

COUNCIL

Wednesday, 11th July, 2012
at 2.00 pm

PLEASE NOTE TIME

Council Chamber, Civic Centre

Members of the Council

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

Contacts

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

WARD	COUNCILLOR	WARD	COUNCILLOR
Bargate	Bogle Noon Tucker	Millbrook	Furnell Laming Thorpe
Bassett	Hannides B Harris L Harris	Peartree	Keogh Lewzey Dr Paffey
Bevois	Burke Barnes-Andrews Rayment	Portswood	Claisse Norris Vinson
Bitterne	Letts Lloyd Stevens	Redbridge	McEwing Pope Whitbread
Bitterne Park	White Baillie Inglis	Shirley	Chaloner Kaur Mead
Coxford	Morrell Spicer Thomas	Sholing	Mrs Blatchford Jeffery Kolker
Freemantle	Moulton Parnell Shields	Swaythling	Mintoff Turner Vassiliou
Harefield	Daunt Fitzhenry Smith	Woolston	Cunio Payne Dr R Williams

PUBLIC INFORMATION

Role of the Council

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

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

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

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

Public Involvement

Representations

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

Petitions

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 Seven Priorities

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

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(Municipal Year 2012/13)

2012	2013
16 May	13 February (Budget)
11 July	20 March
12 September	15 May
14 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, 3 July 2012

TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 11 JULY, 2012 in the COUNCIL CHAMBER, CIVIC CENTRE 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 Meeting held on 16th May 2012 and the Extraordinary Meeting of the Council held on 25th June, 2012, 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 Hannides to move:-

This Council deplores the closure of Oaklands Pool. The Labour Executive is, therefore, urged to:-

- (i) reconsider its decision,
- (ii) invest in this much valued community facility; and
- (iii) ensure the pool is reopened as soon as possible.

(b) Councillor Moulton to move:-

This Council believes that all Councillors should follow the Councillors' Code of Conduct and believes that Councillors should be honest and should at all times avoid the appearance of dishonesty in their activities as a Councillor.

In particular senior councillors such as Cabinet Members and the Leader should take special care to ensure that they carry out their roles in a fit and proper manner.

Council agrees that should it come to light that a Cabinet Member or the Leader of the Council has lied and done so publicly, making use of Council resources, then this would be a resignation matter.

(c) Councillor Vinson to move:-

This Council is concerned at the number of poorly maintained Houses in Multiple Occupation in the City.

In the best interests of tenants and neighbourhoods this Council therefore urges the Executive to bring forward an Additional Licensing scheme, similar to those adopted by Oxford, Leeds, Croydon, Haringey, Hounslow, Cardiff and others, as soon as practicable.

(d) Councillor Furnell to move:-

This Council is in full support of local residents concerned by the proposals for a major biomass plant in the docks and therefore urges the Executive to undertake a referendum amongst those immediately affected in the Freemantle and Millbrook wards as soon as is practicably possible in order to influence the final decision of the Secretary of State and with minimal use of scarce Council resources.

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 CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS

Report of the Cabinet Member for Resources, seeking approval of changes to existing revenue and capital budgets, attached.

10 STATEMENT OF ACCOUNTS FOR 2011/12

Report of the Cabinet Member for Resources concerning the Financial Statements for 2011/12, attached.

11 GENERAL FUND REVENUE OUTTURN FOR 2011/12

Report of the Cabinet Member for Resources concerning the General Fund Revenue Outturn for 2011/12, attached

12 GENERAL FUND CAPITAL OUTTURN FOR 2011/12

Report of the Cabinet Member for Resources, concerning the General Fund Capital Outturn for 2011/12, attached.

13 HOUSING REVENUE ACCOUNT AND CAPITAL OUTTURN FOR 2011/12

Report of the Cabinet Member for Housing and Leisure Services, concerning the Housing Revenue Account and Capital Outturn for 2011/12, attached.

14 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2011/12

Report of the Head of Finance (Chief Financial Officer), concerning the treasury management activities for 2011/12, attached.

15 COLLECTION FUND OUTTURN 2011/12

Report of the Cabinet Member for Resources, concerning the actual payments made to and from the collection fund during the 2011/12 financial year, attached.

16 'PLATFORM FOR PROSPERITY' - PLATFORM ROAD IMPROVEMENT SCHEME - PROJECT APPROVALS

Report of the Cabinet Member for Environment and Transport seeking approval to deliver the Platform for Prosperity - Platform Road Improvement Scheme, attached.

17 LOCALISM ACT 2011 - REVISED STANDARDS ARRANGEMENTS

Report of the Head of Legal, HR and Democratic Services regarding the changes to the standards regime brought about by the Localism Act 2011 and the new Code of Conduct as recommended by the Standards and Governance Committee, attached.

18 LICENSING OF SEXUAL ENTERTAINMENT VENUES

Report of the Head of Legal, HR and Democratic Services regarding amendments to the Local Government (Miscellaneous Provisions) Act 1982", and proposed new licensing provisions, attached.

**COUNCIL WILL ADJOURN AT THIS POINT FOR A MEETING OF THE
CHIPPERFIELD TRUST**

19 CHIPPERFIELD TRUST GOVERNANCE

Report of the Head of Legal, HR and Democratic Services seeking approval for changes the governance of the Chipperfield Trust, attached.

OVERVIEW AND SCRUTINY BUSINESS

20 OVERVIEW AND SCRUTINY: SUMMARY OF CALL- IN ACTIVITY

Report of the Director of Economic Development summarising the use of the Call-in procedure over the last six months.

21 OVERVIEW AND SCRUTINY: ANNUAL REPORT 2011 / 2012

Report of the Senior Manager – Customer and Business Improvement detailing the Overview and Scrutiny Annual Report 2011 / 2012 in accordance with the Council's Constitution, attached.

NOTE: There will be prayers by Reverend Hockett in the Mayor's Reception Room at 1.45 pm for Members of the Council and Officers who wish to attend.



M R HEATH
Director of Corporate Services

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SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON 16 MAY 2012

Present:

The Mayor, Councillor Burke
The Sheriff, Councillor White
Councillors Baillie, Barnes-Andrews, Mrs Blatchford, Bogle, Chaloner, Claisse, Cunio, Daunt, Fitzhenry, Furnell, Hannides, B Harris, L Harris, Kaur, Inglis, Jeffery, Keogh, Kolker, Laming, Letts, Lewzey, Lloyd, Mead, McEwing, Mintoff, Morrell, Moulton, Noon, Norris, Dr Paffey, Parnell, Payne, Pope, Rayment, Shields, Smith, Spicer, Stevens, Thomas, Thorpe, Tucker, Turner, Vassiliou, Vinson, Whitbread and Dr R Williams

1. ELECTION OF MAYOR

RESOLVED upon the motion of Councillor Rayment, seconded by Councillor Smith and supported by Councillor Vinson, that Councillor Burke be elected to the Office of 790th Mayor of Southampton and Chair of the Council for the ensuing year.

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

THE MAYOR (COUNCILLOR BURKE) IN THE CHAIR

2. MAYOR'S CHARITIES

The Mayor announced that he would be supporting Two Saints and Headway charities during his term of office.

3. APPOINTMENT OF SHERIFF

RESOLVED upon the motion of Councillor Fitzhenry, seconded by Councillor Payne and supported by Councillor Vinson, that Councillor White be appointed the 575th Sheriff of the City of Southampton and Vice-Chair of the Council for the ensuing year.

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

4. VOTE OF THANKS TO RETIRING MAYOR

RESOLVED upon the motion of Councillor Smith, seconded by Councillor Kaur and supported by Councillor Vinson, that the Council places on record its appreciation for the distinguished manner in which Councillor Matthews had discharged the duties of the Mayor of the City during the period of his term of office.

5. SOUTHAMPTON BUSINESS SUCCESS AWARDS 2012

RESOLVED upon the motion of the Mayor (Councillor Burke) and seconded by the Sheriff (Councillor White) that the Southampton Business Success Award be presented to Jamie Green and Marion Hillcrest from Hillcrest Construction Company.

6. PRESENTATION OF MEDALS TO RETIRING COUNCILLORS

RESOLVED upon the motion of the Mayor (Councillor Burke) and seconded by the Sheriff (Councillor White), that medals be presented to former Councillors Ball, Cappozzoli, Drake, Fitzgerald, Fuller, Holmes, Jones, Matthews, Osmond, Walker, Wells, Willacy and Phil Williams 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 16TH MAY, 2012**

7. APOLOGIES

It was noted that no apologies had been received.

8. MINUTES

RESOLVED that the minutes of the Council Meeting held on 14th March, 2012 be approved and signed as a correct record.

9. ANNOUNCEMENTS FROM THE MAYOR

- (i) Members stood for a moment's silence in remembrance of Celia Fraser, a former colleague and supportive and loyal Member of staff.
- (ii) The Mayor thanked all Members for their support in electing him as Mayor. In order for the meeting to run efficiently and effectively, he asked Members to keep in mind throughout the year the basic courtesies needed to be adhered to for this to happen; timeliness both in arriving at the meeting and when speaking; speaking to the point, and listening carefully to the arguments. He also asked Members to remember the courtesies they would like from members when they were speaking and to extend those to others.
- (iii) The Mayor announced he would be undertaking a trial (for about 6 months) on the use of mobile electronic devices in the Chamber and in Committee Meetings.

The Mayor would retain the right to vary this, without notice, if he considered it was being abused and vested the same right in the Chairs of Committees and Sub-Committees.

For the trial period, he proposed that handheld electronic devices (including laptops, phones, IPADs etc) might be used in the Council Chamber, provided they were silent and used in a way that did not impair decorum. Members making speeches in the Council Chamber or in any committee meeting may refer to electronic devices in place of paper speaking notes. Electronic devices may be used silent in the Chamber and in committee meetings, but the restrictions on using cameras/recording equipment, or on any electronic device ringing remained in place.

In terms of usage, social media and activities such as “twittering”, the Mayor indicated that he would not nor would any Chair of a Committee be policing tweeting. The Mayor / Chair would not be expected to respond on allegations that inappropriate, as compared to appropriate tweeting, had or was taking place. Instead, he urged Members to use their good sense and behave with courtesy, particularly in not tweeting messages which would otherwise be in breach of our rules or the law. For example, tweeting material discussed in confidential session would be a serious breach.

The Mayor finally reminded members to switch to silent all electronic mobile devices including their mobile phones and that any noises such as ringing would incur an instant fine.

10. ELECTION OF THE LEADER

The nomination of Councillor Dr. Williams was moved and seconded.

UPON BEING PUT TO THE VOTE IT WAS:

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

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

Deputy Leader – Councillor Rayment

Adult Services – Councillor Stevens

Children’s Services - Councillor Bogle

Communities – Councillor Rayment

Efficiency and Improvement - Councillor Morrell

Environment and Transport – Councillor Thorpe

Housing and Leisure Services – Councillor Payne

Resources - Councillor Letts

The Leader then circulated details of the contents of each of the Portfolios and announced that these would be incorporated into the scheme of Executive Delegation in the Constitution (copy appended to signed minutes).

11. LOCALISM ACT - REVISED STANDARDS ARRANGEMENTS

The report of the Head of Legal, HR and Democratic Services was submitted detailing changes to the standards regime brought about by the Localism Act 2011 (copy of report circulated with the agenda and appended to signed minutes).

RESOLVED:

- (i) That delegated authority be granted to the Head of Legal, HR and Democratic Services to:-
 - (a) Prepare a Code of Conduct based upon a draft that is currently being prepared by the Association of Council Secretaries and Solicitors (ACSeS) and that this is considered by the Standards and Governance Committee prior to it being presented to Council for adoption;
 - (b) advertise for and appoint two Designated Independent Persons;
 - (c) appoint two independent co-opted members from the current appointees to serve on the proposed Governance Committee on standards issues only from 1st July 2012.

- (ii) That once the new standards regime comes into force:
 - (a) the role of the current Audit Committee be extended to one of overall governance to be called the "Governance Committee" in accordance with the draft terms of reference, as attached at appendix 1 to the report and from which (i) Standards Sub- Committee and (ii) Standards Appeals Sub-Committee be formed;
 - (b) that both the Standards and Appeals Sub-Committees consist of three Members, politically balanced, together with one co-opted and non voting independent member (as (c) above) to deal with any Code of Conduct issues that may be referred to it by the Monitoring Officer and that they have the terms of reference as attached at appendix 2 to the report;
 - (c) that delegated authority be granted to the Monitoring Officer, after consultation with a Designated Independent Person, to where appropriate (i) determine whether a complaint in relation to Member misconduct merits formal investigation (ii) refuse to accept complaints that are trivial, vexatious, repetitive or political and at his discretion to refer such decisions on investigation to the Standards Sub-Committee (iii) agree local settlements;
 - (d) delegate to both the Standards and Appeals Sub-Committees power to take such actions as it lawfully can in respect of a Member who is found to have failed to comply with the Code of Conduct;
 - (e) delegates to both the Monitoring Officer and Standards Sub- Committee the authority to grant dispensations under the Act;
 - (f) that the Designated Independent Persons be paid an annual retainer of £645.00 each and that this be reviewed and agreed after the first year of

operation by the Head of Legal, HR and Democratic Services after consultation with the Leader of the Council;
(g) that the current Code remain in place until a revised code of conduct is adopted by Council; and

- (iii) That once further clarification has been received regarding the remaining detail of the revised standards regime including the role of the Designated Independent Person, a further report is presented setting out the position relating to that appointment.

12. HAMPSHIRE POLICE AND CRIME PANEL - PANEL ARRANGEMENTS

The report of the Head of Legal, HR and Democratic Services was submitted seeking approval for the arrangements of the Hampshire Police and Crime Panel (copy of report circulated and appended to signed minutes).

RESOLVED:

- (i) That the recommended terms on which the Police and Crime Panel should be established be endorsed;
- (ii) That subject to resolution (iii) below, the Panel arrangements in Appendix 1 to the report be approved;
- (iii) That the Head of Legal, HR and Democratic Services be granted delegated authority to agree any further minor amendments to the Panel arrangements necessary to ensure statutory compliance, once the Home Secretary's regulations and guidance have been published;
- (iv) That a member be appointed as the Council's Appointed Member to serve on the Panel; and
- (v) That a member be identified to act as "Deputy Member" and, where the Appointed Member is temporarily unable to attend a Panel meeting or otherwise undertake Panel business, the Head of Legal, HR and Democratic Services be authorised to give notice of temporary change of membership for a period of up to 28 days, to enable the Deputy Member to deputise in the Appointed Member's absence.

13. CHANGES TO THE CONSTITUTION

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

Amendment moved by Councillor Letts and seconded by Councillor Dr Williams:

Add Additional Recommendation (iv)

- (iv) in relation to financial decisions all expenditure over £125,000 shall be made by the relevant Cabinet Member, over £250,000 by the Cabinet and £2,000,000 by full Council except in respect of matters identified in (v) below.

Specifically in relation to the Financial Procedure Rules Cabinet Member/Cabinet authority will be required for the following:-

Virements and Grant Income

- A10 (iii) – The virement limit shall be reduced from £200,000 to £125,000
- A10 (iv) – One off virement limit reduced from £200,000 to £125,000
- A10 (v) – Cumulative total of virements limited to £125,000
- A12 – Acceptance of grant income limited reduced from £500,000 to £125,000
- A14 (iii) – The virement limit shall be reduced from £200,000 to £125,000
- A14 (iv) – One off virement limit reduced from £200,000 to £125,000
- A14 (v) – Cumulative total of virements limited to £125,000

Capital Programme

- B25– External funding sums added to capital schemes reduced from £500,000 to £200,000
- B28 – Internal funding sums added to capital schemes reduced from £200,000 to £125,000
- B32 (i) – Approval of capital schemes reduced from £200,000 to £125,000
- B 32 (ii) – Approval of capital schemes reduced from £500,000 to £125,000
- B35 – Transfers between capital schemes reduced from £200,000 to £125,000
- B36 – Transfers between capital schemes reduced from £500,000 to £125,000

HRA Business Plan

- B58 – Change in the annual business plan surplus in any one year reduced from £200,000 to £125,000.
- B59 – Change in the annual business plan surplus in any one year reduced from £500,000 to £125,000.

External Arrangements

- E15 – Increase of externally funded revenue activity reduced from £500,000 to £125,000

Specifically in relation to the Officer Scheme of Delegation Cabinet Member/Cabinet authority will be required for the following:-

- 1.2.54(b) – Spend within budget and business plans over £50,000
- 2.2.13 – Externally funded grant agreements over £50,000
- 2.2.68 – Settlement of any claim over £125,000
- 2.4.29 – Write off of any debt over £125,000
- 2.7.11 – Acceptance of any IT contract other than the lowest tender over £125,000
- 2.8.15 – Agree terms of sale of land over £125,000
- 2.8.21 – Variation of terms of leases etc over £125,000
- 2.8.22(f) - Variation of ground lease premiums over £125,000
- 2.8.24(b) – Exchange of land where premium is over £125,000
- 2.8.26 – Expenditure on alterations to land over £125,000
- 2.8.32 – Acceptance of tenders for land disposal over £125,000
- 2.8.38 – Acquisition of land interests over £125,000
- 2.8.42 – To agree dilapidations over £125,000
- 4.1.30 - Acting as Accountable Body for external grant funding over £125,000

Add Additional Recommendation (v)

- (v) the revised delegations will not apply to payments made under contracts, statutory obligations, property transactions, settlement of legal proceedings, treasury management or resulting from any specific decision to delegate at different levels made by the Cabinet or by Full Council.

Add Additional Recommendation (vi)

- (vi) to amend the membership of the Shadow Health and Wellbeing Board agreed by Full Council on 16th November 2011 to include as core members 3 Cabinet Members (Adult Services, Children's Services and Communities), the remainder of the membership to remain unchanged.

Note: The core membership agreed on 16th November 2011 provided for 2 Cabinet Members:

- *Health and Adult Social Care*
- *Children's Services and Learning*

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED CARRIED

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

RESOLVED:

- (i) that the changes to the Constitution as set out in the report be approved;
- (ii) that delegated authority be granted to the Head of Legal, HR and Democratic Services 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;
- (iii) that the City Council's Constitution, as amended, including the Officer Scheme of Delegation for the municipal year 2012/13 be approved;
- (iv) that in relation to financial decisions all expenditure over £125,000 shall be made by the relevant Cabinet Member, over £250,000 by the Cabinet and £2,000,000 by Full Council except in respect of matters identified in (v) below;
- (v) that the revised delegations will not apply to payments made under contracts, statutory obligations, property transactions, settlement of legal proceedings, treasury management or resulting from any specific decision to delegate at different levels made by the Cabinet or by Full Council;
- (vi) that the membership of the Shadow Health and Wellbeing Board agreed by Full Council on 16th November 2011 be amended to include as core members 3 Cabinet Members (Adult Services, Children's Services and Communities), the remainder of the membership to remain unchanged.

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

RESOLVED that subject to certain decisions that may, from time to time be made by the Council, the following Committees, Sub-Committees and other bodies be appointed

with the allocation of seats to political groups shown therein and they be delegated authority to act within their Terms of Reference.

