. This is a combination of savings arising from the Audit Commissions review of where utility costs are accounted for and a reassessment of the budgets required for utility costs in tower blocks and sheltered housing.
- Increased income of £18,000 from the marketing of more Community Alarm pendants
- Following a number of re-structure staff movements and accommodation moves, there is an overall increase in costs of £21,000.
- There was an increase of £162,500 in the bad debts provision for maintenance recovery charges. The level of outstanding arrears on MRC's is increasing and it is prudent to make provision for the non-collection of the outstanding sums. Recovery action will still continue to try and collect the sums due.

### **Capital Financing Charges**

The interest rate charged to the HRA is lower than budgeted which has resulted in reduced financing costs. Further savings have been achieved by Treasury Management measures which reviewed all outstanding HRA loans. Together this has resulted in a total favourable variance of £220,900 (9.66%).

### **Dwelling Rents**

There is a shortfall in net dwelling rent income of £119,700 (0.21%). This is a result of the estate regeneration programme progressing quicker than expected as well as a longer void periods for dwellings at Shirley Towers.

### **Leaseholder Service Charge Income**

Due to lower than expected revenue major works, charges to leaseholders were therefore lower to cover their element of these works. This reduction is £25,400 (3.85%)



### **Interest Received**

There is an increase in interest received of £12,200 against the revised budget of £27,400. This is partly due to a lower than budgeted capital spend and partly due to some grants being received earlier than expected.

### **Housing Subsidy paid to CLG**

There is an increase to the subsidy payment to CLG of £101,000 (1.18%). This is a result of the lower interest rates referred to above, which reduces the financing costs in the subsidy calculation. Consequently this results in a higher subsidy payment to CLG.

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Project Ref	Project Name	Approved Budget £000	Actual £000	Variance £000	Slippage £000	Rephasing £000	Underspend £000	Overspend £000
	<b>Decent Homes Plus</b>							
1197	NDC Communal	347	349	2	0	0	0	2
1198	TPY Thornhill Communal Imps. - Deep Clean	39	2	(37)	0	0	(37)	0
1209	Door Entry - Central Estates	317	327	10	0	10	0	0
1210	Door Entry - Townhill Park	0	(3)	(3)	(3)	0	0	0
1211	Digital TV	1,500	1,280	(220)	(220)	0	0	0
1215	Electronic Concierge	111	97	(14)	(14)	0	0	0
1221	Lift Refurbishment - Millbank & Kinloss	354	318	(36)	0	0	(36)	0
1222	Lift Refurbishment - Milner and Neptune Court	108	98	(10)	(10)	0	0	0
1223	Lift Refurbishment - Ichen View Estate	60	50	(10)	(10)	0	0	0
1224	Castle House Balconies	36	15	(21)	0	0	(21)	0
1226	Mobile Working Programme	0	0	0	0	0	0	0
1229	Supported Accommodation Studio Upgrade	189	175	(14)	(14)	0	0	0
1232	Supported Communal Improvements - Challis	280	281	1	0	0	0	1
1233	Supported Communal Improvements - Graylings 11/12	20	30	10	0	10	0	0
1234	Supported Communal Improvements - Kinloss	40	30	(10)	0	0	(10)	0
1235	Supported Communal Improvements - Weston	38	38	0	0	0	0	0
1236	Supported Communal Improvements - Manston Court	919	1,010	91	0	0	0	91
1237	Hard & Soft Supported Landscaping	146	101	(45)	(45)	0	0	0
1408	Door Entry - Millbrook & Maybush	538	482	(56)	(56)	0	0	0
1414	Heating Systems Upgrade 2010/11	300	258	(42)	(42)	0	0	0
1416	Window Replacement - 2010/11	900	888	(12)	(12)	0	0	0
1417	Energy Saving Programme 10/11	379	237	(142)	(142)	0	0	0
1475	Bellamy Court Bedsit Conversions	104	105	1	0	0	0	0
1506	Supported Comm Impr. - Bassett Green Walkway	40	28	(12)	(12)	0	0	0
1507	Supported Communal Improvements - Milner Court.	243	243	(0)	0	0	0	0
1508	Supported Communal Improvements - Minor Works	44	25	(19)	(19)	0	0	0
1509	Supported Communal Improvements - Neptune Court.	240	256	16	0	0	0	0
1510	Supported Communal Improvements - Pleasant View	70	67	(3)	(3)	0	0	0
1518	Programme Management Fees 10/11	400	409	9	0	0	0	0
1713	Cheriton Avenue - Land Drains 11/12	0	20	20	0	20	0	0
	<b>Total Decent Homes Plus</b>	<b>7,762</b>	<b>7,215</b>	<b>(547)</b>	<b>(602)</b>	<b>40</b>	<b>(104)</b>	<b>11</b>

Project Ref	Project Name	Approved Budget £000	Actual £000	Variance £000	Slippage £000	Rephasing £000	Underspend £000	Overspend £000
	<b>Decent Homes</b>							
1185	Decent Homes - Central	3,932	3,842	(90)	0	0	(90)	0
1186	Decent Homes - Harefield	2,072	2,197	125	0	0	0	125
1187	Decent Homes - Peartree/Sholing Ph2	366	342	(24)	0	0	(24)	0
1188	Decent Homes - Shirley	1,537	1,602	65	0	0	0	65
1190	Decent Homes - Townhill Park	5	5	(0)	0	0	0	0
1191	Decent Homes - Maybush	115	112	(3)	0	0	(3)	0
1192	Decent Homes - Millbrook	34	28	(6)	0	0	(6)	0
1194	Decent Homes - Voids	173	210	37	0	0	0	37
1196	Electrical Risers 2009/10	116	116	0	0	0	0	0
1199	Roof Replacement - Townhill Park	161	112	(49)	(49)	0	0	0
1200	Roof Replacement Green Lane	5	5	(0)	0	0	0	0
1201	Decent Homes - Supported Housing	2,473	2,301	(172)	0	0	(172)	0
1204	Water Tank & Pump Replacement Holyrood	50	11	(39)	(39)	0	0	0
1207	Adaptations for Disabled People 09/10	126	126	0	0	0	0	0
1297	Decent Homes - Lordshill	615	696	81	0	0	0	81
1413	Structural Works 2010/11	391	362	(29)	(29)	0	0	0
1415	Adaptions for Disabled People 2010/11 & 11/12	2,700	2,428	(272)	(272)	0	0	0
1477	Decent Homes Contingency	10	0	(10)	0	0	(10)	0
1479	Decent Homes Weston	118	105	(13)	0	0	(13)	0
1480	Decent Homes - Thornhill NDC 10/11	131	125	(6)	0	0	(6)	0
1481	Decent Homes - Thornhill 10/11	9	4	(5)	0	0	(5)	0
1482	Decent Homes Swaything Ph2	1,141	1,020	(121)	0	0	(121)	0
1522	Water Tank & Pump Replacement 10/11	0	0	0	0	0	0	0
	<b>Total Decent Homes</b>	<b>16,280</b>	<b>15,749</b>	<b>(531)</b>	<b>(389)</b>	<b>0</b>	<b>(449)</b>	<b>308</b>
	<b>Other Programmes</b>							
1263	IT Development	15	0	(15)	0	0	(15)	0
1264	IT Development 08/09	50	0	(50)	(50)	0	0	0
	<b>Total Other Programmes</b>	<b>65</b>	<b>0</b>	<b>(65)</b>	<b>(50)</b>	<b>0</b>	<b>(15)</b>	<b>0</b>

Project Ref	Project Name	Approved Budget £000	Actual £000	Variance £000	Slippage £000	Rephasing £000	Underspend £000	Overspend £000
	<b><u>Decent Neighbourhoods</u></b>							
1720	Holyrood Community Spaces Large Grant	100	97	(3)	(3)	0	0	0
1239	Kingsland	130	104	(26)	(26)	0	0	0
1242	DN: Vanguard and Wavell Road Improvements	236	178	(58)	(58)	0	0	0
1243	DN: Tankerville Improvements	162	53	(109)	(109)	0	0	0
1244	DN: International Way Improvements	721	698	(23)	(23)	0	0	0
1246	DN: EIP 09/10 - Northam	40	40	0	0	0	0	0
1247	DN: E.I.P 08/09	0	(1)	(1)	0	0	(1)	0
1249	DN: Central - Improvements to Walk-up Blocks	1	(8)	(9)	0	0	(9)	0
1251	DN: EIP 09/10 - South	29	27	(2)	0	0	(2)	0
1252	DN: EIP 09/10 - West	3	3	0	0	0	0	0
1254	DN: Shopping Parade Upgrade	0	0	0	0	0	0	0
1255	Thornhill Environmental Works	251	274	23	0	0	0	23
1256	DN: Millbrook Towers Improvements	59	46	(13)	(13)	0	0	0
1271	DN: Holyrood Improvements	61	18	(43)	(43)	0	0	0
1288	DN: Millbrook - Adizone	20	16	(4)	(4)	0	0	0
1296	Refurbishment of Maybush LHO	133	155	22	0	0	0	22
1298	DN: Millbrook Verge Parking Improvements	288	229	(59)	(59)	0	0	0
1402	Thornhill Cycleways	63	62	(1)	0	0	(1)	0
1494	DN: Northam Improvements	177	159	(18)	(18)	0	0	0
1496	DN: Millbrook Block Improvements	170	0	(170)	(170)	0	0	0
1497	DN: Thornhill (Sholing) Improvements	100	60	(40)	(40)	0	0	0
1498	DN: Estate Improvement Programme - 10/11 - East	66	54	(12)	(12)	0	0	0
1499	DN: Estate Improvement Programme - 10/11 - West	66	48	(18)	(18)	0	0	0
1500	DN: Estate Improvement Programme - 10/11 - Central	68	56	(12)	(12)	0	0	0
TBC	Pleasant View Car Park	0	0	0	0	0	0	0
1504	DN: Shirley	0	5	5	0	0	0	0
	<b>Total Decent Neighbourhoods</b>	<b>2,944</b>	<b>2,375</b>	<b>(569)</b>	<b>(608)</b>	<b>5</b>	<b>(13)</b>	<b>45</b>