(a) APPOINTMENT OF MEMBERS

Political Group	Seats on Council	%
Labour	30	62.5
Conservative	16	33.33
Liberal Democrats	2	4.16

Committees	Labour	Conservative	Lib Dem	Number of Seats to Groups
Overview and Scrutiny Management(10)	6 Cllr Barnes-Andrews Cllr Chaloner Cllr Lewzey Cllr McEwing Cllr Pope Cllr Tucker	3 Cllr Fitzhenry Cllr Hannides Cllr Moulton	1 Cllr Vinson	10
Planning and Rights of Way (7)	4 Cllr Mrs Blatchford Cllr Cunio Cllr Lloyd Cllr Shields	3 Cllr Claisse Cllr L Harris Cllr Smith	0	7
Employment and Appeals Panel (7)	5 Cllr McEwing Cllr Mintoff Cllr Noon Cllr Tucker Cllr Whitbread	2 Cllr Kolker Cllr B Harris	0	7
Chief Officer Employment Panel (7)	5 Cllr Letts Cllr Rayment Cllr Stevens Cllr Thorpe Cllr Williams Dr	2 Cllr Moulton Cllr Smith	0	7
Licensing Committee (13)	8 Cllr Mrs Blatchford Cllr Cunio Cllr Laming Cllr Lewzey Cllr Lloyd Cllr Spicer Cllr Thomas Cllr Tucker	5 Cllr Fitzhenry Cllr B Harris Cllr L Harris Cllr Parnell Cllr Vassiliou	0	13

New from July Governance Committee - Combined Standards and Governance and Audit Committees (9) includes 2 Independent Members	4 Cllr Chaloner Cllr Furnell Cllr Kaur Cllr Keogh	3 Cllr Daunt Cllr Hannides Cllr Inglis	0	7
Sub-Committees				
	Labour	Con	Lib Dem	
Health Overview and Scrutiny Panel (7)	5 Cllr Jeffery Cllr Lewzey Cllr McEwing Cllr Pope Cllr Tucker	2 Cllr Baillie Cllr Parnell	0	7
Scrutiny Panel A (7)	4 Cllr Noon Cllr Mintoff Cllr Thomas Cllr Whitbread	2 Cllr Daunt Cllr Claisse	1 Cllr Vinson	7
Scrutiny Panel B (7)	4 Cllr Furnell Cllr Kaur Cllr Dr Paffey Cllr Shields	2 Cllr Baillie Cllr Norris	1 Cllr Turner	7
Licensing General Sub-Committee (5) (Membership must come from membership of Licensing Committee)	3 Cllr Mrs Blatchford Cllr Cunio Cllr Thomas	2 Cllr Parnell Cllr Vassiliou	0	5
New from July Standards Sub-Committee (4) Including 1 Independent Member (Membership from Governance Committee)	2 Cllr Kaur Cllr Keogh	1 Cllr Hannides	0	3
Standards Appeal Sub-Committee (4) Including 1 Independent Member (Membership from Governance Committee)	2 Cllr Furnell Cllr Chaloner	1 Cllr Inglis	0	3
TOTAL	52	28	3	83

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

Committee/Sub-Committee	Labour	Con	Lib Dem	Number of Seats to Groups
Standards and Governance ((10) including the Mayor and 4 independent members) N.B. Appointment to S&G until end of June only	2 Cllr Laming Cllr Keogh	2 Cllr Hannides Cllr Inglis	2 Cllr Vinson Cllr Turner	6
Licensing and Gambling Sub-Committee (3) (Any 3 Members drawn from the Licensing Committee membership on rotation basis)	1 (+1)	1(+1)	0	3

Other bodies	Labour	Cons	Lib Dem	
Hampshire Fire and Rescue Authority (3)	2 Cllr Barnes-Andrews Cllr Thomas	1 Cllr Smith	0	3
South East Employers (3 + 3)	2 Cllr Letts Cllr Tucker (Deputy)	2	2 Cllr Vinson Cllr Turner (Deputy)	6
Local Democracy Network for Councillors (2)		1	1 Cllr Vinson	2
Partnership for Urban South Hampshire – Overview and Scrutiny Committee (1)			1 Vinson	1
Police Joint Committee (Police Authority) (1) <i>(Overall proportionality is calculated across the County. This may require a change in appointment)</i>	1 Cllr Rayment Cllr Mrs Blatchford (Deputy)			1

Until November Shadow Police and Crime Panel (1) plus 1 deputy <i>(Overall proportionality is calculated across the County.)</i>	1 Cllr Rayment Cllr Mrs Blatchford (Deputy)			1
New Shadow Health and Well-being Board (5) – Cabinet Members for Adults, Children’s Services and Communities plus one each from opposition Groups	3 Cllr Stevens Cllr Bogle Cllr Rayment	1 Cllr Baillie	1	5

(b) APPOINTMENT OF CHAIRS

RESOLVED that the following Chairs be elected for the 2012/13 municipal year and that the Vice-Chairs be elected at their first meetings of the municipal year:-

Committee/Panel	Chair
Overview and Scrutiny Management	Cllr Moulton
Planning and Rights of Way	Cllr Mrs Blatchford
Employment and Appeals	Cllr McEwing
Chief Officer Employment	Cllr Dr. Williams
Licensing	Cllr Cunio
Governance	Cllr Furnell
Health Overview and Scrutiny	Cllr Pope
Scrutiny A	Cllr Noon
Scrutiny B	Cllr Dr Paffey
Licensing General Sub-Committee	Cllr Cunio
Standards Sub-Committee	Cllr Kaur
Standards Appeal Sub-Committee	Cllr Furnell

(c) OTHER APPOINTMENTS

It was noted that the following co-opted Members for the Overview and Scrutiny Management Committee had been nominated by their respective organisations:

- Mr T Blackshaw as Representative of the Church of England; and
- Mrs U Topp as Representative of the Catholic Church; and

That the following appointments were still awaiting nomination, and would come from their respective body’s first meeting of the year:

- Parent Governor Representative; and
- Primary Parent Governor Representative

15. CALENDAR OF MEETINGS

RESOLVED that the following dates for meetings of the Council in the 2012/13 Municipal Year be approved:

11th July 2012
12th September 2012
14th November 2012
13th February 2013 (Budget)
20th March 2013
15th May 2013

16. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

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

17. 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. Southampton Schools

Question from Councillor Moulton to Councillor Bogle

Can the Cabinet Member please outline the new Administration's policies for Southampton Schools?

Answer

Education is critical for the City and its citizens' future prosperity, growth and wellbeing.

Some of our key policy principles include

- Increasing aspiration and attainment in all our schools
- Celebrating progress and achievement
- Collaboration and sharing of best practice across City schools
- Looking outside the City for examples of best practice to learn from
- Focus support on the proven triggers for schools' improvement, namely leadership and teaching

Our manifesto states a number of key areas of attention, including how to improve the level of attendance in schools (with reference to the recent Scrutiny inquiry),

reverse the loss of children to schools outside Southampton at Year 7 and using schools as 'community hubs' for a number of shared public services.

2. Cultural Quarter

Question from Councillor Hannides to Councillor Dr Williams

Following the very successful opening of Guildhall Square last year and the impressive launch of SeaCity Museum last month, will the Leader confirm whether the emerging cultural quarter remains a priority for the new Executive?

Answer

There is no reason to change Council policy in this area.

3. Budget Pressures in Adult Social Care

Question from Councillor Moulton to Councillor Stevens

Can the Cabinet Member outline any new budget pressures in Adult Social Care he intends to commit to this municipal year, over and above those set out in the 2012/13 revenue budget approved by Full Council in February?

Answer

No

4. Sure Start

Question from Councillor Moulton to Councillor Bogle

Will the Cabinet Member commit to keeping open all of Southampton's Sure Start centres?

Answer

Yes, I can currently see no circumstances where we would consider closing any of Southampton's Sure Start centres.

5. Council Priorities

Question from Councillor Moulton to Councillor Dr Williams

Which areas of Council expenditure will be the highest priority for the new Administration?

Answer

Our priorities are included in the Labour Party's manifesto and this has been sent to all Members.

6. Outsourcing Council Service Provision

Question from Councillor Claisse to Councillor Dr Williams

Will the Leader continue to consider the relative advantages of outsourcing Council service provision and functions to the private sector, or are they ideologically opposed to such arrangements?

Answer

Yes, we will consider all options and keep an open mind as opportunities arise.

7. Redundancies

Question from Councillor Fitzhenry to Councillor Dr Williams

Can the Leader reconfirm his manifesto commitment that no one will be made redundant under his administration?

Answer

No such manifesto commitment is stated. What the manifesto includes is that:

We will do all we can to stop Council job losses, instead choosing to retain and retrain staff, saving thousands in redundancy payments; and

City Council employees are at the centre of everything we do. We will listen to our front line staff and ensure we take their expertise into account when making decisions.

8. Highways Spend

Question from Councillor Fitzhenry to Councillor Thorpe

Can the Cabinet Member for Environment and Transport confirm he will maintain highways spend at the current levels?

Answer

I can confirm that I know of no current reason to change. However, I would confirm the manifesto commitment that we will consult residents and businesses on the priorities for road and pavement repairs and renewal.

9. Budget Gap

Question from Councillor Smith to Councillor Dr Williams

What is the budget gap for the years 2013/14 and 2014/15?

Answer

The budget gap is currently as published in February 2012 and stands at £19.8M in 2013/14 rising to £31.2M in 2014/15. This takes into account a level of savings to be delivered as shown below:

	2013/14	2014/15
	£M	£M
Gap After Pressures	30.3	45.7
Savings Known	(2.4)	(2.7)
Future Savings (Work In Progress)	(8.1)	(11.8)
Current Net Gap	19.8	31.2

10. Public transport

Question from Councillor Smith to Councillor Dr Williams

Public transport is a priority to your Administration. How will residents notice an improvement?

Answer

Public Transport is a priority. Understanding the infrastructure is key to working in partnership. Members of our Policy Team will be investigating and any lack of public involvement is something that we would wish to change.

11. Reviews and Investigations

Question from Councillor Smith to Councillor Dr Williams

How many reviews and investigations has the Leader of the Labour Group instigated or is planning to instigate, and what is the cost of these to the local tax payer?

Answer

These are included in our manifesto but include amongst others, International Way refurbishment, City View magazine, car parking charges in the City centre, CCTV and the waste collection service.

12. Post Offices

Question from Councillor Vinson to Councillor Dr Williams

Will the Leader explore opportunities under the Post Offices Act, and in light of initiatives such as that adopted by Westminster Council, for the participation of Southampton City Council in measures to strengthen and secure the post office network in the City?

Answer

There is now an opportunity within the scrutiny process to bring forward such reviews.

13. The Children's Playground on the Common

Question from Councillor Vinson to Councillor Bogle

Will the Cabinet Member ask officers to investigate and bring forward proposals for renovating the children's playground on the Common?

Answer

There are no plans currently to invest in this play area, whose equipment is regularly reviewed for maintenance purposes. I would need further information, in order to build a case for investment.

14. Recycling Rate

Question from Councillor Furnell to Councillor Thorpe

Can the cabinet member tell us the current recycling rate in the City and how this compares with six years ago?

Answer

The Council's recycling performance has been reported as national indicator N192, the percentage of waste recycled, composted and sent for reuse.

The record for the last six years is set out below:

year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
N192	25.76%	27.67%	27.81%	26.38%	25.07%	23.60%

18. MOTIONS

(a) Establishment of a Local Authority Trading Company

Councillor Vinson moved and Councillor Turner seconded: -

“This Council urges the Executive to bring forward at the earliest opportunity, costed proposals for the establishment of a Local Authority Trading Company or equivalent to deliver adult social care services in the first instance”.

Amendment moved by Councillor Stevens and seconded by Councillor Laming:

Delete from the second line “costed” and replace with “a variety of in depth”

Delete from the end of the third line “to deliver adult social care services” and replace with “delivery vehicle, in order to deliver adult social care services,”

AMENDED MOTION TO READ:

This Council urges the Executive to bring forward at the earliest opportunity a variety of in depth proposals for the establishment of a Local Authority Trading Company or equivalent delivery vehicle, in order to deliver adult social care services, in the first instance.

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.

NOTE: Councillor Noon declared a prejudicial interest in the above matter, in view of his employment within Adult Social Care and left the meeting during consideration of the matter.

19. 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.

20. 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).

21. CITY COUNCIL ELECTIONS 2012

RESOLVED that the report of the Returning Officer concerning the results of the City Council Elections 2012 be received and noted (copy of report circulated at the meeting and appended to signed minutes.)

22. OVERVIEW AND SCRUTINY - SUMMARY OF CALL-IN ACTIVITY

RESOLVED that it be noted that the report of the Director of Economic Development summarising the use of the call-in procedure over the last three months would be submitted to the July Council meeting.

23. OVERVIEW AND SCRUTINY:ANNUAL REPORT 2011/2012

RESOLVED that it be noted that the report of the Chair of Overview and Scrutiny Committee detailing the Overview and Scrutiny Management Committee Annual Report 2011/12 in accordance with the Council's Constitution be submitted to the July Council meeting.

24. LOCAL AUTHORITY MORTGAGE SCHEME

The report of the Cabinet Member for Housing was submitted regarding the Local Authority Mortgage Scheme (copy of report circulated with the agenda and appended to the signed minutes).

Amendment moved by Councillor Letts and seconded by Councillor Payne:

At the end of Recommendation (i) Add "subject to the approval of the final scheme by the Executive Members for Housing and Leisure Services and Resources."

Delete Recommendation (v) "That the Cabinet Member for Housing brings a further Executive report to Cabinet and Council once the pilot funding is exhausted, to allow evaluation of the pilot, and consideration of a wider scheme."

AMENDED RECOMMENDATIONS TO READ:

- (i) That the Council adopt the Lend a Hand Mortgage scheme as an initial pilot scheme subject to the approval of the final scheme by the Executive Members for Housing and Leisure Services and Resources.
- (ii) The Lend a Hand Mortgage Scheme not to be implemented until the Director of Corporate Services is satisfied as to the lawfulness of the scheme.
- (iii) To operate outside of current Council Treasury Policy to allow money to be placed on deposit for an initial fixed period of 5 years. The investment of £1 million would be deposited with Lloyds TSB to potentially underwrite a minimum of 40 deposits for First Time Buyers.
- (iv) The maximum value of any loan under the scheme is set at £118,750.
- (v) That the Council indemnify the Monitoring Officer against all personal liability he will incur by providing Lloyds Bank with an opinion and by providing Lloyds Bank with a signed opinion letter.
- (vi) That the qualifying post codes will include all post codes within the LA boundary area and will exclude any that cross the boundary into a neighbouring authority. The qualifying post codes will be provided to the lender(s) in a schedule to the indemnity deed.
- (vii) To delegate authority to the Director for Economic Development to enter into agreements with any financial institution pursuant to Sections 435 and 442 of the Housing Act 1985 in furtherance of the scheme and in consultation with the Director of Corporate Services.

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED CARRIED

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

RESOLVED:

- (i) That the Council adopt the Lend a Hand Mortgage scheme as an initial pilot scheme subject to the approval of the final scheme by the Executive Members for Housing and Leisure Services and Resources.
- (ii) The Lend a Hand Mortgage Scheme not to be implemented until the Director of Corporate Services is satisfied as to the lawfulness of the scheme.
- (iii) To operate outside of current Council Treasury Policy to allow money to be placed on deposit for an initial fixed period of 5 years. The investment of £1 million would be deposited with Lloyds TSB to potentially underwrite a minimum of 40 deposits for First Time Buyers.
- (iv) The maximum value of any loan under the scheme is set at £118,750.
- (v) That the Council indemnify the Monitoring Officer against all personal liability he will incur by providing Lloyds Bank with an opinion and by providing Lloyds Bank with a signed opinion letter.
- (vi) That the qualifying post codes will include all post codes within the LA boundary area and will exclude any that cross the boundary into a neighbouring authority. The qualifying post codes will be provided to the lender(s) in a schedule to the indemnity deed.
- (vii) To delegate authority to the Director for Economic Development to enter into agreements with any financial institution pursuant to Sections 435 and 442 of the Housing Act 1985 in furtherance of the scheme and in consultation with the Director of Corporate Services.

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

RESOLVED that in accordance with the Council's Constitution, specifically the Access to Information procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the confidential appendix 1 to the following minute.

Appendix 1 is considered to be confidential, the confidentiality of which is based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes details of a proposed transaction which, if disclosed prior to entering into a contract, could put the Council at a commercial disadvantage in the future. In applying the public interest test it is not considered appropriate to make public offers made as this could lead to a revision of bids. Therefore, publication of this information could be to the Council's financial detriment.

26. TOWNHILL PARK REGENERATION FRAMEWORK : FINANCIAL MODEL AND PHASE 1 CAPITAL EXPENDITURE

Upon the motion by Councillor Letts and Seconded by Councillor Payne, the report of the Cabinet Member for Housing seeking approval for the regeneration proposals for the regeneration framework for Townhill Park, be withdrawn. (copy of report circulated with agenda and appended to signed minutes).

RESOLVED that the report of the Cabinet Member for Housing seeking approval for the regeneration proposals for the regeneration framework for Townhill Park, be withdrawn.

THE EXECUTIVE

The Executive shall comprise:

Leader
Adult Services
Children's Services
Communities
Efficiency and Improvement
Environment and Transport
Housing and Leisure Services
Resources

Councillor Richard Williams
Councillor Matthew Stevens
Councillor Sarah Bogle
Councillor Jacqui Rayment
Councillor Keith Morrell
Councillor Asa Thorpe
Councillor Warwick Payne
Councillor Simon Letts

CABINET

The Cabinet will be responsible for the following functions:

- ◆ Leading the community planning process and the search for best value, with input and advice from overview and scrutiny committees and any other persons as appropriate;
- ◆ Leading the preparation of the local authority's Policy Framework and Budget;
- ◆ Leading the preparation of the authority's financial strategy;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of equalities and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ Achieving efficiencies through taking in-year decisions on resources and priorities, together with other stakeholders and partners in the local community, delivering and implementing the budget and policies decided by the Full Council;
- ◆ Being the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs;
- ◆ Determining proposals for and variations to the Policy Framework and Budget that are to be proposed to Full Council;
- ◆ Considering reports of Overview and Scrutiny Management Committee, and its Panels (sub-committees) and formulating responses to those;
- ◆ Making any decision in respect of an Executive Function which has been delegated where the delegate has decided not to exercise his/her delegation;
- ◆ In the absence of any Cabinet Member (including the Leader) or where any Cabinet Member (including the Leader) is not available or able to make a decision, Cabinet may, subject to the Leader's agreement, discharge that Executive Function in respect of that decision;
- ◆ Subject to the budget, determining the grants to be paid by the Council;
- ◆ The appointment of any individual:
 - (a) to any office other than an office in which s/he is employed by the authority;
 - (b) to any other body other than (i) the authority (ii) a joint committee of two or more authorities; or
 - (c) to any committee or sub-committee of such a body.
 and the revoking of any such appointment, to the extent that appointments are usually but not exclusively to outside bodies in connection with functions which are the responsibility of the Executive;

- ◆ The appointment of any panel, body or other grouping of elected Members, officers or other persons, together or in combination, whether or not jointly with any other authority or organisation other than a committee, a sub-committee of the Council or a joint committee of two or more authorities, as defined in Section 101 of the Local Government Act 1972.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.¹

¹ Reference should also be made to the Officers' Scheme of Delegation (available from the Democratic Services Manager) for any additional, supplementary or limits to the delegations set out in this Constitution. In the absence of any reference in the Officers' Scheme of Delegation, any function delegated by virtue of this part of the Constitution is delegated in full, although the delegator and delegatee may exercise that function in totality.

LEADER

The Leader shall be responsible for:

- ◆ Appointing a Cabinet of not fewer than three and not more than ten councillors (including the Leader);
- ◆ Determining a scheme of delegation for Executive Functions.