Project Ref	Project Name	Approved Budget £000	Actual £000	Variance £000	Slippage £000	Rephasing £000	Underspend £000	Overspend £000
	<b><u>Estate Regeneration</u></b>							
1257	Cumbrian Way	650	635	(15)	(15)	0	0	0
1258	Exford Parade	1,150	1,498	348	0	348	0	0
1259	Laxton Close	400	335	(65)	(65)	0	0	0
1260	Meggeson Avenue	260	224	(36)	(36)	0	0	0
1262	Hinkler Parade	700	526	(174)	(174)	0	0	0
1512	Acquisition of Property at Northam	330	330	(0)	0	0	0	0
1514	Estate Regeneration Future Schemes	10	0	(10)	(10)	0	0	0
1599	Estate Wide	7	0	(7)	(7)	0	0	0
1600	Small Site Disposals	10	0	(10)	(10)	0	0	0
1601	Capacity Study Vacant Sites	10	0	(10)	(10)	0	0	0
1613	Weston Shopping Parade Redevelopment	5	1	(4)	(4)	0	0	0
	<b>Total Estate Regeneration</b>	<b>3,532</b>	<b>3,549</b>	<b>17</b>	<b>(331)</b>	<b>348</b>	<b>0</b>	<b>0</b>
	<b><u>LA New Build</u></b>							
1265	LA New Build - Borrowdale Road	613	694	81	0	81	0	0
1266	LA New Build - Flamborough Close	466	440	(26)	(26)	0	0	0
1267	LA New Build - Chiltern Green	359	388	29	0	29	0	0
1268	LA New Build - Grately Close	942	924	(18)	(18)	0	0	0
1269	LA New Build - Orpen Road	684	721	37	0	37	0	0
1270	LA New Build - Keynsham Close	717	728	11	0	11	0	0
1403	L.A. New Build - Leaside Way	338	377	39	0	39	0	0
1404	L.A. New Build - Cumbrian Way	775	423	(352)	(352)	0	0	0
	<b>Total LA New Build</b>	<b>4,894</b>	<b>4,696</b>	<b>(198)</b>	<b>(396)</b>	<b>197</b>	<b>0</b>	<b>0</b>
	<b>Grand Total</b>	<b>35,477</b>	<b>33,584</b>	<b>(1,893)</b>	<b>(2,376)</b>	<b>590</b>	<b>(581)</b>	<b>473</b>

**HRA outturn 2010/10- Capital Variances****Decent Homes Plus****SP 1211 – Digital TV - £220k slippage (14.7%)**

The original programme of works was delayed due to the landlord's electrical supply needing to be upgraded to a number of blocks. Without these works being carried out first, the Digital TV system would not have power to operate. There were also a number of incidents where the new cable systems were vandalised and the contractor had to return to rectify the problems before commencing new works.

Therefore the programme has been revised and the funding slipped into 2011/12.

**SP 1417 – Energy Saving Programme - £142k slippage (37.5%)**

A small amount of the originally programmed insulation work to lofts & cavity wall were not completed in 2010/11 due to the contractors inability to gain access. However access is being arranged and these homes are due for completion in 2011/12.

By working with funding partners (and through the CESP & CERT funding routes) the anticipated SCC costs were also reduced. There are still a number of properties requiring insulation works (including non-traditional build which are more costly to insulate) therefore this budget has been combined with the 2011/12 to allow more properties to benefit from such works.

**Decent Homes**

Due to the complexities and variations of the final accounts across all of the Decent Homes kitchens and bathrooms projects (including Connaught entering administration), Asset Management together with Capita and Finance have been closely monitoring these accounts over the last 3 months.

Although there are individual additions and reductions across all the DH kitchen and bathroom programmes, we have been concentrating on the bottom-line figure across all accounts, the result being that there is a £141K under spend across all of the Decent Homes budget lines mostly due to tenants not being able to take advantage of programmes of work for individual reasons within the period of time that the contractors were in their area.

Variances over £100k on individual projects are as follows:

**SP 1186 – Decent Homes Harefield - £125k overspend (6.0%)**

The anticipated refurbishment works were increased with an additional 62 Kitchens & 54 Bathrooms being carried out. The main reasons for this is that once works had commenced in the area tenants who had not previously allowed access contacted Asset Management to have surveys carried out. The result was that more properties were identified as non-decent together with a number of Health and Safety issues having to be addressed. If these works were not carried out in this period they would have had to have been added to the 2011/12 programme.

**SP 1201 – Decent Homes Supported Housing - £172k underspend (7.0%)**

The actual final account for the refurbishment of kitchens within supported housing schemes was £29K less than the budget allocated. This was mainly due to Capita and our in house contractor, BCS, re-engineering the process which resulted in a the average cost decreasing. The balance of £143K was due to lower than expected levels of attendance required by the Pollution and Safety Team, Asset Management Surveyors

and Capita fees throughout all of the Decent Homes projects. (For ease of accounting all the asbestos team's costs and surveyors' costs were kept in one line).

**SP 1415 – Disabled Adaptations - £272k underspend (10.0%)**

This year saw a concentrated effort to reduce the waiting time for a tenant to receive a "major" adaptation from 20 months to an agreed maximum of 9 months. This was achievable by increasing the budget from £1.35m to £2.70m. During this year the number of critical adaptation (those in most need) have been well under this target time and in general have been carried out within 4 weeks. All of the back log of work has generally been achieved but there are a small number of projects that were not fully completed in 2010/11 and are ongoing with completion due in May/June in 2011/12.

In conjunction with this there is a major adaptation which includes the building of an extension which was expected to commence in 2010/11 but due to planning issues has been delayed until 2011/12.

**SP 1482 – Decent Homes Swaythling Ph2 - £121k underspend (10.6%)**

Works were originally commenced by Connaught but following the company's administration order Drew Smith took over the project. The number of Kitchens originally programmed reduced from 136 to 115 with bathrooms also reducing from 135 to 111. The main reason appears to be tenant refusal for works or non-access. An exercise to try and gain access to properties was carried out but without further success.

**Decent Neighbourhoods**

**SP 1243 – Tankerville - £109k slippage (67.3%)**

Work was delayed due to an objection to a stopping-up order by one resident, which took time to satisfy before work could progress - programme revised and now on site.

**SP 1496 – Millbrook Block Improvements - £170k slippage (100%)**

Following resident and member consultation the complexity of the project requires a longer period to draft feasibility with Capita - programme to be redrafted to reflect.

**Estate Regeneration**

**SP 1258 – Exford Parade - £348k re-phased (30.3%)**

The purchase of the Exford Arms was scheduled for 2011/12 . The brewery were able to provide vacant possession in March 2011. The overall budget remains unchanged but the sum of £348k from the budget for 2011/12 is to be brought forward to 2010/11 to facilitate speedier delivery of the Exford estate regeneration project.

**SP 1262 – Hinkler Parade - £174k slippage (24.9%)**

The Co-Op Pharmacy relocation (under Compulsory Purchase Order) was not completed in 2010/11 financial year (due to delays by Plus You Limited negotiating the lease for the new unit) and the claim not yet been settled.

**LA New Build**

**SP 1404 – Cumbrian Way - £352k slippage (45.4%)**

A delay in starting the build was caused by the unexpected scale of initially removing extraneous material from the site, and the unanticipated complexities arising from extensive utilities diversions.



<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2010/11
<b>DATE OF DECISION:</b>	13 JULY 2011
<b>REPORT OF:</b>	HEAD OF FINANCE (CHIEF FINANCIAL OFFICER)
<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	

## **BRIEF SUMMARY**

The purpose of this report is to inform Council of the Treasury Management activities and performance for 2010/11 against the approved Prudential Indicators for External Debt and Treasury Management.

This report specifically highlights that:

- Borrowing activities have been undertaken within the borrowing limits approved by Council on 16 February 2011.
- The investment portfolio returned £0.82M at an average rate of 1.02% in 2010/11 compared to 1.89% for 2010/11 as a result of continuing low interest rates and the fact that income earned in 2009/10 included deals arranged before the decline in the market which have since matured. The average rate achieved is above the performance indicator of the average 7 day LIBID rate (0.58%) mainly due to the rolling programme of yearly deals which was restarted in October 2010 following advice from our Treasury Advisors.
- In order to balance the impact of ongoing lower interest rates on investment income we have continued to use short term debt which is currently available at lower rates than long term debt. As a result the average rate for repayment of debt, (the Consolidated Loan & Investment Account Rate – CLIA), at 2.99% is lower than that budgeted for (3.17%) but slightly higher than last year (2.82%). It should be noted that the forecast for longer term debt is a steady increase over the next few years and new long term borrowing is likely to be taken out above this rate, leading to an anticipated increase in the CLIA (reaching 4.23% by 2013/14).
- Net loan debt increased during 2010/11 from £183M to £220M.