The Leader shall also be responsible for the following functions:

- ◆ The style, strategy, policy and co-ordination (across the board) and the direction and utilisation of resources;
- ◆ The promotion of positive partnerships and consultations with citizens, other statutory agencies, business and voluntary organisations in Southampton in the context of achieving the Vision for the City as expressed by the Council and its partners;
- ◆ The Council's pursuit of efficiencies and Value for Money in its use of resources for the provision of services to citizens of the City and its business community by pursuing a holistic approach through the effective integration of programmes and plans including the Sustainable Community Strategy and Southampton Connect and the Council's customer focus through programmes of continuing improvement;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Leading on matters that are the responsibility of the Cabinet, including representing the Council with regard to its Member contacts with the Government and any regional, national or international organisations;
- ◆ Promoting and pursuing the principles of equalities in all aspects of the Council's role as an employer, service provider and in the exercise of community leadership;
- ◆ The application of national and sub-regional policies locally and any consequent forward planning necessary;
- ◆ Leading on responses to cross cutting national policies and initiatives (save where the Leader directs a cabinet Member to take the lead);
- ◆ Providing strategic political leadership and vision for the Council as a whole;
- ◆ Representing the view of the Council on matters of corporate and strategic policy to the Government and other bodies;
- ◆ The monitoring of the performance of Cabinet Members;
- ◆ Maintaining relationships with Group Leaders, chairs of committees, panels and regulatory bodies;
- ◆ Providing a link between the Executive and non-Executive Members of the Council;
- ◆ Leading on economic development including (but not limited to) the Solent Local Enterprise Partnership;
- ◆ Leading on regeneration (other than estate regeneration) including chairing any related bodies, considering and determining bids;
- ◆ Leading on marketing and communications and promoting the work of the Council;
- ◆ Leading on the tourism strategy, cruise industry and related economic development;
- ◆ The management, operation and agenda for the Cabinet;

- ◆ Leading and promoting major "flagship" projects of strategic significance, including major City developments, to Southampton;
- ◆ Leading on energy and the Council's Energy Strategy;
- ◆ Leading on the development of European and/or international initiatives and/or bids;
- ◆ Leading on urban design issues and regional spatial planning;
- ◆ In consultation with the Cabinet Member for Resources, the forward planning of the Council's Revenue and Capital Budget;
- ◆ Leading on the Council's roles and linkages with Southampton Connect;
- ◆ Leading on corporate legal and democratic issues, including (in so far as they are Executive functions) Land Charges and Licensing;
- ◆ Taking an overview on the development and implementation of devolved funding programmes including where appropriate on behalf of Southampton Connect save where such programmes fall within another Portfolio;
- ◆ Leading on business marketing, supporting businesses and City Centre Management;
- ◆ Ensuring that there is effective liaison and joint working between Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development and issuing statements and bulletins as appropriate;
- ◆ All other Executive functions not otherwise delegated.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

CABINET MEMBER FOR ADULT SERVICES

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to Cabinet, all Executive adult social care functions;
- ◆ The development, implementation, monitoring and review of the adult social care policies and strategies;
- ◆ The promotion of positive partnerships with service users, carers, local agencies, businesses and voluntary organisations in the context of delivering effective adult social care services;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Leading on the implementation and delivery of the Health and Social Care Act 2012, and any secondary legislation and guidance;
- ◆ Leading for the Council on the strategy for adult social care services for vulnerable adults (ie people with needs by reason of their: Age, Mental Health, Learning Disability, Physical and Sensory Disability, Substance Misuse or other special care needs e.g. people with HIV/AIDS) and in ensuring the Council's commitments with regard to the provision of statutory social services for these groups are met and they are safeguarded;
- ◆ Working with the Cabinet Members for Children's Services and Communities (and other Cabinet Members and partners as appropriate) on jointly leading on the Council's effective participation in the range of joint planning, consultation and funding arrangements for the provision of health and social care services for adults with the NHS, service users and carers, voluntary and private sector service providers;
- ◆ Work closely with the Cabinet Members for Communities, Housing and Children's Services on the development, delivery and improvement of housing, health and social care services to vulnerable adults, children and young people;
- ◆ Working with the Cabinet member for Communities on the Health and Wellbeing Board;
- ◆ Leading for the Council on the management of programmes and services for providing support to disadvantaged people and groups in the City;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

CABINET MEMBER FOR CHILDREN'S SERVICES

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to the Cabinet, all Executive functions in respect of children's services and learning taking full account of the statutory guidance for the Lead Member for Children's Services;
- ◆ The development, implementation, monitoring and review of the Council's policies and strategies relating to children's services and any other related matters;
- ◆ The promotion of positive partnerships with private and voluntary organisations in the context of developing Southampton's children's services;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any regional or national organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The leadership of and political accountability for the effectiveness, availability and value for money of all the local authority's children's services;
- ◆ Working with the Cabinet Member for Communities on the engagement and encouragement of local communities in order to improve children's services and to ensure that services, both within the City and across partner organisations, improve outcomes for all and are organised around family, children and young people's needs;
- ◆ Leading on safeguarding children and promoting an inclusive approach to the welfare of children across all agencies including SEN, emotional literacy, services to children with disabilities and school attendance;
- ◆ Leading on the strategy for social care for children and young people, on the Council's commitments with regard to its role as the corporate parent for children and young people looked after and its responsibilities under relevant legislation on the Fostering and Adoption Services, on the Local Safeguarding Children and young people's Board, asylum seeking minors and their families;
- ◆ Leading on all functions in respect of services to young people with the exception of Youth Offending and the Youth Justice Plan;
- ◆ Working with the Cabinet Member for Communities in respect of the delivery of Youth Offending priorities and the Youth Justice Plan
- ◆ Leading on schools, education asset management, early years education, admissions and attendance standards and improvement, education welfare service, schools organisation, extended schools and all ancillary education activities;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Leading on the Children's and Young People's Trust and the joint commissioning of services related to the activities of the Portfolio and/or Trust;
- ◆ Leading on the Children's and Young Peoples priorities;
- ◆ Raising school standards;

- ◆ Leading on School Admissions and Exclusions Policies;
- ◆ Leading on Education Capital and Schools Repairs and Maintenance Programmes;
- ◆ Leading on e-Communications in Schools, platforms for electronic learning and integrated IS/ITS systems across children's services;
- ◆ Leading on Special Educational Needs and Equalities in Education;
- ◆ Leading on Student Finance;
- ◆ Leading on the 14-19 Strategy;
- ◆ Oversight of the commissioning of all learning and skills for 14-19 year olds in the City in line with statutory obligations;
- ◆ Leading on budget allocation to schools within the rules for Local Management of Schools Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Leading on the strategy for social services for children, on the Council's commitments with regard to its role as the corporate parent for looked after children and its responsibilities under relevant legislation on the Fostering and Adoption Services, on the Local Safeguarding Children's Board, asylum seeking minors and their families;
- ◆ Working with the Cabinet Members for Adult Services and Communities (and other Cabinet Members and partners as appropriate) on jointly leading on the Council's effective participation in the range of joint planning, consultation and funding arrangements for the provision of health and social care services for adults with the NHS, service users and carers, voluntary and private sector service providers;
- ◆ Leading on the Council's effective participation in the range of joint planning, consultation and funding arrangements for the provision of all services for children with the NHS, Service Users and Carers, Voluntary and Private Sector service providers through the Children and Young People's Trust;
- ◆ Working with the Cabinet member for Communities on the Health and Wellbeing Board;
- ◆ Leading on the development and delivery of Sure Start children's centres programmes in the City and the promotions of mainstreaming Sure Start principles within relevant Council services;
- ◆ Leading on the range of services available to young people;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

CABINET MEMBER FOR COMMUNITIES

The Cabinet Member shall be responsible for the following functions:

- ◆ To act as Deputy Leader and accordingly discharge the functions of the Leader in the absence of the Leader;
- ◆ As Deputy Leader sit on the Change Management Board working with the Cabinet Member for Efficiency and Improvement;
- ◆ Save as reserved to Cabinet, all Executive functions in relation to community safety, community development, equalities, public health, poverty(including fuel poverty), and “troubled” families;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Overall strategic responsibility for the development, implementation, monitoring and review of the Council’s policies and strategies and any other related matters relevant to this Portfolio;
- ◆ Leading on the development of the Council’s Adult Learning and Skills Plan;
- ◆ Leading on public health;
- ◆ Leading on the Health and Wellbeing Board;
- ◆ The promotion of positive partnerships with service users, carers, local agencies, businesses and voluntary organisations in the context of delivering effective public health services;
- ◆ Matters relating to the Portfolio involving Member contacts with the local NHS bodies, GPs, the Government and any regional or national organisations;
- ◆ Leading for the Council on the strategy for health services and working with other Cabinet Members to ensure that the Council’s commitments with regard to the provision of statutory social services for the most vulnerable groups are met and they are safeguarded;
- ◆ Working with the Cabinet Members for Adult and Children’s Services (and other Cabinet Members and partners as appropriate) on jointly leading on the Council’s effective participation in the range of joint planning, consultation and funding arrangements for the provision of health and social care services for adults with the NHS, service users and carers, voluntary and private sector service providers;
- ◆ Work closely with the Cabinet Members for Adult Services, Housing & Local Services and Children’s Services on the development, delivery and improvement of housing, health and social care services to vulnerable adults, children and young people;
- ◆ Leading on the health and well-being strategy;
- ◆ Leading on all equalities legislation and ensuring the council completes the Equalities and Community Safety Impact Assessments as required;

- ◆ Leading on the Youth Offending Teams and the Youth Justice Plan
- ◆ Leading on the co-ordination and development of City-wide community involvement activities including but not limited to the provision of Community Centres and other Community Facilities;
- ◆ Leading on the implementation of a co-ordinated cross-council enforcement function;
- ◆ The promotion, development, implementation, monitoring and review of social cohesion policies and projects across all service areas included the submission of appropriate external funding proposals;
- ◆ Leading on initiatives which encourage the development of social enterprises and projects to improve employability of local people;
- ◆ Leading on the Council's strategy to tackle poverty (including fuel poverty);
- ◆ Taking the lead on emergency planning and all related civil defence issues;
- ◆ Ensuring appropriate consultation methods and arrangements are in place for the provision of council services;
- ◆ Leading on volunteering and advice services (including infrastructure);
- ◆ Ensuring individuals can access the Council services they require and that they are free to live without fear of anti-social behaviour, discrimination and prejudice;
- ◆ Leading on the delivery of the Anti-Social Behaviour strategy and other related initiatives;
- ◆ Leading on Community Safety, including tackling alcohol related crime, CCTV and the Domestic Violence Strategy;
- ◆ Leading on the Hate Crime and Harassment Strategy;
- ◆ Working with all other Cabinet Members, and any other bodies / agencies as appropriate, taking a strategic lead on the "troubled" families initiative;
- ◆ Working with the Cabinet Member for Children's services on the engagement and encouragement of local communities in order to improve services and to ensure that services, both within the City and across partner organisations, improve outcomes for all and are organised around community, family, children and young people's needs;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

CABINET MEMBER FOR EFFICENCY AND IMPROVEMENT

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to Cabinet, all Executive functions in relation to delivering better value, including procurement, performance, contract management and grants;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Overall strategic responsibility for the development, implementation, monitoring and review of the Council's procurement, performance and contract management policies and strategies and any other related matters;
- ◆ Taking a strategic cross-council overview in relation to procurement, performance and contract management, and working with other Cabinet Members with direct service leads in those areas as appropriate to ensure the Council achieves better value;
- ◆ Leading on grants to voluntary organisations and the liaison with the voluntary sector;
- ◆ Leading on improvement and efficiency;
- ◆ Leading on Best Value;
- ◆ Leading on the formulation and delivery of Corporate Policy and Performance;
- ◆ Leading on Risk Management;
- ◆ Leading on Change Management including chairing the Change Management Board;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to Cabinet, all Executive functions in respect of environment, planning, transport, waste management, sustainability (excluding energy), environmental health, trading standards and consumer protection (but excluding development control and any regulatory matters that are non-executive functions within the remit of any of the regulatory committees);
- ◆ The development, implementation, monitoring and review of the Council's Highways and parking services, Waste management and fleet transport, Travel and Transport, Environmental Health, planning and sustainability and Environmental policies and strategies and any other related matters;
- ◆ Delivery of the Vision for Transport in the City through the Local Transport Plan 2;
- ◆ The promotion of positive partnerships with private and voluntary organisations in the context of developing Southampton's Highways and Transport infrastructure;
- ◆ Leading on the Highways service, determining service levels and required funding through the delivery model;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ Leading on the formation and delivery of environment related policies, programmes and performance excluding Planning Policy, regional spatial/ strategic planning and planning policy for HMOs;
- ◆ Improving the Street Scene and environment, making Southampton a smarter, safer, and cleaner City;
- ◆ Leading on street cleansing, public conveniences;
- ◆ The promotion of a City-wide Climate Change and Air Quality strategy, including Local Sustainable Communities and a low carbon city;
- ◆ Leading on:
 - Transport for South Hampshire(TfSH);
 - Building Control;
 - Transportation strategy and development, including traffic and road safety and travel planning;
 - Use of Council Transport;
 - Waste disposal and collection (including links with Project Integra and recycling);
 - Fleet transport;
 - Highways and bridges (including the Itchen Bridge);
 - Highways maintenance;
 - Network management;
 - Winter maintenance;

- Structural maintenance;
 - Passenger transport;
 - Car Parks;
 - Street lighting;
 - Environmental initiatives;
 - Working with the Leader who has the led for energy strategy on energy management and sustainability;
 - Flood risk management;
 - Climate Change;
 - Air Quality;
 - Environmental Health, trading standards and the Port Health Authority;
 - Bereavement Services, cemeteries and crematorium;
 - Registrar of births, marriages, deaths, civil partnerships and celebratory services.
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
 - ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
 - ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
 - ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

CABINET MEMBER FOR HOUSING AND LEISURE SERVICES

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to Cabinet, all Executive functions in respect of housing and leisure services;
- ◆ The development, implementation, monitoring and review of the Council's housing and leisure services related policies and strategies and any other related matters;
- ◆ The promotion of positive partnerships with neighbourhoods, tenants, leaseholders, Housing Associations, businesses and voluntary organisations in the context of the Council's role as a Landlord and strategic planner of social housing and in relation to neighbourhoods and local services;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Preparing the Council's Housing Strategy to the Government, together with other bids to obtain resources for housing;
- ◆ Developing the Council's Housing Revenue Account Business Plan;
- ◆ Development and implementation of the Council's Programme of Housing Investment in the City;
- ◆ Working with Homes & Communities Agency and partner Housing Associations to deliver new affordable homes in the city;
- ◆ Leading the Council's annual Rent Setting process;
- ◆ Setting and implementing all Council Housing Policies and Tenancy Conditions including the repair, renovation and improvement of the Council's housing stock, Sale of Council houses, tenant participation, estate services, housing allocations and rent collection;
- ◆ Homelessness services including the provision of temporary housing, housing advice and mediation services;
- ◆ All statutory responsibilities and policies relating to Private Sector Housing, Houses in Multiple Occupation, unfit houses, renovation grants, enforcement action, compulsory purchase and housing advice and welfare rights services;
- ◆ Assessing current and future housing need in the City and working with partners to increase the supply and choice of housing in conjunction with the Leader;
- ◆ Leading on the provision of the Neighbourhood Warden Service and development of Youth and Junior Warden Schemes and/or activities;
- ◆ Leading on estate regeneration;
- ◆ Developing the empty property strategy, funding of housing associations from local resources and the provision of grants to voluntary housing organisations in the City;
- ◆ Leading on the management of Kanes Hill Gypsy Site;
- ◆ Gypsies and Travellers Strategy (as part of the overall Housing Strategy);

- ◆ Ensuring individuals can enjoy their homes and neighbourhoods without the fear of anti-social behaviour, discrimination and prejudice;
- ◆ Leading on parks and open spaces, nature conservation and allotments;
- ◆ The development, implementation, monitoring and review of the Council's leisure, culture and heritage policies and strategies and any other related matters;
- ◆ The promotion of positive partnerships with private and voluntary organisations in the context of developing leisure, culture and heritage facilities in the City;
- ◆ Leading on leisure, culture and heritage functions which link with lifelong learning, community safety and crime reduction, health and well-being, economic development, young people, play and self development, media/information society, dual use facilities and activities, events and entertainment;
- ◆ Leading on the Tourist Information Centre;
- ◆ Leading on sports development and leisure venues;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

CABINET MEMBER FOR RESOURCES

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to Cabinet, all Executive functions in relation to resources, financial services including (but not limited to) financial management, planning, accounting and audit matters, human resources, workforce planning; property, operational procurement, ICT (Information Communication Technology), and customer care ;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Planning Policy and (in so far as it is an Executive function) Development control particularly the City Centre Action Plan and contributing to Partnership for Urban South Hampshire (PUSH);
- ◆ Overall strategic responsibility for the development, implementation, monitoring and review of the Council's budgetary, financial and benefits policies and strategies and any other related matters;
- ◆ Leading on the strategic overview of employment and workforce issues, including all aspects of human resources;
- ◆ Overall strategic overview of the Capital programme;
- ◆ Ensuring that supportive frameworks are maintained and developed for Members and employees in terms of human resources, ICT, operational procurement, property, customer services, modern records and scrutiny;
- ◆ Leading on all property issues (excluding the management of the Council's housing stock);
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

Delegation of Functions

The Chief Executive, Directors and Senior Managers.

SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON
25 JUNE 2012

Present:

The Mayor, Councillor Burke
The Sheriff, Councillor White
Councillors Baillie, Barnes-Andrews, Bogle, Chaloner, Claisse, Cunio, Daunt, Fitzhenry, Furnell, Hannides, B Harris, L Harris, Kaur, Inglis, Jeffery, Keogh, Kolker, Laming, Letts, Lewzey, Lloyd, Mead, McEwing, Mintoff, Morrell, Moulton, Noon, Norris, Dr Paffey, Parnell, Payne, Pope, Rayment, Shields, Smith, Spicer, Stevens, Thomas, Thorpe, Tucker, Turner, Vassiliou, Vinson, Whitbread and Dr R Williams

27. APOLOGIES

It was noted that apologies for absence had been received from Councillor Mrs Blatchford.

28. EXTRAORDINARY BUSINESS

Councillor Smith moved and Councillor Moulton seconded:-

“In view of the real reason for the resignation of Councillor Morrell as Cabinet Member for Efficiency and Innovation, being that he did not agree with the new Labour Administration’s proposals to deal with the Council’s budget problems and not that he was ill as publicly stated and repeated by the Leader of the Council, that the Leader has brought the Council into disrepute and accordingly the Council has no confidence in him, and resolves to remove him from the office as Leader”.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED LOST

RESOLVED that the motion be **not** approved.

DECISION-MAKER:	COUNCIL
SUBJECT:	EXECUTIVE BUSINESS REPORT
DATE OF DECISION:	11 th July 2012
REPORT OF:	LEADER OF THE COUNCIL
STATEMENT OF CONFIDENTIALITY:	
None	

BRIEF SUMMARY:

This report outlines Executive Business conducted since the last Council meeting.

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. This report outlines the decisions made by the Executive since the change in Administration in May. For ease of reference the titles of the individual decision making items are highlighted in bold throughout this report.

LEADER'S PORTFOLIO

4. Cabinet approved a report on **YEAR END PERFORMANCE MONITORING FOR 2011/12** and noted that 86% of the Council's Key Critical Performance Indicators and 90% of the Service Improvement Actions and Projects set out in the Council Plan for 2011-12 are reported to be on target.

CHILDREN'S SERVICES

5. Approval of the **RE-PROFILE OF THE 2011/12 CAPITAL INVESTMENT AT UPPER SHIRLEY HIGH SCHOOL** for a proposed amendment to capital expenditure to deliver a new modular classroom block at Upper Shirley High and to agree to delegate authority to the Director of Children's Services and Learning to include incurring expenditure up to the approved expenditure level of £485,000, entering into contracts and other associated matters.

COMMUNITIES

6. Consideration of the **NORTHAM ROAD – GRANT TO GRAYS DEVELOPMENT LIMITED** to award a grant of £138,000 seeking to improve the appearance and 'offer' of the street. Cabinet also approved the delegated authority to the Director of Economic Development in consultation with the Head of Legal, HR and Democratic Services, to enter into a funding agreement with Grays Development Ltd and to do anything necessary to give effect to the allocation of the grant including payment of grant monies in arrears.