## **RECOMMENDATIONS:**

It is recommended that Council:

- (i) Notes the Treasury Management (TM) activities for 2010/11 and the outturn on the Prudential Indicators.
- (ii) Notes that the continued proactive approach to TM has led to reduced borrowing costs (compared to that estimated) and safeguarded investment income during the year.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn position for 2010/11 forms part of the approval of the statutory accounts. The TM Strategy and Prudential Indicators are

approved by Council in February each year in accordance with legislation and the Chartered Institute of Public Finance & Accountancy's (CIPFA) Code of Practice

2. The TM Code requires public sector authorities to determine an annual TM Strategy and now, as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility/governance of the TM function to scrutinise and assess its effectiveness and compliance with policies and objectives.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. No alternative options are relevant to this report.

### **DETAIL (Including consultation carried out)**

#### **CONSULTATION**

4. Not applicable.

#### **BACKGROUND**

5. TM is a complex subject but in summary the core elements of the strategy for 2010/11 are:

- To continue to make use of short term variable rate debt to take advantage of the current market conditions of low interest rates.
- To constantly review longer term forecasts and to lock in to longer term rates through a variety of instruments as appropriate during the year, in order to provide a balanced portfolio against interest rate risk.
- To secure the best short term rates for borrowing and investments consistent with maintaining flexibility and liquidity within the portfolio.
- To invest surplus funds prudently, the Council's priorities being:
  - Security of invested capital
  - Liquidity of invested capital
  - An optimum yield which is commensurate with security and liquidity.
- To approve borrowing limits that provide for debt restructuring opportunities and to pursue debt restructuring where appropriate and within the Council's risk boundaries.

In essence TM can always be seen in the context of the classic 'risk and reward' scenario and following this strategy will contribute to the Council's wider TM objective which is to minimise net borrowing cost short term without exposing the Council to undue risk either now or in the longer in the term.

6. TM is defined as:

*"The management of the local authority's investments and cash flows, its bankii money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consis with those risks."*

7. Overall responsibility for TM remains with the Council. No TM activity is without risk; the effective identification and management of risk are integral to the Council's TM objectives.

8. This report:

- is prepared in accordance with the revised CIPFA TM Code and the revised Prudential Code,
- presents details of capital financing, borrowing, debt rescheduling and investment transactions,
- reports on the risk implications of treasury decisions and transactions,
- gives details of the outturn position on TM transactions in 2010/11 and
- confirms compliance with treasury limits and Prudential Indicators.

The report is to full Council and will in addition also be submitted to Audit Committee which is responsible for scrutiny of the TM function.

9. Appendix 1 summarises the economic outlook and events in the context of which the Council operated its treasury function for 2010/11 and shows the outlook for 2011/12.

### **BORROWING REQUIREMENT AND DEBT MANAGEMENT**

10. The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31 March 2011 was estimated at £360M. The Council's borrowing requirement during the year was £85M which included £28M for the replacement of maturing debt.

11. Following the Comprehensive Spending Review (CSR) on 20 October 2010, on instruction from HM Treasury, the Public Works Loans Board (PWLB) increased the margin for new borrowing to average 1% above the yield on the corresponding UK Government Gilt. New fixed rate borrowing increased by approximately 0.87% across all maturities and new variable rate borrowing by 0.90%. Premature repayment rates did not benefit from the increase in the margin which potentially makes future rescheduling of PWLB loans more challenging. Appendix 2 summarises interest rate movement during the year.

12. Whilst there are an increasing series of claims that a competitive, comparable equivalent to PWLB is readily available, the Council will adopt a cautious and considered approach to funding from the capital markets. The Council's treasury advisor, Arlingclose, is actively consulting with investors, investment banks, lawyers and credit rating agencies to establish the attraction of different sources of borrowing, including bond schemes, loan products and their related risk/reward trade off.

13. The Council funded £57M of its capital expenditure through new borrowing which included the addition of £25M new debt being taken out, for the purchase of Number One Guildhall Square, with the PWLB at an interest rate of 4.62% over 40 years. The PWLB remained the Council's preferred source of borrowing given the transparency and control that its facilities continue to provide. In total £85M of new long term loans were raised through the PWLB which included the replacement of maturing debt.

14. The Council also undertook short term borrowing as part of the normal day to day cash flow management activities undertaken within the TM function. This

included borrowing from a range of organisations as outlined in the approved TM Strategy, including other Local Authorities where the rate available offered the most cost effective source of funds.

15. Activity within the debt portfolio is summarised below:

Capital Expenditure	Balance on 01/04/2010	Debt maturing or Repaid	New Borrowing	Balance on 31/03/2011	Increase/ (Decrease) in borrowing for Year
	£000's	£000's	£000's	£000's	£000's
Short Term Borrowing	34,337	(273,698)	274,680	35,319	982
Long Term Borrowing	121,661	(17,303)	85,000	189,358	67,697
<b>Total Borrowing</b>	<b>155,998</b>	<b>(291,001)</b>	<b>359,680</b>	<b>224,677</b>	<b>68,679</b>

	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
	Actual £M	Actual £M	Estimate £M	Estimate £M	Estimate £M
<b>External Borrowing:</b>					
Fixed Rate – PWLB Maturity	60	80	105	125	135
Fixed Rate – PWLB EIP	27	63	107	93	81
Fixed Rate – Market	35	38	40	40	40
Variable Rate – PWLB	25	35	35	35	35
Variable Rate – Market	9	9	9	9	9
	156	225	296	302	300
<b>Other Long Term Liabilities</b>					
PFI / Finance leases	54	53	59	64	69
Deferred Debt Charges	19	18	18	17	16
<b>Total Gross External Debt</b>	<b>229</b>	<b>296</b>	<b>373</b>	<b>383</b>	<b>385</b>
<b>Investments:</b>					
Deposits and monies on call and Money Market Funds	(40)	(70)	(40)	(40)	(40)
Supranational bonds	(6)	(6)	(6)	(6)	(6)
<b>Total Investments</b>	<b>(46)</b>	<b>(76)</b>	<b>(46)</b>	<b>(46)</b>	<b>(46)</b>
<b>Net Borrowing Position</b>	<b>183</b>	<b>220</b>	<b>327</b>	<b>337</b>	<b>339</b>

16. The Council use of internal resources (£80M) in lieu of borrowing has been the most cost effective means of funding past capital expenditure to date. This has lowered overall treasury risk by reducing both external debt and temporary investments. However, this position will not be sustainable over the medium term.
17. £35M of PWLB variable rate loans have been borrowed at an average rate of 0.70% which mitigates the impact of changes in variable rates on the Council's overall treasury portfolio - the Council's investments are deemed to be variable rate investments due to their short-term nature. The Council's variable rate loans were borrowed prior to 20 October 2010, (the date of change to the PWLB's lending arrangements post CSR), and are maintained on their initial terms and are not subject to the additional increased margin.

This strategic exposure to variable interest rates will be regularly reviewed and, if appropriate, reduced by switching into fixed rate loans.

18. Given the large differential between short and longer term interest rates, which is likely to remain a feature for some time in the future, as well as the pressure on Council finances, the debt management strategy sought to lower debt costs within an acceptable level of volatility (interest rate risk). Loans that offered the best value in the prevailing interest rate environment were PWLB variable interest rates loans, PWLB medium-term Equal Instalments of Principal (EIP) loans and temporary borrowing from the market.

### INVESTMENT ACTIVITY

19. The Department for Communities & Local Government's (CLG) revised Investment Guidance came into effect on 1 April 2010 and reiterated the need to focus on security and liquidity, rather than yield. It also recommended that strategies include details of assessing credit risk, reasons for borrowing in advance of need and the use of treasury advisers.

20. Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its TM Strategy Statement for 2010/11. Investments during the year included:

- Deposits with the Debt Management Office
- Deposits with other Local Authorities
- Investments in AAA-rated Stable Net Asset Value Money Market Funds
- Call accounts and deposits with UK Banks and Building Societies
- Bonds issued by Multilateral Development Banks

21. The table below summarises activity during the year:

Capital Expenditure	Balance on 01/04/2010	Investments Repaid	New Investments	Balance on 31/03/2011	Increase/ (Decrease) in investment for Year
	£000's	£000's	£000's	£000's	£000's
Short Term Investments	30,580	(333,490)	332,210	29,300	(1,280)
Money Market Funds	9,645	(97,515)	128,445	40,575	30,930
EIB Bonds	6,000			6,000	0
Long Term Investments	36			36	0
<b>Total Investments</b>	<b>46,261</b>	<b>(431,005)</b>	<b>460,655</b>	<b>75,911</b>	<b>29,650</b>

22. The core element of the investment strategy is invest surplus funds prudently, the Council's priorities being:

- Security of invested capital
- Liquidity of invested capital
- An optimum yield which is commensurate with security and liquidity.