RESOURCES

7. Approval of the lease renewal of **UNITS 29 AND 31 CITY INDUSTRIAL PARK.**

8. FORTHCOMING BUSINESS

The Executive published its Forward Plan on the 15th June 2012 covering the period July to October 2012 and will publish its next plan on the 17th July 2012 covering the period August to November 2012. Details of all forthcoming executive decision items can be found at

<http://www.southampton.gov.uk/modernGov/uuCoverPage.aspx?bcr=1>

RESOURCE IMPLICATIONS:

Capital/Revenue:

9. None.

Property/Other:

10. None.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

11. None.

Other Legal Implications:

12. None.

POLICY FRAMEWORK IMPLICATIONS:

13. None.

AUTHOR:	Name:	Suki Sitaram	Tel:	023 8083 2060
	E-mail:	suki.sitaram@southampton.gov.uk		

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	
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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.	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.	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.	None	
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Agenda Item 9

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS
DATE OF DECISION:	10 JULY 2012 11 JULY 2012
REPORT OF:	CABINET MEMBER FOR RESOURCES
STATEMENT OF CONFIDENTIALITY:	
NOT APPLICABLE	

BRIEF SUMMARY:

The purpose of this report is to outline proposed variations to the Budget for 2012/13 in response to the priorities of the new Executive whilst recognising the financial challenges facing Local Government and to set out further savings in advance of the budget for 2013/14.

Consultation will be undertaken on these savings proposals and the results will be reported alongside the Executive's final proposals which will be presented to Cabinet in September and recommended to Council on 12 September 2012.

Further proposals may be brought forward to Cabinet and Council if appropriate throughout the course of the year in order to continue to effect change at the earliest opportunity and ensure timely delivery in keeping with the principles of sound financial management.

RECOMMENDATIONS:

Cabinet recommends Full Council to:

- (i) Approve one-off expenditure of £240,000 in 2012/13 set out in Appendix 1 to be funded from balances.
- (ii) Note the high level forecast for the General Fund for 2013/14 as detailed in paragraphs 13 to 16.
- (iii) Note the Executive's proposals for efficiencies and service reductions which are put forward for consultation and are set out in Appendix 2.
- (iv) Note that formal consultation on the proposals as set out in Appendix 2 will now commence with trades unions, affected staff and any people or organisations affected by the proposals to ensure all options have been considered.
- (v) Delegate authority to the Chief Financial Officer (CFO) following consultation with the Cabinet Member for Resources to do anything necessary to give effect to the recommendations in this report.

That Full Council:

- (i) Approve one-off expenditure of £240,000 in 2012/13 set out in Appendix 1 to be funded from balances.
- (ii) Note the high level forecast for the General Fund for 2013/14 as detailed in paragraphs 13 to 16.
- (iii) Note the Executive's proposals for efficiencies and service reductions which are put forward for consultation and are set out in Appendix 2.
- (iv) Note that formal consultation on the proposals as set out in Appendix 2 will now commence with trades unions, affected staff and any people or organisations affected by the proposals to ensure all options have been considered.
- (v) Delegate authority to the Chief Financial Officer (CFO) following consultation with the Cabinet Member for Resources to do anything necessary to give effect to the recommendations in this report.

REASONS FOR REPORT RECOMMENDATIONS:

1. The recommendations have been put forward to ensure that the operating budget for 2012/13 reflects the priorities of the Executive and to ensure that proposals are advanced as early as possible as part of the budget process for 2013/14.
2. The current medium term financial forecast highlights the challenges facing the Authority. This combined with the potential impact of reductions in future funding levels for Local Government and a continuing weak economic position make it imperative that proposals for 2013/14 onwards are developed and savings achieved as early as possible.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

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

DETAIL (Including consultation carried out):

CONSULTATION

4. Where new proposals have been put forward these have been subject to consultation with the Management Board of Directors and relevant Cabinet Members.

5. Consultation will be undertaken with trades unions and staff affected by the proposals in line with the agreed HR policies.
6. Full consultation will be undertaken with any people or organisations affected by the proposals to ensure all options have been considered.

EQUALITY IMPACT ASSESSMENT

7. The Equality Duty is a duty on public bodies which came into force on 5 April 2011 and requires the Council to show that it has 'had regard' to the impact of its decisions on its equality duties and the need to advance equality of opportunity between people who have protected characteristics and those who do not.
8. While the Equality Duty does not impose a legal requirement to conduct an Equality Impact Assessment (EIA), it does require public bodies to show how they considered the Equality Duty and that they have been consciously thinking about the aims of the Equality Duty as part of the process of decision-making. To comply with these requirements as well as the Community Safety legislation, the Council has used its existing Impact Assessment framework so that it can ensure the use of a consistent, council wide mechanism to evidence how decision making took into account equality and safety considerations.
9. Individual EIAs have been completed by Directors and Senior Managers for those proposals contained in Appendix 2 that they identified require such an assessment, as they could have an adverse impact on a particular group or individuals. The individual EIAs for services delivered by the Council are available in Members' Rooms. For proposals that relate to contractual or commissioning arrangements, further work will be undertaken to assess the impact.

SPENDING INITIATIVES

10. The Executive have been considering additional priorities that they may wish to progress in the current year and have put forward proposals for new one off expenditure in 2012/13 in order to take these forward.
11. Appendix 1 details the new one off spending proposals that have been highlighted for 2012/13 which total £240,000.
12. These initiatives will be funded from balances which subject to the approval of the recommendations contained in the General Fund Revenue Outturn 2011/12 report elsewhere on the agenda will stand at £5.5M. The Chief Financial Officer (CFO) recommends that the minimum level of the General Fund Balance should be £5.0M, which has been derived by looking at a risk-based approach to the overall General Fund Revenue Account and after funding these one off spending proposals they will reduce to £5.3M.

HIGH LEVEL FORECAST 2013/14 to 2015/16

13. The medium term financial forecast presented to Council in February 2012 highlighted the challenges facing the Authority. The position for 2013/14 and 2014/15 based on a 2.5% Council Tax increase are forecast budget gaps of £30M and £46M respectively after allowing for potential pressures the council may face.
14. This forecast has been further developed and extended to maintain a three year planning horizon.
Whilst no figures have been released for 2013/14 onwards, it has been assumed for planning purposes that further reductions in grant funding of 7% per annum will be made and this indicates that the council faces a cumulative budget gap of £60M by 2015/16.
15. The savings proposals approved in February 2012 have been implemented and the incremental increase in a number of these savings proposals serves to reduce the gap in future years as shown below:

	2013/14	2014/15	2015/16
	£000's	£000's	£000's
Roll Forward	29,305.5	43,716.2	57,236.0
Unknown Pressures	1,000.0	2,000.0	3,000.0
Published Gap – February 2012	30,305.5	45,716.2	60,236.0
Future Years Impact of February 2012 Approved Savings Proposals	(2,305.0)	(2,490.0)	(2,490.0)
Roll Forward Gap	28,000.5	43,226.2	57,746.0

16. This forecast provides an indication of the likely gap that will be faced by the Council each year, but there remains a significant element of uncertainty in forecasting the position for future years. There are a range of variables which can impact on the budget, and in particular the actual grant funding position for individual authorities will not be known until December 2012. Nevertheless our current assumptions provide the medium term financial forecast set out above to inform the financial strategy for tackling the overall position that is presented for future years.

OPTIONS FOR SAVINGS

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

19. The scale of the financial challenge facing the Council combined with the potential impact of an ongoing difficult economic position make it imperative that proposals for 2013/14 onwards are developed and savings achieved as early as possible.
20. Appendix 2 sets out savings proposals which have been developed and where possible these will be implemented as soon as practicable in the current financial year, leading to savings of £833,000 in 2012/13 which can be added to balances and utilised to make a one off contribution to reduce the gap in 2013/14.
21. For the majority of the proposals contained in Appendix 2, however, the intention is to take steps during 2012/13 to implement the saving so that they become effective from 1 April 2013 leading to savings of just under £2.0M in 2013/14 rising to just over £2.5M in 2014/15.

STAFFING IMPLICATIONS

22. It is inevitable that when the Council is faced with such a significant funding shortfall, that the savings proposals put forward by the Council will have an impact on staff cost and staff numbers.
23. Aware of this fact, the Council has continued to have in place a carefully planned approach to recruitment, ensuring that vacant posts have only been recruited to where absolutely necessary.
24. Based on the savings proposals contained in this budget report 20.13 FTE posts are affected of which 4.00 are currently vacant and 16.13 are in post and are at risk of redundancy.
25. Through the consultation process the Executive are keen to explore all avenues with the Trade Unions and staff to minimise the level of staffing redundancies. The City Council has an excellent past record of using its redeployment policies to minimise any compulsory redundancies arising out of the budget proposals, and the Executive will seek to strengthen the support for employees who find themselves on the redeployment register as a result of savings implemented as part of the proposals contained in this report.
26. Moving forward, the Executive remain committed to minimising job losses within the Council, and will bring forward proposals to Full Council in September for a revised redeployment policy which it will seek to pilot for any proposed redundancies which arise as a consequence of the proposals contained in this report. The revised policy will also apply to any savings which were agreed for 2012/13 as part of the February 2012 budget, but which have not yet been progressed.

BUDGET DEVELOPMENT FOR 2013/14 AND FUTURE YEARS

27. The savings proposals for 2012/13 and future years will be taken into account in the development of the budget for 2013/14 as part of the approach detailed but early decision making will enable implementation to be progressed in advance of the February 2013 budget meeting.

28. The overall impact of the savings proposals, as set out in paragraphs 20 and 21 above is shown below:

	2013/14	2014/15	2015/16
	£000's	£000's	£000's
Roll Forward Gap (Paragraph 15)	28,000.5	43,226.2	57,746.0
Savings Proposals	(1,997.0)	(2,537.0)	(2,537.0)
Contribution from Balances	(833.0)		
Remaining Gap	25,170.5	40,689.2	55,209.0

29. Given the forecast for future years a fundamental review of all service areas is underway to consider what changes could be made to deliver up to £55M of additional savings over the next three years with £25M to be delivered for 2013/14. Options will be developed by Officers and the Cabinet over the summer period with a view to producing a consultation report for publication in October.

RESOURCE IMPLICATIONS:

Capital/Revenue:

30. There are no capital implications and the revenue implications are set out in the report.

Property/Other:

31. None.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

33. Not applicable.

POLICY FRAMEWORK IMPLICATIONS:

34. This report proposes variations to the budget that was approved by Council on 15 February 2012.

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

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	
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SUPPORTING DOCUMENTATION

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

Appendices:

1.	Summary of Spending Initiatives
2.	Summary of Efficiencies and Service Reductions

Documents In Members' Rooms:

1.	Budget Proposals - Equality and Safety Impact Assessments
2.	

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.	GENERAL FUND REVENUE BUDGET 2012/13 TO 2014/15 – Council 15 February 2012	
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SUMMARY OF SPENDING INITIATIVES

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	Head of Service
<u>Communities Portfolio</u>					
COMM 1	Economic Development	StreetCRED	This will enable the Council to improve the general perception that the city is shabby and tired looking by building on community engagement activity in the city to make improvements in how the city looks and feels environmentally. This will be through a city wide model (StreetCRED) of 12 – 16 intelligence led Cleanups across the city based on 3 different priorities of ASB, HMOs (4 times per year each) and general clean up of the environment 8 times per year. This will be achieved through reshaping existing services and the additional funding will be used to design and deliver awareness raising activities to promote what we do, encourage community involvement and seek further feedback from residents.	10	Dawn Baxendale
COMM 2	Economic Development	Joined up Enforcement	This will enable the council to enforce effectively and in a joined up manner and to raise awareness about the council's strong approach and benefits of this approach. The additional funding is to plug the critical capacity gaps in delivering legal work at the right time and for raising awareness and education	30	Dawn Baxendale
COMM 3	Safer Communities	Taxi Marshalls	The annual cost is £25,000 of which £15,000 has been secured. This will enable the service to continue in 2012/13 while other sources of funding are explored. The annual cost of taxi marshalls equates to the costs of one serious wounding or less than two assaults. In preventing violence and assault the taxi marshalls off-set the indirect costs of violent crime to public services many times over	10	Jon Dyer Slade
COMM 4	Customer & Business Improvement	Community Cohesion/ Diversity	This will provide capacity to improve the current system of monitoring community tensions, facilitate regular dialogue with diverse communities and help develop early solutions to prevent escalation of tensions	10	Dawn Baxendale
Communities Portfolio Total				60	

SUMMARY OF SPENDING INITIATIVES

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	Head of Service
				£000's	
<u>Environment & Transport Portfolio</u>					
E&T 1	Parking and Patrol	New Car Parking Charge Policy	The implementation of new charges would incur one off costs to put the necessary Traffic Regulation Orders in place, change signage and tariffs plates on machines as necessary.	40	Mitch Saunders
E&T 2	Highways	Introduction of marked parking bays in residential areas.s a trial	Implement a trial to mark out standard size parking bays on street in areas of high parking density to establish if increases the overall parking levels.	10	Mitch Saunders
E&T 3	Public Transport	Additional revenue funding to support bus transportation		25	Paul Nichols
Environment & Transport Portfolio Total				75	
<u>Housing & Leisure Services Portfolio</u>					
HLS 1	Leisure & Culture	Southampton Festival	For marketing and infrastructure cost for a modest festival this year, with a view to developing it further for next year – timing will be between the Boat Show and the start of the University autumn term	25	Mike Harris
HLS 1	Environmental Health	Additional Licensing for Houses in Multiple Occupation (HMO's)	Pump priming funding for the project would allow existing staff setting up the licensing scheme to be backfilled by temporary agency staff to ensure that the teams other important priorities are met i.e. safeguarding of vulnerable tenants in private rented accommodation.	20	Mitch Saunders
Housing & Leisure Services Portfolio Total				45	

SUMMARY OF SPENDING INITIATIVES

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	Head of Service
				£000's	
<u>Leader's Portfolio</u>					
LEAD 1	Skills, Economy & Housing Renewal	Pre-Apprenticeship programme	The scheme support young people who do not yet have the skills or confidence to commence an Apprenticeship. It provides a six months paid placement whilst developing these skills with an aim of progression to an Apprenticeship with the host or another employer.	35	Barbara Compton
LEAD 2	Skills, Economy & Housing Renewal	'Dragon's Den' support for small businesses	Rent of two Units at Solent Business Centre for new enterprises selected through a 'Dragons Den' style process.	10	Barbara Compton
LEAD 3	Customer & Business Improvement	Fairness Commission	To establish a Fairness Commission to consider ways of increasing fairness and reducing inequality for localities and communities of interest. This will be through consideration of evidence and analysis of key data leading to an open and transparent public dialogue over a period of time to establish the level of inequality, impact and future risk of this impact in a particular area.	10	Suki Sitaram
LEAD 4	Legal Services	Preferendum	Costs to be minimised by timing this with the election of the Police Commissioner	5	Richard Ivory
Leader's Portfolio Total				60	
GRAND TOTAL				240	

SUMMARY OF EFFICIENCIES AND SERVICE REDUCTIONS**2012/13**

Portfolio	Efficiencies	Income	Service Reductions	Total
	£'000	£'000	£'000	£'000
Adult Services	(307.0)			(307.0)
Leader's Resources	(20.0)			(20.0)
	(406.0)		(100.0)	(506.0)
Total	(733.0)	0.0	(100.0)	(833.0)

2013/14

Portfolio	Efficiencies	Income	Service Reductions	Total
	£'000	£'000	£'000	£'000
Adult Services	(560.0)	(20.0)		(580.0)
Children's Services	(400.0)			(400.0)
Environment & Transport		(50.0)		(50.0)
Housing & Leisure Services	(277.0)		(235.0)	(512.0)
Leader's Resources	(20.0)	(14.0)	(62.0)	(96.0)
	(359.0)			(359.0)
Total	(1,616.0)	(84.0)	(297.0)	(1,997.0)

IMPACT OF PROPOSALS ON STAFFING

Portfolio	FTE In Post	FTE Vacant	FTE Total
Housing & Leisure Services	14.13	1.00	15.13
Leader's Resources	1.00	1.00	2.00
	1.00	2.00	3.00
Total	16.13	4.00	20.13

SUMMARY OF EFFICIENCIES AND SERVICE REDUCTIONS

New Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	2013/14	2014/15	At Risk	Vacant	Senior Manager
				£000's	£000's	£000's	FTE	FTE	
Adult Services - Efficiencies									
AS 1	Across Portfolio	Joint/integrated commissioning and service remodelling with Adults Social Care/SCPCT/ with other authorities	To cover efficiency savings in contracts and Community Care micro-commissioning spend.	(200)	(200)				Stephanie Ramsey
AS 2	Directors Office	Accumulation of various minor under spends in 1/12 that are recurring.	Reduces the flexibility of the Portfolio to offset potential overspends on demand led services.	(307)	(360)	(360)			Margaret Geary
Sub-total				(307)	(560)	(560)	0.00	0.00	
Adult Services - Income									
AS 3	Adult Disability Care Services	To increase income from clients in residential and non residential care through altering the charging policy and becoming more efficient with billing arrangements.	This charge will be paid only by those people who can afford to pay. Others will stay on the same charge. This brings the short stay charging on to an equitable footing with the long stay clients.	(20)	(20)	(20)			Carol Valentine
Sub-total				0	(20)	(20)	0.00	0.00	
Adult Services Portfolio Total				(307)	(580)	(580)	0.00	0.00	
Children's Services - Efficiencies									
CS 1	Commissioning Policy & Performance	Commissioning	Efficiencies and changes in Prevention & Inclusion contractual arrangements	(400)	(400)	(400)			Alison Alexander
Sub-total				0	(400)	(400)	0.00	0.00	
Children's Services Portfolio Total				0	(400)	(400)	0.00	0.00	

SUMMARY OF EFFICIENCIES AND SERVICE REDUCTIONS

New Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	2013/14	2014/15	At Risk	Vacant	Senior Manager
				£000's	£000's	£000's	FTE	FTE	
<u>Environment & Transport - Income</u>									
E&T 1	Planning, Transport & Sustainability	Additional income from infrastructure charges (admin fees)	New proposal reflects Community Infrastructure Levy (CIL) Guidance. Yield is uncertain and will depend on market recovery.	(50)	(90)	(90)			Paul Nichols
Sub-total				0	(50)	(90)	0.00	0.00	
Environment & Transport Portfolio Total				0	(50)	(90)	0.00	0.00	
<u>Housing & Leisure Services- Efficiencies</u>									
HLS 1	Parks & Street Cleansing	Efficiency improvements to the specialist sports pitch maintenance team.	Integrate supervision and provide Pitch & Putt, football and cricket pitch maintenance in district parks by peripatetic teams rather than staff based directly in all the venues.	(21)	(21)	(21)		1.00	Jon Dyer-Slade
HLS 2	Major Projects	Removal of funding for Olympics and Titanic events after 2012	Series of events / activities planned leading up to the April Titanic Centenary Commemorations and London Olympics in 2012. Funding is not required post the events. No impact anticipated.	(60)	(60)	(60)			Mike Harris
HLS 3	Sport & Recreation	Efficiencies from Sports & Recreation Partnership	Efficiencies from Sports & Recreation Partnership alternative management arrangements	(76)	(76)	(76)			Mike Harris
HLS 4	Housing Needs	Reassessment of split of costs between the HRA and the GF	Based on a reassessment of staff allocation to activities and the allocation of the cost of activities to the GF the HRA will pick up a larger share of the costs of non-statutory homelessness support.	(120)	(120)	(120)			Nick Cross
Sub-total				0	(277)	(277)	0.00	1.00	
<u>Housing & Leisure Services - Service Reductions</u>									
HLS 5	Sport & Recreation	Close Oaklands Pool	Removal of subsidy to operate Oaklands swimming pool	(235)	(235)	(235)	14.13		Mike Harris
Sub-total				0	(235)	(235)	14.13	0.00	
Housing & Leisure Services Portfolio Total				0	(512)	(512)	14.13	1.00	