23. **Security / Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party** Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty

rating of A+ across all three rating agencies, Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. A maximum limit of £15M can be invested with a single counterparty subject to this being no more than 15% of total investments and in the case of money market funds being no more than 0.5% of any one individual fund. The Council also sets a total group investment limit for institutions that are part of the same banking group. 60% of total investments up to a limit of £50M can be invested for periods over one year. The Council has no historical experience of counterparty default and does not expect any losses from non-performance by any counterparties in relation to its investments.

Throughout 2010/11 the minimum criteria for new investments has been a long term rating of A+/A1/A+ (Fitch/Moody's/S&P) and a short term rating of F1/P-1/A-1 (Fitch/Moody's/S&P).

The table below summarises the nominal value of the Council's investment portfolio at 31 March 2011, and confirms that all investments were made in line with the Council's approved credit rating criteria:

Outstanding Investments as at 31 March 2011									
Counterparty	Credit Rating Criteria Met When Investment Placed	Credit Rating Criteria Met on 31 March 2011	Under 1 Month	1-3 Months	3-6 Months	6-9 Months	9-12 Months	Over 12 Months	Total
	YES/NO	YES/NO	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
<b>UK</b>									
Bank Deposits	YES	YES			8,000	7,000	4,000		19,000
Building Societies Gov't & Local	YES	YES		2,000	2,000				4,000
Authority Deposits	YES	YES	5,300				1,000		6,300
Money Market Funds	YES	YES	40,575						40,575
Bonds								6,036	6,036
<b>Total Investments</b>			<b>45,875</b>	<b>2,000</b>	<b>10,000</b>	<b>7,000</b>	<b>5,000</b>	<b>6,036</b>	<b>75,911</b>

24. **Liquidity: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.** In keeping with the CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds.

There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The maturity analysis of the nominal value of the Council's debt at 31 March 2011 was as follows:

Outstanding 31 March 2009	% of total debt portfolio	Outstanding 31 March 2010	% of total debt portfolio	Total borrowing	Outstanding 31 March 2011	% of total debt portfolio
£000's	%	£000's	%	Source of Loan	£000's	%
99,000	78	112,661	72	Public Works Loan Board	177,733	79
28,438	22	43,337	28	Other Financial Institutions	46,944	21
<b>127,438</b>	<b>100</b>	<b>155,998</b>	<b>100</b>		<b>224,677</b>	<b>100</b>
<b>Analysis of Loans by Maturity</b>						
48,717	38	51,078	33	Less than 1 Year	48,413	22
17,066	13	9,357	6	Between 1 and 2 years	18,121	8
20,555	16	19,834	13	Between 2 and 5 years	19,561	9
1,159	1	36,729	24	Between 5 and 10 years	64,582	29
941	1			Between 10 and 15 years		
				Between 20 and 25 years	6,000	3
16,000	13			Between 25 and 30 years	10,000	4
8,000	6	21,000	13	Between 30 and 35 years	8,000	4
				Between 35 and 40 years	25,000	11
5,000	4			Between 40 and 45 years	10,000	4
10,000	8	18,000	12	Over 45 years	15,000	7
<b>127,438</b>	<b>100</b>	<b>155,998</b>	<b>100</b>		<b>224,677</b>	<b>100</b>

25. **Yield:** The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% since March 2009 and Short-term money market rates have remained at very low levels. The Council's investment income for the year was £0.82M against a budget of £0.64M. New deposits for periods up to one year have been made at an average rate of 0.73%. We have also reintroduced a rolling programme of yearly deals to support our core balances, to date we have invested £15M at an average rate of 1.6%.

#### **COMPLIANCE WITH PRUDENTIAL INDICATORS**

26. The Council can confirm that it has complied with its Prudential Indicators for 2010/11, approved by Council on 17 February 2010. The 2010/11 TM Strategy can be as Item 6 on the Council Meetings Agenda found via the following web link:

<http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=122&MId=249&Ver=4>

These were subsequently revised as part of the Council's TM Strategy Statement for 2011/12 on 16 February 2011.

27. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the TM activity during 2010/11. None of the Prudential Indicators has been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Details can be found in Appendix 3.

#### **REFORM OF COUNCIL HOUSING FINANCE**

28. In its publication Implementing self-financing for council housing issued in February 2011 the CLG set out the rationale, methodology and financial parameters for the initiative. Subject to the Localism Bill receiving Royal Assent and a commencement order being passed, the proposed transfer date is Wednesday 28 March 2012 - this fits with PWLB timetables on the payment/receipt of funds to clear by 31 March 2012.

29. The self-financing model provides an indicative sustainable level of opening housing debt. As the Council's debt level generated by the model is higher than the Subsidy Capital Financing Requirement (SCFR), the Council will be required to pay the CLG the difference between the two, which is approximately £63M. This will require the Council to fund this amount in the medium term through internal resources and/or external borrowing. The Council has the option of borrowing from the PWLB or the market.
30. The TM implications of HRA reform and an appropriate strategy to manage the process are being actively reviewed with the Council's Treasury Advisor including the issues surrounding any early prefunding of the significant settlement payment (primarily the powers to borrow and the cost of carry).

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

31. The report is a requirement of the TM Strategy, which was approved at Council on 16 February 2011.
32. The interest cost of financing the Authority's long term and short term loan debt is charged corporately to the Income and Expenditure account. The interest cost of financing the Authority's loan debt amounted to £5.7M in 2010/11 compared with an estimate of £6.2M, a reduction of £0.5M. This was mainly due to savings as a result of refinancing long term debt through the use of variable interest rates and 10 year EIP borrowing which currently remain significantly lower (0.88% and 2.46% as opposed to the estimated rate of 5.3% for a 30 year fixed maturity loan).
33. In addition interest earned on temporary balances invested externally is credited to the Income and Expenditure account. In 2010/11 £0.8M was earned against a budget of £0.6M, an increase of £0.2M. This was a result of lower than expected interest rates in the depressed financial market and Appendix 1 gives further details surrounding the economic climate during 2010/11.
34. The expenses of managing the Authority's loan debt consist of brokerage and internal administration charges. These are pooled and borne by the HRA and General Fund proportionately to the related loan debt. Debt management expenses amounted to £139,100 in 2010/11 compared to an estimate of £132,000. This increase was mainly due to additional PWLB commission paid as a result of increased borrowing needs arising from additions to the capital programme, for example One Guildhall Square.

### **Property/Other**

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

## **LEGAL IMPLICATIONS**

### **Statutory Power to undertake the proposals in the report:**

36. Local Authority borrowing is regulated by Part 1, of the Local Government Act 2003, which introduced the new Prudential Capital Finance System.
37. From 1 April 2004, investments are dealt with, not in secondary legislation, but through guidance. Similarly, there is guidance on prudent investment



practice, issued by the Secretary of State under Section 15(1)(a) of the 2003 Act. A local authority has the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". The reference to the "prudent management of its financial affairs" is included to cover investments, which are not directly linked to identifiable statutory functions but are simply made in the course of TM. This also allows the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future; however, the speculative procedure of borrowing purely in order to invest and make a return remains unlawful

**Other Legal Implications:**

38 None.

**POLICY FRAMEWORK IMPLICATIONS**

39 This report has been prepared in accordance with CIPFA's Code of Practice on TM and the TM Strategy approved by Council on 16 February 2011.

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**SUPPORTING DOCUMENTATION**

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

**Appendices**

1.	Summary of the 2010 Economic Background & Outlook for 2011
2.	Summary of Interest Rates Movement During 2010/11
3.	Compliance with Prudential Indicators during 2010/11

**Documents In Members' Rooms**

1.	
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**Integrated Impact Assessment**

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**

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

<b>WARDS/COMMUNITIES AFFECTED:</b>	None
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### SUMMARY OF THE 2010 ECONOMIC BACKGROUND & OUTLOOK FOR 2011

#### Economic Background

At the time of determining the strategy for 2010/11, interest rates were expected to remain low in response to the fragile state of the UK economy. Spending cuts and tax increases seemed inevitable post the General Election if the government had a clear majority. The markets had, at the time, viewed a hung parliament as potentially disruptive particularly if combined with a failure to articulate a credible plan to bring down government borrowing. The outlook for growth was uncertain due to consumers and businesses trimming their spending and financial institutions exercising restraint in new lending.

The economy's two headline indicators moved in opposite directions – growth was lacklustre whilst inflation spiked sharply higher. The economy grew by just 1.3% in calendar year 2010; the forecast for 2011 was revised down to 1.7% by the Office of Budget Responsibility in March. Higher commodity, energy and food prices and the increase in VAT to 20% pushed the February 2011 annual inflation figure to 4.4%. The Bank Rate was held at 0.5% as the economy grappled with uneven growth and the austerity measures set out in the coalition government's Comprehensive Spending Review. Significant cuts were made to public expenditure, in particular local government funding.

The US Federal Reserve (the Fed) kept rates on hold at 0.25% following a slowdown in American growth. The European Central Bank (ECB) maintained rates at 1%, with the markets expecting a rate rise in early Spring.

The credit crisis migrated from banks to European sovereigns. The ratings of Ireland and Portugal were downgraded to the 'triple-B' category whilst the rating of Greece was downgraded to sub-investment (or 'junk') grade. The sovereign rating of Spain was also downgraded but remained in the 'double-A' category. The results from the EU Bank Stress Tests, co-ordinated by the Committee of European Banking Supervisors, highlighted that only seven out of the 91 institutions failed the 'adverse scenario' tests. The tests were a helpful step forward, but there were doubts if they were far-reaching or demanding enough. The main UK banks' (Barclays, HSBC, Lloyds and RBS) Tier 1 ratios all remained above 9% under both the 'benchmark scenario' and the 'adverse scenario' stress tests. The tests were repeated in the Spring of 2011.