SUMMARY OF EFFICIENCIES AND SERVICE REDUCTIONS

New Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	2013/14	2014/15	At Risk	Vacant	Senior Manager
				£000's	£000's	£000's	FTE	FTE	
<u>Leader's - Efficiencies</u>									
LEAD 1	Across Portfolio	Rationalisation of supplies and services budgets	None - Savings achieved through aggregation and increased control	(20)	(20)	(20)			Mark Heath
Sub-total				(20)	(20)	(20)	0.00	0.00	
<u>Leader's - Income</u>									
LEAD 2	Economic Development	Increase in market income	Negotiated under a new contract.	(14)	(14)	(14)			Barbara Compton
Sub-total				0	(14)	(14)	0.00	0.00	
<u>Leader's - Service Reductions</u>									
LEAD 3	Corporate Communications	Stop publication of City View in printed format	Would require development of digital channels for resident communication and also impact on both design and advertising income.	(36)	(36)	(36)	1.00	1.00	Ben White
LEAD 4	Corporate Communications	Remove one Media Officer post	Loss of some proactive capacity - would aim to reduce media monitoring to mitigate	(26)	(26)	(26)		1.00	Ben White
Sub-total				0	(62)	(62)	1.00	1.00	
Leader's Portfolio Total				(20)	(96)	(96)	1.00	1.00	

SUMMARY OF EFFICIENCIES AND SERVICE REDUCTIONS

New Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	2013/14	2014/15	At Risk	Vacant	Senior Manager
				£000's	£000's	£000's	FTE	FTE	
<u>Resources - Efficiencies</u>									
RES 1	Capita Partnership Costs	Reduced interest payments	None - Part of contract structure and also due to lower interest rates	(100)	(100)	(100)			John Spiers
RES 2	Organisational Review	Management Restructure	Earlier achievement of approved savings within the Corporate Services Directorate as a consequence of the restructure affecting Management and PA's, Phase 2 of which was implemented in November 2011	(93)			1.00		Mark Heath
RES 3	Finance Service	Reduced External Audit Fees	None - Savings achieved following tendering of service	(150)	(150)	(150)			Andy Lowe
RES 4	Across Portfolio	Rationalisation of supplies and services budgets	None - Savings achieved through aggregation and increased control	(50)	(50)	(50)			Mark Heath
RES 5	Admin Buildings	Reduction in buildings occupied	Savings arising from the current approved accommodation strategy relating to the planned vacation of buildings and rationalisation of accommodation			(500)			John Spiers
RES 6	Admin Buildings	Review of Town Sergeant functions	Review of Reception duties and Senior Town Sergeant role	(13)	(38)	(38)	1.00		John Spiers
RES 7	Admin Buildings	Review of Business Support Posts & Operations Manager	As a result of the downsizing of Civic Buildings, and streamlining of service delivery, a reduction in the amount of business support required for the Civic Buildings Team. Possible outsourcing/transfer of ID card admin, but requires more detailed investigation.		(21)	(21)	1.00		John Spiers
Sub-total				(406)	(359)	(859)	1.00	2.00	

SUMMARY OF EFFICIENCIES AND SERVICE REDUCTIONS

New Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	2013/14	2014/15	At Risk	Vacant	Senior Manager
				£000's	£000's	£000's	FTE	FTE	
<u>Resources - Service Reductions</u>									
RES 8	Admin Buildings	Reduction of supplies, services and maintenance budgets		(100)					John Spiers
Sub-total				(100)	0	0	0.00	0.00	
Resources Portfolio Total				(506)	(359)	(859)	1.00	2.00	
GRAND TOTAL				(833)	(1,997)	(2,537)	16.13	4.00	

A future approved reduction in budgets maintaining Civic Buildings, where there is discretionary spend e.g. legal and policy compliance works, Fire Refuge works, toilet refurbishments (for H&S and DDA reasons), redecorations, recarpetting, wayfinding and information boards, furniture and security equipment purchase and maintenance can be achieved in 2012/13.

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DECISION-MAKER:	COUNCIL
SUBJECT:	FINANCIAL STATEMENTS 2011/12
DATE OF DECISION:	11 JULY 2012
REPORT OF:	HEAD OF FINANCE & IT (CHIEF FINANCIAL OFFICER)
STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	

BRIEF SUMMARY

In accordance with the Accounts and Audit Regulations 2011 the Financial Statements 2011/12 were signed by the Chief Financial Officer (CFO) on 29 June 2012. The Financial Statements will be submitted to the Governance Committee on 25 September 2012. 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 Governance Committee after the completion of the audit on 30 September 2012.

RECOMMENDATIONS:

It is recommended that Council:

- (i) Notes that the Financial Statements 2011/12 have been signed by the Chief Financial Officer.
- (i) Notes that the approval of the Financial Statements 2011/12 by the Governance Committee will take place on 25 September, subject to any changes required after the completion of the Audit. Any such changes will be presented to the Governance Committee.

REASONS FOR REPORT RECOMMENDATIONS

1. It is a legal requirement that the Chief Financial Officer (CFO) sign the Financial Statements by 30 June 2012 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 a 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 2011/12 ACCOUNTS

5. The main changes to the 2011/12 Accounts are:
 - The adoption of Financial Reporting Standard (FRS) 30 Heritage Assets within the Financial Statements; and
 - The full disclosure of the Equal Pay Provision, provided for in the 2009/10 Statements, which was previously redacted.
6. **Heritage Assets** - The adoption of FRS 30 Heritage Assets, which is a change in accounting policy, requires the Council to restate the previous year's Balance Sheet and Comprehensive Income and Expenditure Account for the impact of including Heritage Assets on the Balance Sheet as if they had always been accounted for on this basis. As required by the Code of Practice, the Balance Sheets as at 1 April 2010 and 31 March 2011 have been restated. There is no discernable impact on the prior years Comprehensive Income and Expenditure Account.

As noted in our Accounting Policy, the only Heritage Assets brought onto the Balance Sheet are the Works of Art valued at £190M which are considered to have an infinite life and a number of Historic Buildings and Ancient Monuments which have been reclassification from Property, Plant and Equipment to Heritage Assets. These reclassified assets are valued at approximately £5.5M and include:

- The Tudor House Museum;
 - Gods House Tower;
 - The Bargate;
 - The Wool House;
 - Tudor Merchants Hall; and
 - Town Walls and various Vaults
7. **Equal Pay Provision** - The Council raised a £12M Equal Pay Provision in the 2009/10 Financial Statements. This was not fully disclosed in either the 2009/10 or the 2010/11 Financial Statements on the grounds that, the Monitoring Officer felt that to disclose the information would seriously prejudice the Council's position with regard to ongoing litigation. For the 2011/12 Financial Statements the Council is disclosing the provision in full and the Balance Sheets have been restated accordingly.

The £12M Capitalisation Direction received was fully utilised in 2009/10, financing the Equal Pay provision over the maximum period allowed of 20 years. Although the Equal Pay provision was redacted from the 2009/10 and the 2010/11 Financial Statements, the Minimum Revenue Provision was calculated having taken into account the capital financing requirement arising from the capitalisation direction.

8. These changes have had no effect on the General Fund balances available to the authority or on Council Tax in 2011/12.

GENERAL FUND REVENUE EXPENDITURE AND INCOME

9. 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 draw from reserves of £1.5M.

However, during the year, the Council has made changes to the revised budgets which were reported to Cabinet in February 2012. Compared to this working budget, the Council's actual expenditure for the year is £6.9M under budget and this is made up as follows:

	£000's
Reductions in Portfolio Spending	3,833
Reduced Net Borrowing Costs Due to Lower Interest Rates and Re-phasing of the Capital Programme	129
Exceptional Income – VAT	2,746
Other Variations	215
Total	6,923

10. Against this are requests to carry forward budget of £786,000 (of which £521,000 relates to central repairs and maintenance) which will be subject to approval by Council. Further draws on the overall favourable position of £6.9M (subject to approval by Full Council) include:

- Organisational Development Reserve (£2.2M) – Every year as part of the outturn position officers review the funding within the strategic reserve to deal with organisational change. It is proposed this year, given the overall under spend, to contribute an additional £2.2M into the Organisational Development Reserve which is used for restructuring, re-training, additional HR resourcing, redeployment and redundancy costs in future years. This will increase the total sum set aside in the Organisational Development Reserve in 2012/13 to almost £7.3M.
- Change Programme (£1.0M) – The Change Programme was approved by Cabinet on 21 November 2011. The aim of the Programme, which comprises a number of major pieces of work, is to ensure that the Council responds to the enormous changes facing the public sector and transforms the way we do business, reducing our costs and becoming a fit for purpose organisation by 2015. In order to help provide capacity and investment where required to take these major pieces of work forward, it is proposed that £1.0M of the under spend from 2011/12 is set aside for this purpose to be allocated by the Change Programme Steering Group on a business case

basis. This will increase the total sum set aside to fund the Change Programme to almost £2.5M, an element of which is already committed.

- Marlands House Vacation (£1.0M) – Work associated with the implementation of the Accommodation Strategy (including the major works associated with the civic centre) is underway, and we are now looking to the next phase of the Strategy. Further rationalisation of office accommodation can be achieved as a result of vacating Marlands House, delivering ongoing revenue savings and avoiding future capital spending commitments. However, additional one off revenue funding is required to facilitate this and it is proposed that £1.0M of the under spend from 2011/12 is added to the Strategic Reserve to ensure that this can be achieved.
- Interest Equalisation Reserve (£1.0M) – In achieving interest rate savings, the Council has exposed itself to short term variable interest rate risk and whilst in the current climate of low interest rates this is obviously a sound strategy, at some point when the market starts to move the Council will need to act quickly to lock into fixed long term rates. It was therefore recommended in the February 2009 Treasury Management Strategy report to Full Council that an Interest Equalisation Reserve be created from the savings arising from the switch to lower rate variable interest rate debt, and maintained at a prudent level to help to manage volatility in the future and ensure that there is minimal impact on annual budget decisions. It is recommended that an additional £1.0M is added to the Interest Equalisation Reserve to ensure that adequate provision is made for the future increase in interest costs associated with the ongoing utilisation of variable interest rates. This will increase the total sum set aside in the Interest Equalisation Reserve to almost £3.1M.
- Additional Contribution to DRF Funding (£0.3M) – It is forecast that additional capital expenditure of £0.3M in relation to SeaCity will need to be funded in 2012/13. It is proposed to fund this from revenue and utilise an element of the 2011/12 under spend for this purpose.

GENERAL FUND BALANCES

11. The General Fund balance stands at £23.5M and is used as a working balance and to support future spending plans. This compares to a balance of £17.4M at the end of 2010/11.
12. Commitments have been proposed which subject to approval by Council will leave an uncommitted value of balances totalling £5.5M in the medium term which is £0.5M above the minimum level recommended by the CFO following a risk assessment of the required level to be maintained.

HOUSING REVENUE ACCOUNT (HRA)

13. 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 surplus of £0.5M. Actual net expenditure for the year is a surplus of £1.0M which compared to the budgeted surplus results in an under spend of just over £0.5M. This is made up as follows:

	£000's
Net Saving on Total Repairs	172
Savings on Supervision & Management	359
Increase in Direct Revenue Financing	(71)
Reduction in Capital Financing Charges	103
Reduction in Dwelling Rent Income	(39)
Other Variances	2
Total	526

14. The Localism Act which passed into law in November 2011 enabled the reform of council housing finance. The HRA subsidy system has now been abolished and replaced with self-financing whereby authorities support their own housing stock from their own income. This reform required a readjustment of each authority's housing-related debt based on a valuation of its council housing stock. The Department for Communities and Local Government's (CLG) issued the final Settlement Payment Determination in February 2012.
15. As the Council's debt level generated by the housing reform model was higher than the Subsidy Capital Financing Requirement (SCFR), the Council was required to pay the CLG the difference between the two, which was £73.8M. This payment was funded through new borrowing from the Public Works Loan Board (PWLB)

CAPITAL EXPENDITURE

16. In 2011/12 the Council spent £102.0M on capital projects. This was £14.8M less than the approved estimates, due largely to re-phasing of expenditure which will now be incurred in 2012/13.
- Of this expenditure £79.9M related to the General Fund and £22.1M to the HRA.

THE COLLECTION FUND

17. The Collection Fund had a deficit for the year of £2.4M. There was a surplus brought forward from 2010/11 of just under £4.1M, to give a surplus to be carried forward of £1.7M. When setting the Council Tax for 2012/13 in February 2012, it was estimated that there would be a surplus of £435,800 to be carried forward.
18. This estimated surplus was taken into account in setting the 2012/13 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 2011/12. This leaves a surplus of £1.2M that will be carried forward to 2012/13 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 2013/14 is set.

PENSIONS

19. In 2011/12 the Council paid an employer's contribution of £23.3M 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 to 2013/14 is 13.1% of employees' pay plus a fixed payment. This fixed payment was calculated by the actuary for the Hampshire County Council pension fund and is equivalent to 6.0% of the value of the payroll as at 31 March 2010.
20. The Council's share of the assets in the Hampshire County Council pension fund at 31 March 2012 was £484.0M, compared to its estimated liabilities of £868.5M, giving an estimated deficit on the Fund of £384.5M (£303.5M in 2010/11).
21. 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

22. 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.
23. The Accounting Policies are described in detail on pages 15 to 32 of the Financial Statements and cover such items as:
 - Property, Plant and Equipment
 - Depreciation
 - Heritage Assets
 - Pensions
 - Accruals
 - PFI contracts
 - VAT
 - Leasing

The Governance Committee will be asked to review the policies adopted and note the new Heritage Asset policy adopted for 2011/12 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 Code of Practice on Local Authority Accounting (the CODE) and the Governance Committee would therefore be more likely to be interested if the Council were to depart from the recognised practice.

RESOURCE IMPLICATIONS

Capital/Revenue

24. 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

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

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

26. Accounts and Audit Regulations 2011.

Other Legal Implications:

27. None.

POLICY FRAMEWORK IMPLICATIONS

28. 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 2011/12
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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.	None	
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Integrated Impact Assessment and Other Background documents available for inspection at:

WARDS/COMMUNITIES AFFECTED:	None
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DECISION-MAKER:	COUNCIL
SUBJECT:	GENERAL FUND REVENUE OUTTURN 2011/12
DATE OF DECISION:	11 JULY 2012
REPORT OF:	CABINET MEMBER FOR RESOURCES
STATEMENT OF CONFIDENTIALITY:	
NOT APPLICABLE	

BRIEF SUMMARY:

The purpose of this report is to summarise the overall General Fund revenue outturn for 2011/12. It compares actual spending against the revised budget approved at Council in February 2012, adjusted for approved changes made subsequently.

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

The overall position on the General Fund shows that Portfolios had a net under spend of £3.8M 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 £6.9M for the year. This report seeks to commit £0.8M of carry forwards to be funded from the surplus, together with other provisions totalling £5.6

The level of General Fund balances at 31 March 2012 after taking into account the outturn on the revenue account, the capital programme and movements from the Strategic Reserve is £23.5M, which reduces to £5.5M 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 2011/12 detailed in Appendix 1 which is an under spend of £6.9M.
- (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) Notes re-phasing on the capital programme means that funding of £77,100 will be needed in future years when the capital spending takes place as set out in paragraph 14.
- (iv) Approves the carry forward requests totalling £786,000 (of which £521,000 relates to central repairs and maintenance) as outlined in paragraph 16 and set out in detail in Appendix 3.
- (v) Approves the use of £5.5M of the 2011/12 under spend to fund the cost of the corporate items as set out in paragraph 17.

REASONS FOR REPORT RECOMMENDATIONS:

1. The reporting of the outturn for 2011/12 forms part of the approval of the statutory accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

2. None as 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 16 February 2011 was revised by Council in February 2012. Whilst the revised budget remains fixed, 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 throughout 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, Directors have prepared action plans to bring spending back in line.
6. This report covers the outturn position for 2011/12 and analyses spending against the working budget, identifying where applicable, where any under spend has been requested to be carried forward into 2012/13.

OVERALL GENERAL FUND REVENUE POSITION

7. The overall year end position is an under spend of £6.9M, the key reasons for which are summarised below.

	(Under) / Over Spend £000's
Portfolio Total	(3,833.2)
Levies & Contributions	30.7
Capital Asset Management	(129.1)
Direct Revenue Financing of Capital (DRF)	(77.1)
Exceptional Expenditure & Income	(2,814.0)
Other Variances	(100.2)
NET GF SPENDING	(6,922.9)

8. 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 £3.8M and this is analysed below:

Portfolio	(Under) / Over Spend	
	£000's	%
Adult Social Care & Health	(210.2)	0.3
Children's Services & Learning	262.5	0.7
Environment & Transport	(500.6)	2.1
Housing Portfolio	(274.7)	2.9
Leader's Portfolio	(324.1)	4.2
Leisure & Culture	157.6	2.2
Resources	(852.2)	1.8
Net Controllable Spend Total	(1,741.7)	0.9
Environment Trading Areas	(39.8)	
Risk Fund	(2,051.7)	
Portfolio Total	(3,833.2)	1.6

10. Potential pressures that arose during 2011/12 relating to volatile areas of expenditure and income have been managed through the Risk Fund.

A net sum of £3.0M 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. Of this sum £1.3M was for the forecast over spend within Portfolios which was anticipated at the end of Quarter 3. The final draw on the Risk Fund totalled £0.9M, being £2.1M lower 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.

NON-PORTFOLIO VARIANCES

12. Levies & Contributions (£30,700) – Additional charges have been incurred from Hampshire County Council for the provision of the Coroner’s Service although this has been partially offset by under spends on other levies and contributions. The Council bears a proportion of the cost of this service based on caseload statistics and this has increased above the estimated levels for 2011/12.
13. Capital Asset Management (£129,100) – Net interest payable was below that estimated as a consequence of the fact that we have borrowed at lower rates than assumed. Lower rates have been achieved through a conscious decision to continue to utilise short term variable rate debt which remains available at lower rates than long term fixed rate debt due to the depressed market. The prediction based on all of the economic data available is that interest rates will remain lower for a sustained period of time and that this situation will therefore continue into 2012/13 and beyond.
14. Direct Revenue Financing (DRF) (£77,100) – Re-phasing on the capital programme detailed in the Capital Outturn report, also on the agenda, has meant that not all of the DRF has been required in year. However, this funding will be needed in future years when the capital spending takes place.
15. Exceptional Expenditure & Income (£2.8M) – This relates primarily to the receipt of a refund from HM Revenues & Customs (HMRC). The Council, following the House of Lords judgement in respect of Michael Fleming (which prevented HMRC enforcing regulations which would illegally limit Vat Reclaims to the three previous years) submitted a number of “Fleming” claims, (some in conjunction with KPMG who receive 5% of amounts received), which were required to be submitted by 31 March 2009. In total VAT refunds to the value of £4.0M were received during the year. A claim in respect of Trade Waste was successful and £1.3M was recognised when the budget was revised by Council in February 2012. In addition to the value of the claim we have also subsequently been awarded statutory interest and a number of further claims have been successful resulting in this one off major receipt.

CARRY FORWARD REQUESTS AND OTHER NEW SPENDING

16. Carry forward requests totalling £265,000 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 2012/13 and be funded from balances.

In addition there is an under spend of £521,000 on the central repairs and maintenance budget which Council has agreed to automatically carry forward subject to the overall financial position of the Authority.

17. Funding for a further five corporate issues is also requested from Council:

- Organisational Development Reserve (£2.2M) – Every year as part of the outturn position officers review the funding within the strategic reserve to deal with organisational change. It is proposed this year given the overall under spend to contribute an additional £2.2M into the Organisational Development Reserve which is used for restructuring, re-training, additional HR resourcing, redeployment and redundancy costs in future years. Of this sum £0.8M is required to meet the costs associated with the ongoing work to implement Equal Pay. This will increase the total sum set aside in the Organisational Development Reserve in 2012/13 to almost £7.3M.
- Change Programme (£1.0M) – The Change Programme was approved by Cabinet on 21 November 2011. The aim of the Programme, which comprises a number of major pieces of work, is to ensure that the Council responds to the enormous changes facing the public sector and transforms the way we do business, reducing our costs and becoming a fit for purpose organisation by 2015. In order to help provide capacity and investment where required to take these major pieces of work forward, it is proposed that £1.0M of the under spend from 2011/12 is set aside for this purpose to be allocated by the Change Programme Steering Group on a business case basis. This will increase the total sum set aside to fund the Change Programme to almost £2.5M, an element of which is already committed.
- Marlands House Vacation (£1.0M) – Work associated with the implementation of the Accommodation Strategy (including the major works associated with the civic centre) is underway, and we are now looking to the next phase of the Strategy. Further rationalisation of office accommodation can be achieved as a result of vacating Marlands House, delivering ongoing revenue savings and avoiding future capital spending commitments. However, additional one off revenue funding is required to facilitate this and it is proposed that £1.0M of the under spend from 2011/12 is added to the Strategic Reserve to ensure that this can be achieved.
- Interest Equalisation Reserve (£1.0M) – In achieving interest rate savings, the Council has exposed itself to variable interest rate risk and whilst in the current climate of low interest rates this is obviously a sound strategy, at some point when the market starts to move the Council will need to act quickly to lock into fixed long term rates. It was therefore recommended in the February 2009 Treasury Management Strategy report to Full Council that an Interest Equalisation Reserve be created from the savings arising from the switch to lower rate variable interest rate debt, and maintained at a prudent level to help to manage volatility in the future and ensure that there is minimal impact on annual budget decisions. It is recommended that an additional £1.0M is added to the Interest Equalisation Reserve to ensure that adequate provision is made for the future increase in interest costs associated with the ongoing utilisation of variable interest rates. This will increase the total sum set aside in the Interest Equalisation Reserve to almost £3.1M.

- Additional Contribution to DRF Funding (£0.3M) – It is forecast that additional capital expenditure of £0.3M in relation to SeaCity will need to be funded in 2012/13. It is proposed to fund this from revenue and utilise an element of the 2011/12 under spend for this purpose.

18. 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.

	2011/12	2012/13	2013/14	2014/15	2015/16
	£000's	£000's	£000's	£000's	£000's
Opening Balance	17,393.9	23,529.6	6840.6	5,688.7	5,805.0
(Draw to Support) / Contribution from Revenue	11,763.0	(4,895.2)	4,000.0	4,000.0	4,000.0
Draw to Support Capital	(1,819.9)	(352.6)			
Draw for Strategic Schemes	(3,807.4)	(11,441.2)	(5,151.9)	(3,883.7)	(4,305.0)
	23,529.6	6,840.6	5,688.7	5,805.0	5,500.0

19. The uncommitted value of balances totals £5.5M which is £0.5M above the minimum level recommended by the Chief Financial Officer following a risk assessment of the required level to be maintained.

RESOURCE IMPLICATIONS:

Capital/Revenue:

20. As set out in the report details.

Property/Other:

21. None.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

23. None

POLICY FRAMEWORK IMPLICATIONS:

24. 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:	
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SUPPORTING DOCUMENTATION

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

Appendices:

1.	General Fund Revenue Outturn 2011/12
2.	Main Variances on Controllable Portfolio Spending
3.	Carry Forward Requests

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.	GENERAL FUND REVENUE BUDGET 2012/13 TO 2014/15 – Council 15 February 2012	
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Agenda Item 11

Appendix 1

GENERAL FUND REVENUE OUTTURN 2011/12

Revised Budget		Working Budget	Final Outturn	(Under) / Over Spend
£000's		£000's	£000's	£000's
66,409	Adult Social Care & Health	65,005	64,795	(210)
39,353	Children's Services & Learning	39,353	39,615	262
24,287	Environment & Transport	24,400	23,899	(501)
9,521	Housing	9,521	9,246	(275)
7,722	Leader's Portfolio	7,722	7,398	(324)
7,063	Leisure & Culture	7,135	7,293	158
44,588	Resources	46,537	45,685	(852)
198,943	Sub-total (Net Controllable Spend) for Portfolios	199,673	197,931	(1,742)
23,031	Non-Controllable Portfolio Costs	23,031	23,031	0
(242)	Environment Trading Areas	(126)	(166)	(40)
3,017	Risk Fund	2,052	0	(2,052)
224,749	Portfolio Total	224,629	220,796	(3,833)
Levies & Contributions				
46	Southern Seas Fisheries Levy	46	31	(15)
43	Flood Defence Levy	43	42	(1)
565	Coroners Service	565	612	47
654		654	685	31
Capital Asset Management				
11,765	Capital Financing Charges	12,265	12,172	(93)
(24,541)	Capital Asset Management Account	(25,041)	(25,077)	(36)
(12,776)		(12,776)	(12,905)	(129)
Other Expenditure & Income				
1,553	Direct Revenue Financing of Capital	1,897	1,820	(77)
(1,000)	Net Housing Benefit Payments	(1,000)	(916)	84
1,090	Revenue Development Fund	1,090	976	(114)
(4,102)	Exceptional Expenditure & Income	(4,102)	(6,916)	(2,814)
250	Contribution to Pay Reserve	250	250	0
563	Contribution to Int Equal Reserve	563	563	0
1,796	Contribution to Capital DRF Funding	1,796	1,796	0
536	Open Space and HRA	536	536	0
(19,056)	Non-Specific Government Grants	(20,000)	(20,071)	(71)
(2,066)	Council Tax Freeze Grant	(2,066)	(2,065)	1
(20,436)		(21,036)	(24,027)	(2,991)
192,191	NET GF SPENDING	191,471	184,549	(6,923)
Draw from Balances:				
1,653	(Draw from) / Addition to Balances (General)	4,917	11,763	6,846
(2,504)	Draw from Strategic Reserve	(3,807)	(3,807)	0
(655)	To fund the capital programme	(1,897)	(1,820)	77
(1,506)		(786)	6,136	6,923
190,685	Budget Requirement	190,685	190,685	(0)

MAIN VARIANCES ON CONTROLLABLE PORTFOLIO SPENDING

ADULT SOCIAL CARE AND HEALTH PORTFOLIO

The Portfolio has under spent by **£210,200** at year-end, which represents a percentage under spend against the budget of **0.3%**.

ASCH 1 – Adult Disability Care Services (adverse variance £362,000)

There is an over spend of £523,300 on Domiciliary Care, £351,800 on Nursing and on Residential Care of £275,500. The above variance is after a draw from the Risk Fund of £720,000.

Domiciliary Care over spent by £523,300. However, the additional cost of client packages is actually £1,023,300 which is a reduction of £396,800 compared to the over spend reported in 2010/11. The position has been offset by Health funding of £500,000 which has been received in 2011/12 to promote Social Care Services which aim to prolong the period before acute care needs develop.

It should be noted that due to a high number of staff vacancies in the City Care First Support team experienced until December 2011, the reablement service did not reduce long term domiciliary care needs by the 2011/12 saving target of £114,000. Following further recruitment it is expected that the savings should be delivered in 2012/13.

There is an over spend on Nursing of £351,800. This is mainly due to the net additional cost of client packages of £271,800. This can be supported by evidence of an increase in new referrals in 2011/12 to the Hospital Discharge Team of 246 cases compared to 2010/11, an increase of 22.8%. In addition, the over spend is due in part to budgeted income not being received of £80,000.

It should be noted that there was a safeguarding issue at a home which resulted in the need to place clients in alternative placements rather than the beds paid for under a block contract. The outturn position reflects an assumed position that any contractual costs incurred by SCC will be reimbursed by the provider. Negotiations are still being held between Health & Adult Social Care Officers and the provider with regards to the level of reimbursement to be made. If these negotiations culminate in a lower reimbursement figure than currently planned this will cause a pressure in 2012/13.

Residential Care over spent by £275,500. This includes a reduction of 16 clients compared to the level of activity at outturn 2010/11.

The following table demonstrates the effect of these changes on the equivalent number of units (before any draw from the Risk Fund):

	2011/12 Net Budget £000's	11/12 Unit Prices	11/12 Budgeted Units	2011/12 Outturn £000's	2011/12 Outturn Units	Difference (units)	Variance to Budget £000's
Day Care	87.2	£57 Per Day	1,530	57.6	1,011	(519)	(29.6)
Direct Payments	2,518.7	£9.47 Per Hour	265,966	2,479.7	261,848	(4,118)	(39.0)
Domiciliary	4,110.5	£12.85 Per Hour	319,883	4,633.8	360,607	40,724	523.3
Nursing	2,081.7	£64.82 Per Day	32,115	2,433.5	37,542	5,427	351.8
Residential	5,318.7	£49.15 Per Day	108,214	5,594.2	113,819	5,605	275.5
Total	14,116.8			15,198.8			1,082.0

There is a provision of £320,000 within the Risk Fund to meet the costs of 18 Dementia clients under review which were receiving services funded by health. The full impact of this has been evidenced and therefore the full amount will be drawn. There will be a further draw of £400,000 from the Risk Fund in relation to an increasing elderly population.

ASCH 2 – Learning Disability (adverse variance £864,500)

Loss of Independent Living funding to the value of £60,000 and new clients/changes in client costs totalling £864,500. The above variance is after a draw from the Risk Fund of £60,000

There is an increase in residential activity of clients over and above that assumed when setting the 2011/12 budgets and the cost of this increased activity is £954,500. This has been partially offset by net savings on Shared Lives of £90,000. The Independent Living Fund (ILF) closed for new applications in 2010/11. The impact on the Portfolio was £60,000 which will be met through a draw on the Risk Fund.

ASCH 3 – Adult Disability Commissioning (favourable variance £578,600)

Supporting People has under spent by £636,000. Included within this under spend are planned savings of £420,000 in advance of the 2012/13 saving requirement. £200,000 of which is requested to be carried forward to fund one of costs required to facilitate the remainder of the 2012/13 saving. The residual £216,000 under spend is due to refunds from various contracts.

Following an extensive review of the current Supporting People spending programme various contracts were ended or reduced in 2011/12 to achieve greater savings in the longer term. This achieved savings of £220,000 in 2011/12. In addition, refunds have been received totalling £216,000 for under utilised services. A review will be undertaken to identify any potential recurring additional savings.

It should be noted that there was a £200,000 provision within the 2011/12 Supporting People spending plan to meet the potential TUPE/Redundancy costs within Homelessness as a result of tendering for smaller service provisions. It is now expected that, as a result of delays in the tendering process, these costs will be incurred in 2012/13. A carry forward request has therefore been submitted.

The under spend has been offset in part by a net increase in contract costs compared to budget of £57,400. This is mainly due to the previously reported non achievement of expected savings on the SCA Day Care Contract.

ASCH 4 – Provider Services – City Care (favourable variance £134,800)

There are staff savings within City Care First Support of £335,700 and additional costs in the homes of £200,900.

There were a significant number of staff vacancies within the City Care First Support staffing teams giving total savings of £335,700. Following initial difficulties in recruiting carers and undertaking extensive recruitment drives, most vacancies have now been filled although a small number remain.

In addition, there is an over spend on Residential Homes of £200,900, predominantly due to an increase in staffing costs arising from higher than expected levels of agency usage.

ASCH 5 – Complex Care (favourable variance £149,100)

Savings in employee costs.

The Care Management teams significantly exceeded their vacancy management targets through holding posts vacant during a period of restructure for the Portfolio. This allowed the management team greater flexibility in shaping the future structure of the service.

ASCH 6 – Directors Office (favourable variance £399,400)

Various under spends

There is an under spend of £250,000 against a central budget provision which has been held to offset expenditure incurred elsewhere within the portfolio. In addition there are management staff savings of £127,000. This was due to posts being held vacant in advance of 2012/13 savings proposals and less than expected costs for jointly funded posts.

ASCH 7 – Mental Health Commissioning (favourable variance £189,700)

Contract savings

A number of contracts ceased or reduced in 2011/12 to achieve ongoing savings from 2012/13.

ASCH 8 – Administration and Business Support (favourable variance £111,500)

Various minor under spends including Staffing, £63,800, Premises, £33,100 and Supplies and Services, £14,600.

The staff savings of £63,800 are mainly due to vacant Business Support Officer posts held vacant pending the outcome of the Business Support review.

The premises under spend is due to rent and rates savings of £33,100. There was a rent free quarter on Herbert Collins House during a rent review period.

CHILDREN'S SERVICES & LEARNING PORTFOLIO

The Portfolio has over spent by **£262,500** at year-end, which represents a percentage over spend against budget of **0.7 %**.

CSL 1 – Commissioning & Workforce Development (favourable variance £1,492,500)

Remedial action taken to help offset overspends in Safeguarding.

A favourable variance has resulted due to remedial action taken in order to help offset overspends in Safeguarding. This includes:

- £300,000 from the early implementation of 2011/12 staff savings.
- £200,000 identified from reallocation of grants against core activity,
- £960,000 identified within non staffing budgets including savings on contractual arrangements, development of childcare provision and staff development in Private, Voluntary and Independent Early Years settings. The savings identified by this process has formed the basis for the 2012/13 budget savings.

In addition, £82,000 favourable variance is due to the Head of Standards post becoming vacant in Quarter 1. This is offset by an over spend of £179,500 within school transport as a result of increasing demand for post 16 transport and the added costs of transporting children across the city to take up school places.

CSL 2 – Prevention & Inclusion Teams (favourable variance £596,300)

Vacancies within the two locality teams, (East and West) and a directive to hold non essential expenditure has resulted in a favourable forecast variance.

Non-practitioner vacant posts within Children's Centres amounting to £227,500 were held unfilled during the year. Managers have also been advised to only undertake essential expenditure from supplies and services budgets and as a consequence saved £302,000.

Income from schools was higher than anticipated generating an additional £74,200 during the year.

CSL 3 – Schools Allocations and Overheads (favourable variance £349,500)

A carry forward of Dedicated Schools Grant has served to offset over spends within other Children's Services areas funded by the grant.

CSL 4 – Tier 4 Safeguarding Specialist Services (adverse variance £1,381,500)

The number of children in care, for whom there is a financial cost, has increased by 44 over the current financial year.

The increasing numbers of children in care has led to an over spend on fostering services of £1.4M. This includes an over spend of £1.1M on Independent Fostering Agencies (IFAs) placements, (36 budgeted versus 62 actual) and an over spend of £229,000 on internal fostering placements (237 budgeted versus 275 actual). A standard IFA placement costs approximately £26,000 more than the average SCC foster placement.

However, in the interim, existing IFA providers have reduced placement costs to SCC. Southampton is leading a partnership of 11 local authorities to secure more competitive IFA prices from 2012/13.

The table below outlines the changes in activity levels for 2011/12.

Service Activity	Current Daily Rate Range £	Client Numbers			
		Budgeted Activity	April 2011	Sept 2011	March 2012
Fostering up to 18	20 - 95	237	248	270	275
Independent Fostering Agencies	96 - 213	36	55	63	62
Supported Placements or Rent	16 - 43	16	10	9	12
Residential - Our House		5	0	3	3
Residential - Independent Sector	100 - 520	6	13	11	11
Secure	717 - 806	1	0	0	0
Sub-total: Children in Care		301	326	356	363
Over 18's	18 - 78	11	18	14	10
Adoption Allowances	1 - 32	102	93	91	92
Special Guardianship Allowances	4 - 44	19	25	28	41
Residence Order Allowances	6 - 16	26	25	19	19
Total		459	487	508	525

CSL 5 – Safeguarding Management and Legal Services (adverse variance £602,000)

The over spend has resulted in an increase in legal costs, arising from the increasing number of children in care.

Included within this adverse variance is an over spend of £542,700 for unavoidable legal costs relating to court fees, legal expenses and the additional costs of external solicitors for the increased numbers of court proceedings. The latter is attributable to the increase in the number of children in care.

CSL 6 – Tier 3 Social Work Teams (adverse variance £546,700)

The adverse variance reflects the additional agency social work staff above establishment and the additional cost of agency social work staff in respect of vacancy and absence cover.

An over spend of £951,500 relates to staffing costs of the Tier 3 social work teams. Current market conditions are such that the supply of social workers is insufficient to meet demand. This means a continuing need for temporary staff, acquired from independent agencies at a rate significantly higher than permanently employed staff. Agency staff are also being used for absence and sickness cover. The over spend on staffing costs includes £275,000 for agency staff employed over and above the team establishment for a fixed term. This is offset by specific savings reported above within Commissioning and Workforce Development.

The over spend on staffing is being partially offset by savings of £193,800 on specialist childminding placements and other expenditure incurred to prevent children entering care. This is a direct result of tight financial management of such discretionary expenditure.

The over spend on staffing is also being partially offset by savings of £136,300 from Family Centre savings. This was achieved by not recruiting to vacant posts.

CSL 7 – Infrastructure (adverse variance £406,600)

The over spend reflects the cost of feasibility studies that did not materialise as actual capital projects. The remainder of the over spend relates to the School Private Finance Initiative budget, where expenditure has been funded from the General Fund.

CSL 8 – Inspire (favourable variance £210,700)

The Directorate policy of not filling vacant posts and limiting non essential expenditure has saved £170,800 from employee budgets and £65,100 from other expenditure within the service without any significant reduction to income.

ENVIRONMENT & TRANSPORT PORTFOLIO

The Portfolio has under spent by **£500,600** at year-end, which represents a percentage under spend against the budget of **2.1%**.

E&T 1 – Off Street Car Parking (adverse variance £182,600)

Parking pressures were identified relating to reduced income of £205,000 and increased rates costs of £79,600. Negotiated contracts with external bodies generated a net surplus of £105,000.

There was an adverse variance for off street car parking, due to a number of factors. The most significant factor being that income fell short of the level anticipated during the budget setting process by £205,000 (4%). This may be attributed to the continuing economic downturn, the impact on commuters of a rise in fuel prices and the impact of parking officers taking strike action earlier in the year.

Marketing and commercial opportunities were explored, as part of an ongoing strategy to maximise income. A reduced £5 per day parking charge at the Marlands car park was introduced in January 2011 and this led to an increase in the volume of business by over £200,000 in the financial year. In addition, the service negotiated contracts with external bodies which generated a net surplus of £105,000.

There were employee deductions resulting from the strike action, which are included in the outturn position. However, there is a further variation due to the rates demands for off street car parks having increased significantly and being £79,600 adverse compared to the budget.

E&T 2 – Itchen Bridge (adverse variance £280,900)

Income from tolls was £250,000 lower than budgeted. A decrease in traffic flows was due to the downturn in the economy and disruption caused by the essential bridge repairs.

Essential repairs to the bridge started in November 2010 and continued into August 2011 and there was further disruption in October 2011, due to inspection work. The resulting night closures and the use of temporary lights during off-peak hours resulted in a loss of toll income.

The downturn in the economy also led to a decrease in traffic flows in the City and contributed to an overall decrease in toll income of £250,000.

In addition, the financial effect of toll collectors taking strike action earlier in the year is reflected in the reduced income figures. The employee deductions resulting from the strike action are also incorporated in the outturn position. Proposals to save £70,000 from the automation of toll collection arrangements have not been met.

E&T 3 – Waste Disposal (favourable variance £462,800)

A reduction in the amount of waste has reduced disposal costs and, together with other cost savings and increased income, has generated a total favourable variance of over £460,000.

A reduction in the amount of waste reduced disposal costs by £260,000 and resulted in lower staffing costs of £29,000. There was unbudgeted income of £56,000 through the Landfill Allowance Trading Scheme (LATS), £45,000 from the profit share for third party use of the incinerator and £81,000 from the sale of recyclable materials.

E&T 4 – Highways Contract Management (favourable variance £86,000)

There were savings of £149,000 on the PFI Street Lighting contract sum over and above the originally planned profile. However, some other contract costs increased.

A level of savings on the PFI Street Lighting contract sum was planned and factored in corporately. There were savings of £149,000 over and above the originally planned profile. There were other additional client costs for Highways of £38,000 and for Street Lighting of £22,000.

E&T 5 – Bereavement Services (adverse variance £235,600)

There was an income shortfall on adult cremation fees of £66,000 and other adverse variances.

There was an income shortfall on adult cremation fees of £66,000 and lower fees from non-adult cremations of £27,000. The service development to raise additional income from increasing the sale of memorials has only been partially achieved with an adverse variance of £31,000 and higher than anticipated set up costs of £51,000. In addition, Test Valley Council (where the crematorium is located) has significantly increased the rates by £16,000.

E&T 6 – Travel & Transportation (favourable variance £143,500)

There were a number of favourable variances in this service area.