Gilts benefitted from the Comprehensive Spending Review (CSR) plans, which were judged by the markets to be decisive, as well as from their relative 'safe haven' status in the face of European sovereign weakness. 5-year and 10-year gilt yields fell to lows of 1.44% and 2.83% respectively. However yields rose in the final quarter across all gilt maturities on concern that higher inflation would become embedded and greatly diminish the real rate of return for fixed income investors.

During the year money market rates increased marginally at the shorter end (overnight to three months). 6 - 12 month rates increased between 0.25% to 0.30% over the 12 month period reflecting the expectation that the Bank Rate would be raised later in 2011.

## Outlook for 2011

The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, as at June 2011 is detailed below. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14
Official Bank Rate													
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.75	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.00	3.00
Downside risk		-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-1.50	-0.50

- CPI remained persistently high at 4.5% in May. Despite the reduction in petrol prices double digit gas and electricity price hikes could push inflation close to 5% in 2011. CPI is forecast to remain above the Bank's 2% inflation target for the whole of 2012.
- The UK economy is growing but only modestly. The outlook for exports remains positive but household purchasing power is constrained by a much-needed adjustment of personal balance sheets (seen through a higher savings ratio and debt reduction) and the effect of higher consumer prices.
- Retail sales are contracting. Consumer spending has not shown any growth over the year due to a fall in disposable income, weak house price growth and a lack of consumer confidence. Unemployment is just under 2.5M and will increase as the public sector shrinks but private sector employment grows at only a modest pace.
- The MPC members are likely to remain 7 to 2 in favour of an unchanged policy, although markets will be interested to see whether new member Ben Broadbent will be hawkish like his predecessor.
- Eurozone finance ministers delayed a further Greek handout, in order to see whether the Greek government would pass austerity measures. The threat of Greek default has increased which has caused further anxieties about the threat of contagion to Eurozone peripheries such as Ireland and Portugal.
- Despite southern Europe's debt problems, the ECB is still likely to raise rates in a bid to control inflation as indicated by President Jean-Claude Trichet in his June press conference.
- S&P has revised its outlook on the long-term rating for the US to negative amidst fears that the government will not agree a medium-and long-term strategy to tackle their fiscal challenges. Fitch has indicated that it may follow S&P if the debt ceiling is not increase by August.
- The Federal Open Market Committee in the US may choose to initiate a new bout of Quantitative Easing (QE) in order to boost their faltering economy, although the Chairman of the Fed Ben Bernanke is more likely to pressure Congress into increasing the debt limit rather than use monetary policy.

### SUMMARY OF INTEREST RATES MOVEMENT DURING 2010/11

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

**Table 1: Bank Rate, Money Market Rates**

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2010	0.50	0.35	0.35	0.42	0.51	0.81	1.26	1.54	2.07	2.82
30/04/2010	0.50	0.30	0.30	0.43	0.53	0.83	1.29	1.70	2.23	2.95
31/05/2010	0.50	0.45	0.50	0.61	0.60	0.85	1.35	1.46	1.89	2.58
30/06/2010	0.50	0.35	0.35	0.45	0.61	0.94	1.38	1.40	1.79	2.42
31/07/2010	0.50	0.40	0.40	0.50	0.71	1.01	1.46	1.36	1.75	2.39
31/08/2010	0.50	0.40	0.55	0.50	0.71	1.00	1.45	1.20	1.47	2.02
30/09/2010	0.50	0.30	0.25	0.51	0.72	1.01	1.46	1.24	1.51	2.05
31/10/2010	0.50	0.48	0.40	0.51	0.72	1.01	1.46	1.26	1.53	2.08
30/11/2010	0.50	0.40	0.51	0.51	0.72	0.88	1.46	1.32	1.66	2.30
31/12/2010	0.50	0.40	0.40	0.51	0.72	1.01	1.47	1.49	1.94	2.61
31/01/2011	0.50	0.40	0.55	0.52	0.64	1.04	1.52	1.74	2.21	2.90
28/02/2011	0.50	0.40	0.54	0.53	0.68	1.09	1.56	1.85	2.29	2.95
31/03/2011	0.50	0.30	0.50	0.54	0.80	1.11	1.58	1.85	2.31	2.96
Minimum	0.50	0.30	0.25	0.42	0.51	0.75	1.00	1.13	1.37	1.92
Average	<b>0.50</b>	<b>0.39</b>	<b>0.43</b>	<b>0.50</b>	<b>0.67</b>	<b>0.98</b>	<b>1.44</b>	<b>1.50</b>	<b>1.90</b>	<b>2.54</b>
Maximum	0.50	0.55	0.55	0.80	0.80	1.11	1.58	1.97	2.49	3.19
Spread		0.25	0.30	0.38	0.29	0.36	0.58	0.84	1.12	1.26

**Table 2 : PWLB Borrowing Rates – Fixed Rate, Maturity Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	0.81	2.84	4.14	4.21	4.60	4.61	4.63
30/04/2010	089/10	0.85	2.86	4.13	4.20	4.61	4.61	4.60
28/05/2010	127/10	0.73	2.46	3.76	3.83	4.36	4.38	4.38
30/06/2010	171/10	0.67	2.27	3.54	3.62	4.22	4.28	4.27
30/07/2010	217/10	0.70	2.29	3.55	3.62	4.32	4.41	4.40
31/08/2010	259/10	0.63	1.84	3.05	3.13	3.82	3.93	3.93
30/09/2010	303/10	0.64	1.88	3.14	3.86	4.00	4.03	4.02
29/10/2010	346/10	1.58	2.90	4.23	5.06	5.2	5.22	5.2
30/11/2010	390/10	1.56	3.05	4.40	5.18	5.26	5.25	5.23
31/12/2010	430/10	1.65	3.33	4.58	5.18	5.23	5.20	5.16
31/01/2011	040/11	1.79	3.57	4.80	5.40	5.46	5.44	5.40
28/02/2011	080/11	1.87	3.61	4.75	5.33	5.38	5.35	5.31
31/03/2011	126/11	1.89	3.57	4.71	5.27	5.30	5.27	5.24
	Low	0.60	1.81	3.05	3.82	3.93	3.93	3.92
	Average	1.19	2.79	4.05	4.72	4.79	4.78	4.76
	High	1.99	3.84	5.00	5.50	5.55	5.53	5.48

**Table 3: PWLB Repayment Rates - Fixed Rate, Maturity Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	0.56	2.38	3.82	4.35	4.36	4.26	4.19
30/04/2010	089/10	0.62	2.43	3.83	4.37	4.38	4.33	4.30
28/05/2010	127/10	0.50	2.04	3.44	4.12	4.15	4.11	4.10
30/06/2010	171/10	0.44	1.86	3.23	3.98	4.05	4.00	3.97
30/07/2010	217/10	0.47	1.88	3.23	4.08	4.18	4.13	4.10
31/08/2010	259/10	0.40	1.45	2.73	3.57	3.70	3.66	3.62
30/09/2010	303/10	0.41	1.48	2.82	3.62	3.77	3.76	3.73
29/10/2010	346/10	0.47	1.61	3.03	3.93	4.09	4.07	4.03
30/11/2010	390/10	0.45	1.75	3.20	4.06	4.15	4.10	4.06
31/12/2010	430/10	0.54	2.04	3.39	4.07	4.12	4.05	3.99
31/01/2011	040/11	0.68	2.27	3.62	4.28	4.35	4.29	4.22
28/02/2011	080/11	0.76	2.32	3.57	4.21	4.26	4.20	4.13
31/03/2011	126/11	0.78	2.29	3.53	4.15	4.19	4.12	4.07
	Low	0.37	1.40	2.73	3.57	3.70	3.66	3.62
	Average	0.55	1.97	3.33	4.07	4.15	4.10	4.06
	High	0.88	2.54	3.94	4.47	4.46	4.38	4.35

**Table 4: PWLB Borrowing Rates – Fixed Rate, EIP Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	--	1.78	2.94	4.18	4.53	4.60	4.62
30/04/2010	089/10	--	1.82	2.96	4.16	4.53	4.61	4.62
28/05/2010	127/10	--	1.52	2.55	3.79	4.24	4.36	4.39
30/06/2010	171/10	--	1.38	2.36	3.58	4.06	4.23	4.27
30/07/2010	217/10	--	1.42	2.38	3.58	4.11	4.33	4.40
31/08/2010	259/10	--	1.12	1.92	3.09	3.61	3.82	3.91
30/09/2010	303/10	--	1.14	1.96	3.18	3.67	3.87	3.96
29/10/2010	346/10	--	2.11	2.98	4.27	4.84	5.07	5.16
30/11/2010	390/10	--	2.19	3.14	4.44	4.99	5.19	5.25
31/12/2010	430/10	--	2.43	3.42	4.62	5.05	5.19	5.23
31/01/2011	040/11	--	2.62	3.66	4.84	5.25	5.40	5.45
28/02/2011	080/11	--	2.71	3.69	4.79	5.18	5.33	5.38
31/03/2011	126/11	--	2.69	3.65	4.74	5.14	5.28	5.31
	Low		1.10	1.89	3.09	3.61	3.82	3.91
	Average		1.91	2.87	4.08	4.55	4.72	4.77
	High		2.88	3.93	5.03	5.38	5.51	5.55

**Table 5: PWLB Repayment Rates - Fixed Rate, EIP Loans**

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2010	064/10	--	1.40	2.59	3.89	4.27	4.35	4.37
30/04/2010	089/10	--	1.46	2.63	3.90	4.29	4.38	4.39
28/05/2010	127/10	--	1.18	2.23	3.53	4.00	4.13	4.16
30/06/2010	171/10	--	1.05	2.04	3.31	3.82	3.99	4.04
30/07/2010	217/10	--	1.08	2.06	3.32	3.87	4.09	4.17
31/08/2010	259/10	--	0.82	1.61	2.82	3.36	3.59	3.68
30/09/2010	303/10	--	0.83	1.65	2.91	3.43	3.63	3.73
29/10/2010	346/10	--	0.92	1.79	3.12	3.71	3.95	4.05
30/11/2010	390/10	--	0.99	1.94	3.29	3.86	4.07	4.14
31/12/2010	430/10	--	1.21	2.22	3.47	3.93	4.07	4.12
31/01/2011	040/11	--	1.40	2.46	3.69	4.13	4.29	4.34
28/02/2011	080/11	--	1.49	2.50	3.64	4.06	4.22	4.27
31/03/2011	126/11	--	1.47	2.46	3.60	4.02	4.16	4.20
	Low		0.75	1.57	2.82	3.36	3.59	3.68
	<b>Average</b>		1.17	2.15	3.41	3.90	4.08	4.14
	High		1.65	2.74	4.02	4.40	4.47	4.47

**Table 6: PWLB Variable Rates**

=	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR	Pre-CSR	Pre-CSR	Post-CSR	Post-CSR	Post-CSR
01/04/2010	0.65	0.65	0.70			
30/06/2010	0.65	0.70	0.70			
30/09/2010	0.65	0.70	0.70			
31/12/2010	0.70	0.70	0.75	1.60	1.60	1.65
31/03/2011	0.67	0.76	0.88	1.57	1.66	1.78
Low	0.65	0.65	0.68	1.55	1.56	1.58
<b>Average</b>	0.66	0.68	0.73	1.57	1.61	1.68
High	0.70	0.79	0.90	1.60	1.69	1.80

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## COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2010/11

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

### Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year, plus the estimates of any additional capital financing requirement for the current and next two financial years. The following table shows the actual position as at 31 March 2011 and the estimated position for the next two years based on the capital programme approved at council on the 16 February:

Capital Financing Requirement	2009/10 Actual £M	2010/11 Actual £M	2011/12 Estimate £M	2012/13 Estimate £M	2013/14 Estimate £M
<b>Balance B/F</b>	<b>276</b>	<b>310</b>	<b>360</b>	<b>369</b>	<b>371</b>
Capital expenditure financed from borrowing	37	59	19	11	8
Revenue provision for debt Redemption.	(5)	(6)	(6)	(7)	(6)
Movement in Other Long Term Liabilities	2	(3)	(4)	(2)	(4)
<b>Cumulative Maximum External Borrowing Requirement</b>	<b>310</b>	<b>360</b>	<b>369</b>	<b>371</b>	<b>369</b>

Capital Financing Requirement	2009/10 Actual £M	2010/11 Actual £M	2011/12 Estimate £M	2012/13 Estimate £M	2013/14 Estimate £M
General Fund	217	260	263	264	263
HRA	93	100	106	107	106
<b>Total CFR</b>	<b>310</b>	<b>360</b>	<b>369</b>	<b>371</b>	<b>369</b>

The CFR differs from actual borrowing due to decisions taken to use internal balances and cash rather than borrow, and actual borrowing is significantly below this as detailed below:

	Balance on 01/04/2010 £M	Balance on 31/03/2011 £M	2011/12 Estimate £M	2012/13 Estimate £M	2013/14 Estimate £M
Borrowing	155,998	224,677	252,697	250,054	245,525
Other Long Term Liabilities	73,652	71,722	77,100	81,295	84,998
<b>Total Borrowing</b>	<b>229,650</b>	<b>296,399</b>	<b>329,797</b>	<b>331,349</b>	<b>330,523</b>

## **Balances and Reserves**

The Council's level of Balances and Reserves for 2010/11 and estimates to 2013/14 are as follows:

	2009/10 Actual £M	2010/11 Actual £M	2011/12 Estimate £M	2012/13 Estimate £M	2013/14 Estimate £M
Balances and Reserves	54	56	46	36	20

## **Authorised Limit and Operational Boundary for External Debt**

- The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.
- The Council's Affordable Borrowing Limit was set at £459M for 2010/11.
- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.
- The Operational Boundary for 2010/11 was set at £444M.
- The Chief Financial Officer (CFO) confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year; borrowing at its peak was £279M.

## **Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

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

	Limits for 2010/11 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	50
Compliance with Limits:	Yes

## **Total Principal Sums Invested for Periods Longer Than 364 Days**

This indicator allows the Council to manage the risk inherent in investments longer than 364 days.

Upper Limit for total principal sums invested over 364 days	2010/11 Approved	2010/11 Revised	2011/12 Estimate	2012/13 Estimate
	£M	£M	£M	£M
	50	50	50	50

### Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

	Lower Limit	Upper Limit	Actual Fixed Debt as at 31/03/11	Average Fixed Rate as at 31/03/11	% Fixed Rate as at 31/03/11	Compliance with set Limits?
	%	%	£000's	%		
under 12 months	0	45	40,324	1.89%	22.65%	Yes
12 months and within 24 months	0	45	5,000	4.08%	2.81%	Yes
24 months and within 5 years	0	50	10,000	2.78%	5.62%	Yes
5 years and within 10 years	0	50	57,721	3.14%	32.42%	Yes
10 years and within 20 years	0	50			0.00%	Yes
20 years and within 30 years	0	75	10,000	4.68%	5.62%	Yes
30 years and within 40 years	0	75	30,000	4.62%	16.85%	Yes
40 years and within 50 years	0	75	25,000	3.89%	14.04%	Yes
50 years and above	0	100	0		0.00%	Yes
			<b>178,045</b>	<b>3.45%</b>	<b>100.00%</b>	

### Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 87 of the Prudential Code. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2010/11 Approved %	2010/11 Revised %	2010/11 Actual %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
General Fund	4.99%	6.14%	4.89%	6.70%	7.89%	8.34%
HRA	5.14%	4.66%	4.46%	5.82%	7.15%	8.01%
<b>Total</b>	<b>5.55%</b>	<b>5.48%</b>	<b>6.01%</b>	<b>7.57%</b>	<b>8.73%</b>	<b>9.16%</b>

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<b>DECISION-MAKER:</b>	COUNCIL
<b>SUBJECT:</b>	COLLECTION FUND OUTTURN 2010/11
<b>DATE OF DECISION:</b>	13 JULY 2011
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE PORTFOLIO
<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	

## **BRIEF SUMMARY**

The purpose of this report is to inform Council of the actual payments that have been made to and from the Collection Fund during the 2010/11 financial year, explaining any variations that affect the overall surplus or deficit on the account.

The impact of any surpluses or deficits on future Council Tax calculations is outlined in paragraph 16.

The Collection Fund was in surplus by £38,100 in 2010/11. This is a difference of £296,700 when compared to the revised estimated deficit (see Appendix 1). This increase is due to a decrease in the bad debt provision (£639,400) offset by reduced income from Council Tax Payers (£342,700). The variances in respect of National Non-Domestic Rate (NNDR) income and expenditure are neutral. A complete variance analysis is included in paragraphs 10 to 15.

## **RECOMMENDATIONS:**

It is recommended that Council:

- (i) Notes the accounts for the Collection Fund in 2010/11 as shown in Appendix 1.

## **REASONS FOR REPORT RECOMMENDATIONS**

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

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. No alternative options are relevant to this report

## **DETAIL (Including consultation carried out)**

### **CONSULTATION**

3. Not Applicable.

### **FINANCIAL SUMMARY**

4. Income received into the Collection Fund comes from two sources, NNDR and Council Tax. Income received from NNDR payers is paid in full to the Central Government NNDR Pool after a contribution has been made to the City Council's General Fund to meet the costs of collection. The net effect of NNDR on the Collection Fund is therefore neutral.
5. The remainder of the income received by the Collection Fund is the income due from Council Tax Payers. Some households are entitled to various allowances to the standard rate including the Single Person Discount and

Council Tax Benefit that reduce the amount that they are required to pay. The cost of Council Tax Benefit is met in full by Government subsidy. In addition Local Council Tax discounts have been approved. In 2010/11 these offer households where all occupants are over 65 a 10% discount and households where an occupant is a Special Constable serving in Southampton a 100% discount. The cost of these discounts is met by the General Fund.

6. The income due from Council Tax Payers is intended to match the expenditure on the Collection Fund. Expenditure consists of the amounts that are paid to those bodies that are entitled to make a demand (precept) on the Fund, together with a provision for bad debts. For Southampton, the City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Authority levied a precept on the Fund in 2010/11.