There was a variance of £40,000, due to the receipt of additional unbudgeted grant for the Bikeability service. There were savings of £36,000 on the School Crossing Patrols employee budgets, due to staff turnover, and £50,000 on grants awarded to third parties.

E&T 7 – Development Control (favourable variance £212,600)

There was a favourable variance for Development Control, due to additional planning application fee income.

There was additional planning application fee income of £243,000, which was partially offset by additional employee and other service costs and a reduction in pre-application income.

E&T 8 – Sustainability (adverse variance £29,300)

Costs related to the Carbon Reduction Commitment scheme of £113,500 were met through a draw on the Risk Fund.

There is a draw on the Risk Fund provision for compliance with the Carbon Reduction Commitment (CRC) scheme of £113,500. This reflects the estimated cost of allowance purchases for CO2 emissions for non school properties in 2011/12.

There is an adverse variance of £85,000, as the corporate 'use of natural resources' saving, relating to energy and water usage, has not yet been realised. However, a change to passive monitoring of street lights and traffic signals has resulted in energy costs being excluded from the CRC scheme and reduced the draw on the Risk Fund by £66,400.

There are employee savings £92,000 due to posts being kept vacant until the end of financial year and the recruitment at lower than originally estimated cost. The consequences of not having a fully staffed structure, has meant that income of £67,000 from working with other local authorities will not be achieved.

E&T 9 – Directorate & Portfolio Management / Highways Manager (favourable variance £176,300)

There are savings in the cost of senior management.

There are savings in the cost of senior management of around £139,000, due to staff turnover.

HOUSING PORTFOLIO

The Portfolio has under spent by **£274,700** at year-end, which represents a percentage under spend against the budget of **2.9%**.

HOU 1 – Housing Needs (favourable variance £110,400)

There were savings due to staff vacancies and a reduction in associated supplies and services costs.

There were six vacancies in Housing Needs that it was anticipated would be filled during the year. Approval was given to recruit to three of the posts and these were filled in January / February. The remaining three posts were held open due to the recruitment freeze. This, together with the associated supplies and services costs, delivered savings of £110,400.

HOU 2 – Housing Solutions Management (favourable variance £86,900)

There were savings due to the deletion of a post and a reduction in supplies and services costs.

During the year the Service Improvement Manager post was deleted, when it became vacant, in anticipation of 2012/13 savings measures. This delivered a saving of £50,000. In addition, supplies and services budgets were tightly controlled in anticipation of the savings to be delivered in 2012/13.

LEADER'S PORTFOLIO

The Portfolio is under spent by **£324,100** at year-end, which represents a percentage under spend against budget of **4.2%**.

LEAD 1 – Legal and Democratic (favourable variance £240,600)

Early delivery of 2012/13 savings, an increase in Land Charges income and reduced spend on Elections

The favourable variance is due to a combination of factors including early delivery of 2012/13 savings, an increase in Land Charges income and reduced spend on Elections resulting from the benefit of combined costs for the local election and referendum in May. This favourable position has been partly offset by reduced income/increased costs within Licensing which will be subject to further review in 2012/13.

LEAD 2 – Skills, Economy & Housing Renewal (Favourable variance £192,900)

Employee savings and additional income

The under spend has resulted due to holding vacant posts in the Economic Development team and savings from the delayed implementation of the Council's management restructure. There has also been additional income during the year for work done on behalf of PUSH.

LEAD 3 – Major City Development (Adverse variance £98,200)

Expenditure on feasibility studies which did not result in a capital project

A number of capital feasibility studies, costing a total of £118,500, did not result in a project and these costs have now been charged to revenue.

LEISURE & CULTURE PORTFOLIO

The Portfolio has over spent by **£157,600** at year-end, which represents a percentage over spend against budget of **2.2%**.

LC 1 – Arts and Heritage (adverse variance £322,500)

Shortfalls in income, the settlement of a long term dispute and the cost of the geothermal heating for SeaCity

Art Gallery shop and sales of reprographics income shortfalls of £202,000 have resulted due to the challenging economic conditions. This has been mitigated by making savings on expenditure budgets including repairs and maintenance and supplies and services. There is also a £68,200 over spend due to shortfalls on income from developers in the Archaeology unit, partially off set by reductions in temporary staff.

A long term legal dispute concerning the loss of Egyptian items that were loaned to Southampton City Council in the 1970's has resulted in the Council agreeing to pay £40,000 in compensation.

In addition to the above, the standing charges for the district heating and cooling system connection to SeaCity, which were payable from October 2011 have resulted in an over spend of £35,000.

LC 3 – Directorate and Portfolio Management (favourable variance £142,500)

Changes in senior management structure resulting in cost savings

Leisure and Heritage moved from Housing and Neighbourhood's Directorate to Economic Development as a result of the Council's restructuring during the year. There was a corresponding reduction in the number of Directors and the charge to the areas they supported. Leisure and Heritage's proportion of this was £93,000. There was also a saving of £26,000 within the area on Capita Construction fees.

RESOURCES PORTFOLIO

The Portfolio has under spent by **£852,200** at year-end, which represents a percentage under spend against the budget of **1.8%**

RES 1 – Corporate Management (favourable variance £250,600)

Income from Strike Deductions

The favourable variance reflects the total net value of strike deductions received. These deductions have been captured centrally and have been partly used to offset costs incurred by those Council services affected by strike action

RES 2 – Central Repairs and Maintenance (favourable variance £549,600)

Under spend on planned repairs and maintenance budgets

Full Council has agreed to automatically carry forward any surplus/deficit at year-end subject to the overall financial position of the Authority. There is an agreed list of planned projects totalling £521,000 will need to slip into 2012/13 to enable the works to be undertaken at the most appropriate time of year to avoid disruption and it is therefore requested that this amount of £521,000 be carried forward. Given the current financial position it is recommended that the remainder of the general under spend be added to General Fund balances.

RES 3 – Property Portfolio Management (adverse £187,900)

Reduction in income on Investment Properties

The Investment Properties account is showing an adverse variance on income, primarily caused by reduced rent from shared income lettings, reflecting current market conditions. In addition rental income levels have reduced, combined with increased costs, due to the impact of the disposal programme; these reductions will have an ongoing impact in future years.

RES 4 – Property Services (favourable variance £220,600)

Rate refunds for Civic Buildings

The Admin Buildings account is showing a favourable variance due to the receipt of one-off rate refunds during the current financial year. These have primarily arisen as a result of the planned vacation of the Civic Centre to enable essential building works to be undertaken as part of the Accommodation Strategy, together with the impact of overall rate reviews for Civic Buildings.

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 2011/12 outturn position, are as follows:

ADULT SOCIAL CARE AND HEALTH PORTFOLIO

Supporting People – £200,000

It should be noted that there was a £200,000 provision within the 2011/12 Supporting People spending plan to meet the potential TUPE/Redundancy costs within Homelessness as a result of tendering for smaller service provisions. It is now expected that, as a result of delays in the tendering process, these costs will be incurred in 2012/13. A carry forward request has therefore been submitted as there is no provision in current budgets to meet these one off costs.

CHILDREN'S SERVICES & LEARNING PORTFOLIO

Post 16 Transport Fund – £65,000

A request is made to carry forward £65,000 for the Post 16 Transport Partnership Fund to provide subsidised travel for low income students going to Further Education in the City. The terms of the proposed scheme have taken longer to negotiate than originally anticipated. This has meant that it has only been possible to offer and promote the scheme in the later part of the year so although the up take is lower than originally planned there has been a significantly increase in recent months.

The scheme should not be required beyond 2012/13 due to the raising of the participation age, though the continuation in the short term will cushion the effects of the withdrawal of Education Maintenance Allowance (EMA).

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DECISION-MAKER:	COUNCIL
SUBJECT:	GENERAL FUND CAPITAL OUTTURN 2011/12
DATE OF DECISION:	11 JULY 2012
REPORT OF:	CABINET MEMBER FOR RESOURCES
STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	

BRIEF SUMMARY

The purpose of this report is to outline the General Fund capital outturn position for 2011/12 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 2012/13 which take account of slippage and re-phasing.

RECOMMENDATIONS:

It is recommended that Council:

- (i) Notes the actual capital spending in 2011/12 as shown in paragraphs 4 and 5 and notes the major variances detailed in Appendix 1.
- (ii) Notes the revised estimates for 2012/13, adjusted for slippage and re-phasing as shown in Appendix 3.
- (iii) Notes that no major under or over spends have been identified at this stage but that provision has been made for additional DRF funding as part of the revenue outturn, as detailed in the General Fund Revenue Outturn 2011/12 report elsewhere on the Council agenda, to respond to a potential pressure relating to the final cost of the SeaCity Museum.
- (iv) Approves the proposed capital financing in 2011/12 as shown in paragraph 12.
- (v) Notes that the capital programme is currently fully funded based on the latest forecast of capital receipts.
- (vi) Notes that due to anticipated delays in the receipt of funding from the sale of capital assets an additional £9.16M had to be borrowed to fund the 2011/12 programme which is in line with delegated powers approved in September 2008 and the revenue implications of which have been reflected in the General Fund revenue budget.
- (vii) Notes that the additional temporary borrowing outlined in (vi) above will be repaid as the cash flow position improves as capital receipts are generated following the planned sale of a number of property assets.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2011/12 forms part of the approval of the statutory accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None as the outturn and financing for 2011/12 have been prepared in accordance with statutory accounting principles.

DETAIL (Including consultation carried out)

CONSULTATION

3. Directors, Senior Managers and Managers have been consulted in preparing the reasons for variations contained in Appendix 1.

CAPITAL OUTTURN 2011/12

4. Total General Fund capital expenditure in 2011/12 was £80.1M compared to an estimate of £93.6M, giving an under spend of £13.5M or 14.4% of the programme.
5. The Capital Board for each Portfolio will have received a report at an appropriate level of detail setting out the outturn position. The performance of individual capital programmes in 2011/12 is summarised in the following table.

SUMMARY OF GF CAPITAL OUTTURN 2011/12				
Portfolio	Approved £000's	Actual £000's	Variance £000's	Variance %
Adult Social Care & Health	1,805	1,026	(779)	(43.2)
Children's Services & Learning	38,711	32,417	(6,294)	(16.3)
Environment & Transport	20,786	17,282	(3,504)	(16.9)
Housing (General Fund)	2,226	2,175	(51)	(2.3)
Housing (Local Services & Community Safety)	1,377	1,162	(215)	(15.6)
Leader's	2,295	1,366	(929)	(40.5)
Leisure & Culture	14,598	14,602	4	0.0
Resources	11,777	10,036	(1,741)	(14.8)
Total GF Capital Programme	93,575	80,066	(13,509)	(14.4)

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.
7. Appendix 2 shows the 2011/12 actual and 2011/12 approved estimate, together with the total spend for all years for each scheme to date, compared to the total scheme budget.
8. Slippage accounted for £15.5M of the under spend, partially offset by the re-phasing of £1.7M on some schemes to bring expenditure forward.
As part of the 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 and this may result in reduced outputs where an over spend results in cuts being made elsewhere in the programme.
10. No major under or over spends have been identified at this stage. However, there have been significant additional costs incurred on the SeaCity Museum project, including £300,000 more asbestos work than originally anticipated. Every effort is being made to identify whether it is possible to still deliver the scheme on budget and this will be finalised in 2012/13. Provision has been made for additional DRF funding as a prudent response to this potential pressure as part of the revenue outturn and is detailed in the General Fund Revenue Outturn 2011/12 report elsewhere on the Council agenda.
11. The impact of scheme variances for 2011/12 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 12 September 2012.
12. 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 2011/12	
	£000's
Total Financing Required	80,066
Financed By: -	
Unsupported Borrowing	18,515
Capital Receipts	4,835
Capital Grants	43,611
Capital Contributions	6,674
Car Parking Surplus	199
Direct Revenue Financing	6,232
Total	80,066

PRUDENTIAL INDICATORS

13. 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 2012 Annual Treasury Management Strategy and Prudential Limits report.

	Actual	Estimates			
	2011/12 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
General Fund	80,066	94,341	44,600	13,641	716
HRA	22,123	25,742	31,443	32,682	34,506
Total	102,189	120,083	79,043	46,323	35,222

14. The reason for the difference between the General Fund estimate for 2011/12 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.
15. This indicator for 2012/13 to 2014/15 will be updated as part of the Capital Programme Update report to Council in September 2012. The Treasury Management Outturn Report 2011/12, elsewhere on the agenda, contains details of the other Prudential Indicators.

CAPITAL PROGRAMME FUNDING

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, to undertake additional borrowing in order to provide cover for any delays in the timing of capital receipts.
18. Due to anticipated delays in the receipt of funding from the sale of capital assets an additional £9.16M had to be borrowed to fund the 2011/12 programme, which is in line with delegated powers approved in September 2008. The additional revenue costs associated with undertaking this prudential borrowing have been built into future budget forecasts.
19. Despite the ongoing economic difficulties, which have reduced and delayed capital receipts from the sales of land and property, the Council's capital programme is fully funded based on the latest forecast of capital receipts. However, due to the limited level of capital resources available additions to the programme are only considered in very exceptional circumstances and clear prioritisation is required.

RESOURCE IMPLICATIONS

Capital/Revenue

20. This report principally deals with capital and the implications are set out in the main body of the report. 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

21. None.

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

22. Financial reporting is consistent with the Chief Financial Officer’s duty to ensure good financial administration within the Council. The Capital Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.

Other Legal Implications:

23. None.

POLICY FRAMEWORK IMPLICATIONS

24. The outturn for 2011/12 forms part of the overall statutory accounts.

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KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	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 2011/12 – Details of Significant Variances
2.	Scheme Budget Variances 2011/12
3.	Revised Estimates 2012/13

Documents In Members’ Rooms

1.	None
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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)

1.	THE GENERAL FUND CAPITAL PROGRAMME 2011/12 TO 2014/15 – Council 15 February 2012	
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CAPITAL OUTTURN 2011/12 – DETAILS OF SIGNIFICANT VARIANCES

ADULT SOCIAL CARE & HEALTH PORTFOLIO

The spend for the year is **£1,026,000**. This can be compared with the budgeted figure for 2011/12 of **£1,805,000** resulting in an under spend of **£779,000**, which represents a percentage under spend against budget of **43.2%**.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

ASCH 1 – Residential Homes Fabric Furnishing CQC (Slippage £364,000)

Delays in ordering furniture and other furnishing whilst decoration works are tendered and completed.

This scheme aims to refresh the decoration, furnishing and fittings at the Council's residential care homes.

The scheme of works has been split into two geographical areas, East and West. Contractual decoration works in the East have begun but later than originally planned which has consequently led to a delay in ordering planned furniture and furnishings which have been scheduled to arrive as decoration works are completed. The tenders for works under the West contract were not received until May 2012 and therefore these works are now planned to complete in the summer of 2012.

ASCH 2 – National Care Standards and H&S Works (Slippage £227,000)

There has been limited response received for tendering of works in 2011/12 and delays in commencement of planned works.

This scheme aims to improve the fabric of the internally provided residential care homes to meet CQC and other Health & Safety standards.

There was a poor response to tendered works across the planned works for Brownhill House (Lift and Link works) as well as a delay in receiving planning permission for the Link works (there are two blocks currently not connected at first floor level). Further tenders have now been received and works should commence in early 2012. In addition, for day to day operational reasons, the planned replacement of the kitchen at Glen Lee has been delayed and is due to start in May 2012. There has been some slippage in completion of works on smaller aspects of the project.

Planned works should all now complete in 2012/13.

CHILDREN'S SERVICES & LEARNING PORTFOLIO

The spend for the year is **£32,417,000**. This can be compared with the budgeted figure for 2011/12 of **£38,711,000** resulting in an under spend of **£6,294,000**, which represents a percentage under spend against budget of **16.3%**.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

CSL 1 – Lord’s Hill Academy (Slippage £4,389,000)

Profiling Issues

The spend profile for this scheme has not been updated from the one drawn up during the feasibility study. The scheme is currently within budget and on schedule to deliver the new academy as per the originally agreed programme.

CSL 2 – School Capital Maintenance (Slippage £1,448,000)

Original project has been updated to fit changing needs.

The funding for the Special School Estate project was allocated to deliver SEN provision from the Millbrook site. A reconsideration of local priorities has led to this project being cancelled with a view to expanding the PRU provision at Millbrook, as approved by Cabinet on 16 April.

CSL 3 – Mayfield Academy (Slippage £366,000)

Profiling Issues

The spend profile for this scheme has not been updated from the one drawn up during the feasibility study. The scheme is currently within budget and on schedule to deliver the new academy as per the originally agreed programme.

CSL 4 – Primary Review (Slippage £204,000)

Delays to some projects to extend eight Primary Schools

Slippage in the programme has resulted in delays in the work taking place to extend St Mary’s Primary. However all projects in the programme are due to be completed on time.

CSL 5 – Primary Review Phase 2 (Re-phasing £421,000)

Early starts on some projects to extend 20 Primary Schools.

Work has been carried out earlier than originally programmed to meet the need for extra Primary School places in September 2012 particularly at St Patrick’s Catholic School, Glenfield Infants School and Kanes Hill Primary School.

CSL 6 – Newlands Primary Rebuild Project (Re-phasing £217,000)

Site difficulties have lead to a rephrasing of work to deliver project on time.

Unexpected archaeological finds on the site of the development resulted in a delayed start to the project. However, the remainder of the project has been accelerated to ensure that work is completed on time.

ENVIRONMENT & TRANSPORT PORTFOLIO

The spend for the year is **£17,282,000**. This can be compared with the budgeted figure for 2011/12 of **£20,786,000** resulting in an under spend of **£3,504,000**, which represents a percentage under spend against budget of **16.9%**.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

E&T 1 – MSCP 10 year Maintenance Programme – Grosvenor Square Lifts (Slippage £233,000)

There is slippage due to the contractor falling behind schedule.

There is slippage on the Grosvenor Square Lifts project as the contractor is behind schedule. They are incurring liabilities for liquidated damages as part of the contract and the contract administrator is involved in addressing these issues.

E&T 2 – Bridges Maintenance - Western Approaches Rail Bridge (Slippage £97,000)

There is slippage as more investment is required than originally anticipated.

Feasibility works have been carried out at Western Approach Rail Bridge which have highlighted that the project requires considerably more investment than originally anticipated. Delivery of the scheme will be reviewed subject to sufficient funds being made available.

E&T 3 – Highways Maintenance Risk Fund (Slippage £186,000)

There is a variance on the contingency budget for the Highways Partnership.

The Highways Maintenance Risk Fund is a contingency to meet a share of any additional costs to projects within the roads and other programmes above the target cost agreed with the Highways Partner. The contingency is sufficient to meet the Council's maximum liability as part of the 'share mechanism'. Provision was also made to cover some unforeseen 'compensation event' claims from this fund.

In line with the agreed contract mechanism, individual project costs are paid to the contractor with reconciliation to target costs upon completion of the annual programme. This has resulted in a number of projects showing an over spend, or under spend, at year end. In addition, some projects have slipped into future years due to delays in works and payments.

The net effect of the 2011/12 outturn is that the overall roads programme can be financed. The unspent contingency funding will, therefore, be available to fund future highways programmes.

E&T 4 – Principal Roads (Slippage £507,000)

There is slippage into 2012/13 on this scheme.

The Principal Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 18 projects being delivered. There is a net favourable variance of £507,000, which is made up of slippage of £622,000, over spend of £385,000 and under spend of £270,000.

E&T 5 – Unclassified Roads (Slippage £482,000)

There is slippage into 2012/13 on this scheme.

The Unclassified Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 27 projects being delivered. There is a net favourable variance of £482,000, which is made up of slippage of £178,000, over spend of £76,000 and under spend of £381,000.

E&T 6 – Highways Drainage SWMP Implementation Works (Slippage £145,000)

There is slippage due to procurement delays.

This Surface Water Mapping Programme (SWMP) project has slipped into 2012/13 as there have been delays in the procurement of these specialised services.