#### **OUTTURN POSITION 2010/11**

7. The overall position on the Council Tax Collection Fund at 31 March 2011 is illustrated in Appendix 1. This shows that a surplus of £38,100 has been made in the year. After adjusting for the surplus brought forward from 2009/10 of just over £4.0M, a surplus of £4.1M is to be carried forward.
8. When setting the Council Tax for 2011/12 in February 2011, it was estimated that there would be a surplus of £3.8M to be carried forward. This estimated surplus was taken into account in setting the 2011/12 Council Tax and was shared by the City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Authority in proportion to the precepts levied by each authority in 2009/10.
9. This leaves a surplus of £296,700 that will be carried forward to 2011/12 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2012/13 is set.

#### **EXPLANATION OF VARIANCES**

10. Income from NNDR payers shows a decrease of £14.6M (15.11%) compared to the revised estimate of £96.7M (see Appendix 1). This decrease is primarily due to the ongoing repercussions of the re-assessment of the docks following changes in national legislation in 2008/09.
11. As previously stated, the overall effect on the Collection Fund of any changes in NNDR income and expenditure is neutral. This is illustrated by the corresponding decrease of £14.6M in Payments to the NNDR Pool in the expenditure section of the Collection Fund Account.
12. Income due from Council Tax payers has decreased slightly by £342,700 (0.35%) compared to the revised estimate of £98.15M. This is due to an increase in the number of exemptions compared to the estimated level.
13. The remaining item of expenditure is the Bad Debt Provision. All authorities are required to make provision for Council Tax bills that may have to be written off if full payment is not received. The level of provision required is reviewed each year based on the total level of arrears outstanding. An analysis of the status of the arrears as at 31 March 2011 suggests that the following provisions are required:

<b>Year</b>	<b>£000</b>
Prior Years	29
2002/03	40
2003/04	116
2004/05	205
2005/06	383
2006/07	530
2007/08	772
2008/09	964
2009/10	1,025
2010/11	1,076
<b>Total</b>	<b>5,140</b>

14. The bad debt provision available at the end of the year was £4.4M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £5.1M a contribution of £0.7M needs to be made to the Provision for Bad Debts in the year, a decrease of £0.7 compared to the revised estimated provision. When setting the estimate a prudent assessment was made of the impact of the economic climate on the arrears position and the resulting bad debt provision required and the final position has been more favourable.
15. The bad debt provision of £5.1M compares to a total arrears figure of £7.5M which represents 68% of the total amount outstanding. The total level of arrears also needs to be seen in the context that over the last eight years total debts of around £684.6M have been raised.

#### **FUTURE YEAR'S COUNCIL TAX**

16. The surplus of £296,700 on the Collection Fund, as explained in paragraphs 7 to 9, will be shared between Southampton City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Service, based on the precepts levied on the Fund in 2011/12. Southampton's share of this surplus, £254,100 will be taken into account when setting the 2012/13 Council Tax, although it should be noted that this will only provide a one off contribution.

#### **RESOURCE IMPLICATIONS**

##### **Capital/Revenue**

17. The revenue implications are contained in the main report and there are no capital implications.

##### **Property/Other**

18. None.

## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

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

### Other Legal Implications:

20. None.

## POLICY FRAMEWORK IMPLICATIONS

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

<b>AUTHOR:</b>	Name:	Alison Chard	Tel:	023 8083 4897
	E-mail:	Alison.Chard@southampton.gov.uk		

**KEY DECISION?** Yes/No

**WARDS/COMMUNITIES AFFECTED:**

## SUPPORTING DOCUMENTATION

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

### **Appendices**

1.	Collection Fund 2010/11
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### **Documents In Members' Rooms**

1.	None
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### **Integrated Impact Assessment**

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/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.		
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# Agenda Item 14

Appendix 1

## APPENDIX 1

### COUNCIL TAX COLLECTION FUND REVENUE ACCOUNT FOR YEAR ENDED 31ST MARCH 2011

Original Estimate		Revised Estimate	Actual	Variance Adverse / (Favourable)
2010/11 £000	Income from NNDR Payers	2010/11 £000	2010/11 £000	2010/11 £000
<b>Income</b>				
(96,667)	Income from NNDR Payers	(96,667)	(82,059)	14,607
(97,388)	Net Income Due from Council Tax Payers	(98,150)	(97,807)	343
<b>(194,055)</b>		<b>(194,817)</b>	<b>(179,867)</b>	<b>14,950</b>
<b>Expenditure</b>				
81,995	Southampton City Council Precept	81,994	81,994	
9,677	Hampshire Police Authority Precept	9,677	9,677	
4,061	Fire & Rescue Services Precept	4,061	4,061	
1,333	Distribution of Previous Year's Estimated Surplus	1,333	1,333	
96,340	Payments to the NNDR Pool	96,340	81,733	(14,607)
326	Allowance to General Fund for NNDR Collection	326	326	
1,656	Provision for CT Bad Debts	1,343	704	(639)
<b>195,388</b>		<b>195,075</b>	<b>179,828</b>	<b>(15,247)</b>
<b>1,333</b>	<b>(Surplus) / Deficit For the Year</b>	<b>259</b>	<b>(38)</b>	<b>(297)</b>
(1,333)	Surplus brought forward	(4,047)	(4,047)	
<b>(0)</b>	<b>(Surplus) / Deficit Carried Forward</b>	<b>(3,788)</b>	<b>(4,085)</b>	<b>(297)</b>
	Less Surplus applied in setting 2011/12 Council Tax	(3,788)	(3,788)	
<b>(0)</b>	<b>(Surplus) / Deficit Remaining</b>	<b>0</b>	<b>(297)</b>	<b>(297)</b>

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<b>DECISION-MAKER:</b>		COUNCIL	
<b>SUBJECT:</b>		COUNCIL PLAN 2011- 2014	
<b>DATE OF DECISION:</b>		13 JULY 2011	
<b>REPORT OF:</b>		THE LEADER OF THE COUNCIL	
<b>AUTHOR:</b>	Name:	Suki Sitaram	Tel: 023 8083 2060
	E-mail:	Suki.sitaram@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None.			

## **SUMMARY**

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

The draft Council Plan reflects local priorities, as well as known national policy and budgetary changes which will have a significant impact on the City. The Council remains committed to delivering its planned short and medium term aspirations and key projects. However, progress over the next few years will be partially dependent on the availability of funding from external sources.

## **RECOMMENDATIONS:**

- (i) To approve the draft 2011- 2014 Council Plan, including the top 7 priorities for the Council as detailed in the Plan;
- (ii) To note the recommendations made by the Overview and Scrutiny Management Committee as set out in the report, which will be reflected in the final version of the Plan;
- (iii) To delegate authority to the Chief Executive, following consultation with the Leader of the Council, to finalise the Council Plan, including incorporating any changes made at the meeting and to refresh relevant sections of the Plan in 2012 and 2013 so that it aligns with any new budgetary or policy developments which will impact on the Council's activities during 2011- 2014.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The Council's Constitution requires the Council Plan to be submitted by the Executive to Full Council for approval, after a draft has been considered by the Overview and Scrutiny Management Committee. The content of the draft Council Plan has been cross checked against the proposals set out in the Council's operating budget for 2011/12 and national policies and initiatives. However, further amendments will be required as a result of the Council's budgetary planning for the next 3 years and assessment of emerging national policy changes. Delegated authority is therefore being sought to enable the Council Plan to be amended to reflect any changes.

## CONSULTATION

2. The draft Council Plan 2011 – 2014 identifies the Council's top priorities and is based on the 2011/12 budget, approved by Full Council in February. The budget was formulated following extensive consultation with local residents and stakeholders. The draft Council Plan incorporates key service improvements and commitments identified by Directorates.
3. The Overview and Scrutiny Management Committee discussed the draft Council Plan 2011 – 2014 on 30<sup>th</sup> June 2011 with Cabinet Members and the Chief Executive. Their recommendations were:
  - that resource implications are identified within the Council Plan.
  - that the Council Plan makes specific reference to reviewing Council contracts to ensure that they are offering value for money, given the financial position the Authority is in; and
  - the Cabinet considers how the Council can utilise the forthcoming General Power of Competence that local authorities are to be given to help address issues in the City.
4. The final draft of the Council Plan 2011 – 2014, to be published on the Council's website, will reflect these points. In particular, it is intended to include the following on page 21 of the draft Council Plan:

*We will consider the opportunities and challenges arising from national government initiatives and policies including:*

  - *General Power of Competence*
  - *Localism Bill*
  - *Health and Social Care changes*
  - *New Homes Bonus*
  - *Feed In Tariffs*
  - *Business Rates*
  - *Welfare Reforms and Social Housing Reforms*
  - *Community Infrastructure Levy*
  - *Pupil Premium*
  - *University Fees*
  - *More schools becoming Academies*
  - *Greater personalisation of services*

*In tackling the financial challenges we face, we will also need to work with our public and private sector partners to achieve the most cost efficient ways of delivering services and securing value for money by:*

  - *Prioritising our income generation capability through external sources of funding e.g. EU and trading and charging policies*
  - *Working with our partners in the private and public sector to deliver different models of service delivery*
  - *Reviewing our contracts to ensure that they deliver value for money greater efficiencies, thus making a contribution to meeting the Council's financial challenges and targets*
  - *Increasing the proportion of the Council's expenditure on direct service delivery.*

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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

### DETAIL

6. Whilst recognising the period of change the Council is going through, the core purpose and commitment of the Council remains the delivery of excellent services to its customers and to lead economic development in the City. The draft Council Plan reflects the City vision and City challenges identified by Southampton Connect and seeks to make a significant contribution to improving outcomes in these areas.
7. The Council Plan 2011 – 2014 outlines the Council's vision, priorities, and what the Council wants to achieve by 2014 to deliver excellent, value for money services to customers and lead on economic development. The Council's vision is to *attract more jobs for local people, secure more investment in the City and deliver high quality, low cost services that meet customer needs*. The Council top priorities, as identified in the draft Council Plan are:
  - More jobs for local people
  - More local people who are well education 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
8. The priority on reducing health inequalities reflects the new responsibilities that the Council will take on in the future, as a result of the changes detailed in the Public Health White Paper. The priority on Reshaping the Council for the future reflects the need for the Council to meet its financial challenges while still maintaining its focus on delivering excellent services to customers. Hence, this priority emphasises customer focus and increasing the proportion of Council expenditure on direct service delivery.
9. The draft Council Plan also details how the Council will need to be reshaped over the next 3 years to become a more business like organisation, driving out unnecessary costs and ensuring that the council is maximising investment to support the delivery of services and economic growth.
10. The draft Council Plan is a much shorter Plan than such Plans in previous years, with the aim being more reader friendly to a wide range of people. The Plan also identifies a short list of top priorities for improvement that the Council as a whole will focus and progress on. These priorities for improvement will be reported to Cabinet regularly. 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 a Directorate. The same approach will be taken at a service level, with the aim of focusing on the most important areas for improving performance.
11. The final version of the Council Plan will include details on resources and will be published on the Council's website.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

12. There are no additional capital implications for 2011/12 arising from the proposals outlined in this report.

### **Revenue**

13. There are no additional revenue implications for 2011/12 arising from the approval of the report's recommendations. The targets and commitments contained within the Plan will be met from the resources allocated to Portfolios through the 2011/12 budget setting process. Resource Implications will be identified in the final version of the Plan before it is published.

### **Property**

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

### **Other**

15. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

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

### **Other Legal Implications:**

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

## **POLICY FRAMEWORK IMPLICATIONS**

19. The Council Plan is a policy framework document which must be approved by Full Council and be consistent with other Policy Framework documents as well as the Council's approved operating budget for the year.

**SUPPORTING DOCUMENTATION**

**Appendices**

	Draft Council Plan
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**Documents In Members' Rooms**

	None
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**Background Documents**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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	None.	
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**FORWARD PLAN No:** N/A

**KEY DECISION** Yes

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

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<b>DECISION-MAKER:</b>	CABINET COUNCIL
<b>SUBJECT:</b>	HOUSING STRATEGY 2011-2015 AND HOUSING REVENUE ACCOUNT BUSINESS PLAN 2011 -2041
<b>DATE OF DECISION:</b>	4 JULY 2011 13 JULY 2011
<b>REPORT OF:</b>	CABINET MEMBER FOR HOUSING
<b>STATEMENT OF CONFIDENTIALITY</b>	
N/A	

## **BRIEF SUMMARY**

The Southampton Housing Strategy 2011 - 2015 and Housing Revenue Account Business Plan 2011 – 2041, which form part of the Council's policy framework, are due for renewal.

## **RECOMMENDATIONS:**

Cabinet

- (i) To consider the draft Housing Strategy (incorporating the Private Housing Renewal Strategy) and HRA Business Plan and make any recommendations to Council that are considered appropriate.
- (ii) Subject to the Council decision below, to delegate authority to the Head of Housing Solutions to approve specific policies for the giving of assistance in accordance with the Private Housing Renewal Strategy, following consultation with the Cabinet Member for Housing, the Head of Legal and Democratic Services and the Senior Manager, Finance.

Council

- (i) To approve the draft revised Housing Strategy (incorporating the Private Housing Renewal Strategy) and HRA Business Plan.
- (ii) To delegate authority to the Head of Housing Solutions to make final amendments to the Housing Strategy 2011 - 2015
- (iii) To delegate authority to the Head of Decent Homes to make final amendments to the Housing Revenue Account Business Plan 2011 – 2041.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The Southampton Housing Strategy 2011 – 2015 and Housing Revenue Account Business Plan 2011 – 2041 which form part of the Council's policy framework, are due for renewal. Following the preparation of a housing issues paper which was considered by Cabinet on 20<sup>th</sup> December 2010 and OSCM on 20<sup>th</sup> January 2011 a revised Housing Strategy 2011 – 2015 and a framework for the Housing Revenue Account Business Plan 2011 – 2041 have now been produced. The Housing Strategy incorporates the Private Housing Renewal Strategy 2011-2015.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not to produce the documents at all. The documents now require updating in accordance with their original timeframe. The Housing Strategy details the way in which the Council and its partners will provide decent homes which are fit for the needs of Southampton's exciting future. As the city's largest landlord the HRA Business Plan *Investment in our Homes, Investment in our Neighbourhoods*, details plans to improve the quality of life for more than 17,000 households in the city.

### DETAIL (Including consultation carried out)

3. Housing is the foundation for a good quality life. The right mix of housing is important for a prosperous economy both to meet local needs in the city and keep wealthier residents in the city; this in turn will have socio- benefits such as improving school performance and contributing to making Southampton a more prosperous, safer, greener, healthier place to live.
4. The Housing Strategy 2011 – 15 is an overarching strategy which sets out the council's priorities to meet local housing needs and aspirations thereby contributing to the overall long-term aim to improve the quality of life for all citizens in Southampton. The Housing Strategy 2011 – 15 is an overarching strategy which sets out the council's priorities to meet local housing needs and aspirations thereby contributing to the overall long-term aim to improve the quality of life for all citizens in Southampton. The priorities are:
  - Maximising Homes for the City
  - Improving Homes – Transforming Neighbourhoods
  - Extra Support for those who need it
5. The Housing Revenue Account Business Plan sets out plans for the council's HRA housing stock over a 5 year period within a 30-year timeframe to enable the council to track progress against the decent homes standard and respond to longer term investment needs.
6. The new Housing Strategy and Housing Revenue Account Business Plan documents will be web based document embedded with key facts and information. Short Executive summaries of each document will be printed.
7. Development of the Housing Strategy is driven through the city's Housing Partnership which is a multi-tenure forum which brings together representatives from the housing (and housing related) sectors. A Housing Strategy group with representation across the council has also shaped and developed the strategy holistically. Consultation has taken place with tenant and resident groups, key stakeholders and partners of the Council who have been able to feed in priorities to further develop the action plan to ensure services are shaped and delivered accordingly.
8. The Housing Revenue Account Business Plan is being established through tenant consultation with the Tenant's Capital Group of tenants and the Tenants Federation. The Tenant's Capital Group provide on-going consultation to define priorities for capital-spend for public sector housing. The priorities for the plan have also been considered at the Tenants Conference on 14<sup>th</sup> May 2011.

9. The Housing Strategy incorporates the Private Housing Renewal Strategy, which sets out how the council will improve private housing, taking into account local needs and priorities. This has been subject to an additional consultation with landlords' representatives, home owners and other stakeholders.

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

10. The capital issues that need to be considered in the Housing Strategy and HRA business plan are set out in the Resource Issues section of the documents.
11. The revenue issues that need to be considered in updating the Housing Strategy and HRA business plan are set out in the Resource Issues section of the documents. The cost of producing and publishing the Strategy and Business Plan is included in the relevant Housing General Fund and HRA budgets.

**Property/Other**

12. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

13. The Housing Act 2004 places numerous new requirements on local authorities. The draft Strategy and Business Plan evidences the Council's approach to complying with this, and other, housing legislation.

**Other Legal Implications:**

14. There are no other legal implications to consider at this stage.

**POLICY FRAMEWORK IMPLICATIONS**

15. The Southampton Housing Strategy 2011 - 2015 and Housing Revenue Account Business Plan 2011 – 2041 will form part of the Policy Framework following formal adoption by Full Council in due course.
16. A Housing Issues Paper was presented at OSMC on 20<sup>th</sup> January 2011. The Southampton Housing Strategy 2011-2015 was presented to OSCM on 30<sup>th</sup> June 2011.

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

## SUPPORTING DOCUMENTATION

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

### Appendices

1.	Executive Summaries of Housing Strategy 2011 – 2015
2.	Executive Summaries of Housing Revenue Account Business Plan 2011 - 2041

### Documents In Members' Rooms

1.	Housing Strategy Context Paper 2011 - 2015 and Acton Plan
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### Integrated Impact Assessment

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:** <I:\Corporate Management\Strategy\Housing Strategy 2011-15\G1 - IIA STAGE 1 QUICK ASSESSMENT.doc>

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.	<a href="http://www.southampton.gov.uk/Images/housing%20strategy%202007%2011_tcm46-199356.pdf">http://www.southampton.gov.uk/Images/housing%20strategy%202007%2011_tcm46-199356.pdf</a> Current Housing Strategy	
2.	<a href="http://www.southampton.gov.uk/living/housing/housingpolicies/HRABP.doc">http://www.southampton.gov.uk/living/housing/housingpolicies/HRABP.doc</a> Current HRA Business Plan	