E&T 7 – Street Furniture (Slippage £200,000)

There is slippage into 2012/13 on this scheme.

The slippage within the Street Furniture scheme is mainly due to two projects. Slippage of £65,000 on Road Restraint Systems is due to delays in completing the assessment of crash barriers and road restraints. Following consultation with the Highways Partner, it was decided to slip the project into 2012/13 to ensure that works at individual sites can be delivered in one visit, rather than in stages. Slippage of £97,000 on Street Nameplates was due to it taking longer than anticipated to inspect, rank and deliver the upgrades. Work on site for this project started in February 2012.

E&T 8 – City Centre Improvements – Oxford Street Phase 1 (Re-Phasing £168,000)

The Highways Partner is ahead of schedule on this scheme.

The Highways Partner has made good progress with Phase 1 of the works at Oxford Street and is further ahead than originally anticipated. The scheme spans over a number of years and £168,000 has been brought forward. This will be reflected in a reduction of the 2012/13 allocation.

E&T 9 – Public Transport (Slippage £331,000)

There is slippage into 2012/13 on this scheme.

The slippage within the Public Transport scheme is mainly due to two projects. Slippage of £188,000 on the refurbishment of Southampton Central Station is due to unforeseen delays on this Network Rail led project, as removal of construction materials took longer than originally expected. Slippage on the Bus Stop Improvements (Developers) scheme of £95,000 followed First Group Services making changes to bus routes, which impacted on the programme of works to be delivered in 2011/12. These changes have now been completed and an updated programme of works has been produced, which will be delivered in 2012/13.

E&T 10 – Relocation of Town Depot (Slippage £278,000)

There is slippage into 2012/13 on this scheme.

The slippage into 2012/13 reflects the change in strategy to retain a small element of Town Depot. This meant that work had to be coordinated with the vacation and demolition of the site.

Some other works were also completed later than originally anticipated, including the Manor House Avenue resurfacing. There was slippage in project fees of £105,000. All major works have been completed in 2012/13 with final accounts for the main relocation sites of City Depot, Red Lodge and Town Depot to be agreed shortly.

E&T 11 – Itchen Bridge Toll Automation Project (Slippage £239,000)

There is slippage into 2012/13 due to delays in finalising the contract details.

The project has slipped from the original timescale as it has taken longer than anticipated to finalise the contract details. The contractor is due to submit a revised programme and expenditure profile but, at this stage, completion of all the works on site is expected by November 2012. The installation of the roadside equipment is programmed between June and September 2012, followed by the computer system checks and interfacing.

E&T 12 – Crematorium Major Works (Slippage £441,000)

There is slippage into 2012/13 due to tendering issues.

The main slippage on the Crematorium Major Works scheme is £428,000 on the Replacement of the Cremators project. This is due to tendering issues, including the need to set up an advance payment bond. It is still expected that the scheme will be completed by December 2012, in line with the original programme.

HOUSING PORTFOLIO A – (GENERAL FUND)

The spend for the year is **£2,175,000**. This can be compared with the budgeted figure for 2011/12 of **£2,226,000** resulting in an under spend of **£51,000**, which represents a percentage under spend against budget of **2.3%**.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

There are no major items of slippage/re-phasing.

HOUSING PORTFOLIO B (LOCAL SERVICES & COMMUNITY SAFETY)

The spend for the year is **£1,162,000**. This can be compared with the budgeted figure for 2011/12 of **£1,377,000** resulting in an under spend of **£215,000**, which represents a percentage under spend against budget of **15.6%**.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

HOU B 1 – Community Led Improvement Initiatives (Slippage £100,000)

Slippage due to no grants being paid in 2011/12

The budget was originally phased with £100,000 in 2011/12 and £100,000 in 2012/13. There is slippage due to no grants being paid in 2011/12. Further rounds of applications will be held with the intention of awarding the full £200,000 in 2012/13.

LEADER'S PORTFOLIO

The spend for the year is **£1,366,000**. This can be compared with the budgeted figure for 2011/12 of **£2,295,000** resulting in an under spend of **£929,000**, which represents a percentage over/under spend against budget of **40.5%**

MAJOR ITEMS of SLIPPAGE/RE-PHASING

LEAD 1 – Northern Above Bar (Slippage £390,000)

Delay caused by site access issues.

Health and Safety issues in the Guildhall building have meant that there has been no access to carry out the final elements of work on Guildhall Square.

LEAD 2 – QE2 Mile – Bargate Square (Slippage £117,000)

Savings on feasibility study and delays in design process.

The budget profile represented detailed design of the master plan, however only Phase 1 is now being progressed. In addition, feasibility work has been delivered under budget.

LEISURE & CULTURE PORTFOLIO

The spend for the year is **£14,602,000**. This can be compared with the budgeted figure for 2011/12 of **£14,598,000** resulting in an over spend of **£4,000**, which represents a percentage over/under spend against budget of **0.0%**

MAJOR ITEMS of SLIPPAGE/RE-PHASING

LC 1 – Sea City Museum (Re-phasing £249,000)

Additional costs of asbestos removal which it may not be possible to absorb within the overall scheme budget.

There have been significant additional costs incurred on the project including £300,000 more asbestos work than originally anticipated. Every effort is being made to identify whether it is possible to still deliver the scheme on budget and this will be finalised in 2012/13. Provision has been made for additional DRF funding as a prudent response to this likely pressure as part of the revenue outturn and this is detailed in the General Fund Revenue Outturn 2011/12 report elsewhere on the Council agenda.

RESOURCES PORTFOLIO

The spend for the year is **£10,036,000**. This can be compared with the budgeted figure for 2011/12 of **£11,777,000** resulting in an under spend of **£1,741,000**, which represents a percentage under spend against budget of **14.8%**.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

RES 1 – Office Accommodation (Slippage £1,648,000)

Programme delays due to asbestos removal

Slippage reflects programme delays caused by additional asbestos removal. This has required re-phasing of works involving an acceleration of certain aspects of the programme and the overlapping of Phases 1 and 2 to ensure the project finishes in 2013/14 as planned. Any additional costs as a result of these activities have been accommodated within existing budgets without the need to seek additional funding or reduce the specification of works.

RES 2 – Mobile Working (Slippage £69,000)

Delayed start due to additional stakeholder engagement

The slippage on the scheme has arisen primarily as a result of a delayed start date to ensure that the requirements of all the stakeholders involved were properly identified. The scheme is now due for completion in 2012/13.

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Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
Adult Social Care & Health						
R9235	Sds Freemantle - Phase 2	82	71	(11)	1,532	1,521
R9255	Modernisation Of Day Services - Changing	1	1	0	80	80
R9215	Modernisation Soton Day Services Phase 2	83	72	(11)	1,612	1,601
R9265	Sds Modernisation Woolston Comm Centre	101	57	(44)	1,229	104
R9310	Mental Health Scheme (R9310)	25	24	(1)	374	373
R9330	National Care Standards And H&S Work	443	216	(227)	801	494
R9340	Replacement Of Appliances And Equipment	142	101	(41)	758	249
R9500	It Infrastructure Grant	63	46	(17)	222	205
R9700	Common Assessment Framework	497	424	(73)	976	596
R9710	Scrg Capital - Transforming Adult Social	61	54	(7)	155	148
R9720	Residential Homes Fabric Furnishing Cqc	390	26	(364)	390	26
R9730	Semal House Refurbishment	0	6	6	258	6
		1,805	1,026	(779)	6,775	3,802

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
<u>Children's Services</u>						
	Academies					
E9058	Bitterne Park 6Th Form	23,022	18,388	(4,634)	34,597	28,624
E0CC3	Childrens Centres Phase 3	3,689	3,661	(28)	5,600	5,498
E0CSL	CS&L General Other	83	42	(41)	970	447
E0ICT	ICT	1,302	1,654	352	10,583	10,935
E9023	Foundry Lane Primary School Kitchen	302	127	(175)	1,639	1,464
E0NDS	New Deals for Schools	9	9	0	432	432
E0OLD	Completed Schemes	509	344	(165)	3,074	2,881
E0PLA	Play Areas	31	29	(2)	20,216	20,214
E0PR2	Primary Review Phase 2	257	138	(119)	1,808	1,363
E9050	Harefield Primary Rebuild Project	741	1,221	480	5,881	1,333
E0PRI	Primary School Rebuild Projects	600	444	(156)	4,777	4,472
E8060	Newlands Primary Rebuild Project	254	183	(71)	1,247	1,176
E0PRW	Primary Review	2,100	2,317	217	7,500	3,121
E0SAF	Safeguarding	2,794	2,590	(204)	5,906	4,328
E9022	Schools Access Initiative	341	182	(159)	401	242
E0SCN	Secondary Schools Review	112	126	14	763	641
E6921	SEN Review - Great Oaks Phase 2	8	7	(1)	683	682
E9118	Newtown Adventure Playground	179	63	(116)	1,708	1,592
E0SCM	School Capital Maintenance	60	22	(38)	573	93
		2,318	870	(1,448)	8,368	870
		38,711	32,417	(6,294)	116,726	90,408

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
<u>Environment & Transport</u>						
Accessibility						
C7171	Accessibility	310	231	(79)	909	691
Active Travel						
C712Y	Old Town Public Realm	35	38	3	56	59
C712W	Walking - Bedford Place	3	3	0	785	785
C7131	Cycling	457	543	86	1,582	1,474
Bridges						
C612A	Chantry Road (Footbridge Refurbishment)	24	16	(8)	534	526
C7900	Itchen Bridge	641	646	5	1,497	1,451
C7911	Bridges	470	374	(96)	3,502	3,406
Environment & Sustainability						
C2400	PDG Capital	73	30	(43)	213	127
C2410	Mobile Working	20	0	(20)	50	2
C2520	Salix Energy Efficiency Measures	7	7	0	38	38
C2560	Carbon Reduction Measures	109	109	0	109	109
General Environment						
C2100	Purchase Of Vehicles	236	236	0	2,054	2,054
C2540	Gantry Development - Energy Infrastructu	71	64	(7)	650	643
C2680	Essential Work To Kennels	1	1	0	60	60
C2690	Relocation of Town Depot	5,454	5,175	(279)	13,672	13,274
C2730	Itchen Bridge Toll Automation Project	344	105	(239)	993	161
C2740	Crematorium Major Works	1,029	588	(441)	2,796	919
Highways Other						
C8200	Highways Drainage	163	16	(147)	264	17
C3910	Traffic Signals Upgrade	200	199	(1)	728	727
C719B	Other Minor Works	100	16	(84)	373	114
Improved Safety						

Appendix 2

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
C7151	Improved Safety	162	114	(48)	634	473

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
Network Management						
C7181	ITS	322	253	(69)	1,199	388
Parking						
C9471	MSCP 10year Maint. Programme	452	128	(324)	1,351	1,027
Public Realm						
C7360	Local & District Centres Improvements	140	91	(49)	287	212
C8900	City Centre Improvements	555	694	139	2,123	824
Public Transport						
C7141	Public Transport	1,224	893	(331)	4,039	3,488
Roads						
C7921	Various Principal	3,522	3,015	(507)	3,914	3,407
C8000	Classified Roads	1,167	1,150	(17)	1,559	1,516
C8100	Unclassified Roads	2,690	2,207	(483)	3,829	3,346
C9120	Highways Improvements (Developer)	273	223	(50)	1,557	1,362
C920A	Highways Maintenance Risk Fund	200	14	(186)	309	23
Street Furniture						
C8800	Street Furniture	248	49	(199)	1,320	1,101
Street Lighting						
C6020	Street Lighting (Developers)	8	0	(8)	269	261
Travel Planning						
C7161	Travel to School	76	54	(22)	1,205	964
		20,786	17,282	(3,504)	54,460	45,029

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
Housing A (General Fund)						
G6520	Enabling Salaries 2011/12	51	49	(2)	51	49
G4110	Home Improvement Loans Approved In 2010/ Handyperson Service	191	191	0	1,423	1,423
G4620	Handyperson Service	30	32	2	130	32
GF100	Home Improvement Loans	221	223	2	1,553	1,455
G4200	Accessible Homes Loans Approved In 2010/ Warm Home Grants Approved In 2010/11	133	114	(19)	223	204
G4100	Warm Home Grants Approved In 2010/11	6	6	0	25	25
G4130	Home Improvement Agency 2010/11	10	10	0	66	66
G4120	Technical Salaries 2010/11	48	48	0	377	377
G4270	Insulation For Private Sector Landlords	8	8	0	295	295
G4490	Cocoon Insulation Scheme	5	11	6	150	61
GF800	Insulation	13	19	6	445	356
G4090	Disabled Facilities Grants Approved In 2 Support For Vulnerable Dfg Customers	389	346	(43)	1,582	1,509
G4330	Disabled Facilities Grants - Future Year	22	21	(1)	78	21
G4410	Disabled Facilities Grant Support Costs	1,186	1,203	17	1,448	1,203
G4420	Disabled Facilities Grant Support Costs	147	136	(11)	147	136
GF900	Disabled Facilities Grant	1,744	1,706	(38)	3,255	2,869
		2,226	2,175	(51)	5,995	5,401

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
Housing B (Local Services & Community Safety)						
J4320	Portswood Rec Improvements - Phase 3	32	21	(11)	32	21
J4330	Weston Shore Green Flag Improvments Yr 2	2	2	0	2	2
NS002	Portswood Rec Improvements	34	23	(11)	34	23
J426L	Southampton Common	10	0	(10)	50	18
J4340	Hinkler Green Green Flag Improvements Yr	8	8	0	34	12
J4350	Mansel Park Green Flag Improvements Yr 2	7	4	(3)	8	4
J4360	Central Parks Green Flag Improvements Yr	30	37	7	103	37
J4420	Thornhill (Masfield Green) Park Improv	0	7	7	11	7
NS003	Green Flag Improvements	45	56	11	156	60
J8190	Daisy Dip Improvements	77	63	(14)	93	79
J426H	Peartree Green	6	1	(5)	10	5
J8230	Freemantle Common Minor Imp Yr 2009-11	4	4	0	10	10
J427H	Freemantle Lake Park Imp Yr 2009-11	5	6	1	18	6
J427K	Access To Nature Making A Difference	0	10	10	20	10
J4290	Donkey Common Biodiversity Improvements	1	1	0	4	4
J4310	Deep Dene Improvements	15	2	(13)	17	2
J4370	Park Code For Green Space	5	4	(1)	30	6
NS004	Deep Dene Improvements	21	17	(4)	71	22
J8260	Community Led Local Improvement Initiati	100	0	(100)	200	0

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
J4250	Rollsbrook Imp Yrs 2009-11	11	11	0	18	18
J427E	Monks Brook Access Imp Yrs 2008-11	7	5	(2)	7	5
J8250	Bitterne Manor/Clausentum Wood Imp Yrs 2	46	23	(23)	50	27
NS027	Minor Parks Development Works	64	39	(25)	75	50
J814B	St James Park - Implementation	949	917	(32)	1,702	1,579
J7980	C C T V Digitalisation	0	(1)	(1)	328	327
J8100	Mobile Working For P & C Frontline	30	21	(9)	30	21
J8240	Park Safety Imp Yrs 2009-11	7	5	(2)	25	23
J8180	Preventing Illegal Access To Green Space	6	6	0	120	120
J8270	Guildhall Square Cctv	19	5	(14)	22	8
		1,377	1,162	(215)	2,944	2,351

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
Leader's						
M9310	Strategic Purchase Of Sites	400	376	(24)	960	416
M9370	Town Depot (M9370)	135	35	(100)	583	75
M9460	Gantry Site	6	0	(6)	117	111
M9850	Lower High Street	22	17	(5)	60	55
M9480	Fruit & Veg (Disposal)	5	2	(3)	25	2
M9830	Major Site Developmt-Feasibility Studies	30	0	(30)	85	0
M983Q	Central Station - Feasibility	96	55	(41)	115	74
M983S	Office Quarter - Feasibility Study	6	9	3	11	14
M0MSF	Major Sites Feasibility	137	66	(71)	236	90
M9430	Northern Above Bar Fees	18	6	(12)	437	385
M9500	Northern Above Bar (Guildhall Square)	527	161	(366)	5,239	4,873
M983U	Northern Above Bar Later Phases Feasibil	10	10	0	10	10
M9840	Northern Above Bar (C&A Site Professnl F	22	0	(22)	100	78
M9870	Tyrrell & Green Building - Demolition	406	416	10	981	991
M0NAB	Northern Above Bar	983	593	(390)	6,767	6,337
M9820	Major Site Development	150	93	(57)	602	545
C620S	Above Bar	0	(12)	(12)	138	126
C620F	Holy Rood	100	96	(4)	1,198	1,194
C620U	Qe2 Mile Name Plaques	13	0	(13)	13	0
C620Y	Qe2 Mile - Bargate Square	175	58	(117)	1,078	63
M0QE2	QE2 Mile	288	154	(134)	2,289	1,257

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
J7740	Eastpoint Surrender	0	8	8	2,998	2,626
J7890	Regeneration Areas CPO Fund	19	0	(19)	19	0
J7895	District Shopping Centre	10	0	(10)	10	0
M0REG	Regeneration	29	8	(21)	3,027	2,626
M9390	Royal Pier	75	29	(46)	710	144
M9420	West Quay Phase 3 M9420	50	7	(43)	1,990	1,476
M942B	West Quay Site B	20	0	(20)	137	70
	West Quay	70	7	(63)	2,127	1,546
		2,295	1,366	(929)	17,616	13,328

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
Leisure & Culture						
L1440	Tudor House Museum Phase 1	13	0	(13)	1,838	1,825
L8260	Tudor House Museum Phase 2 Implementatio Tudor House	1,768	1,647	(121)	5,464	5,278
		1,781	1,647	(134)	7,302	7,103
L8280	Sea City Museum	11,123	7	(11,116)	13,264	974
L8285	Sea City Phase 2	0	11,446	11,446	2,945	14,391
L8286	Sea City Public Realm Improvements Sea City	550	469	(81)	550	469
		11,673	11,922	249	16,759	15,834
L1530	Solent Sky Repairs	0	241	241	262	263
L810U	Art In Public Places - Millbrook	74	38	(36)	74	38
L8130	Cenotaph Memorial Wall	137	113	(24)	137	113
L8270	Old Town Heritage Arts and Heritage	8	6	(2)	8	6
		219	398	179	481	420
L8200	Southampton New Arts Centre (Snac)	759	633	(126)	21,099	2,225
L674E	Sports Centre Athletics Track	13	0	(13)	174	161
L6790	Section 106 Playing Field Improvements Pitch Improvements	140	0	(140)	140	0
		153	0	(153)	314	161
L8310	Libraries Rfid	3	2	(1)	470	469
L8230	Potential Tic Relocation	10	0	(10)	50	0
		14,598	14,602	4	46,475	26,212

Scheme Budget Variances 2011/12

SchemeNo	Description	Budget 2011/12	Actual 2011/12	Variance	Total Scheme Budget	Total Actual at 31/3/2012
Resources						
M9710	Accommodation Strategy Action Programme	10,352	0	(10,352)	19,181	959
M971J	Civic Repair (Works)	0	8,531	8,531	2,612	11,143
M971U	Civic Repair Capita Fees	0	198	198	1,741	1,939
M971X	Rbc Additional Items	0	(25)	(25)	12	(13)
	Accommodation Strategy Action Programme	10,352	8,704	(1,648)	23,546	14,028
P5020	Art Gallery - Roof Repairs And Ahu Repla	1,150	1,177	27	1,936	1,326
P5050	2011 Mobile Working	117	48	(69)	145	48
P5070	Town Depot Demolition	100	58	(42)	550	58
P6230	Installation Of New Cooling System (Comp	0	(7)	(7)	593	586
Various	Repairs & Maintenance	58	56	(2)	3,840	3,808
		11,777	10,036	(1,741)	30,610	19,854
	Total Programme	93,575	80,066	(13,509)	281,601	206,385

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13 £000's	Slippage £000's	Rephasing £000's	Revised Budget 2012/13 £000's
Adult Social Care & Health					
R9235	SDS Freemantle - Phase 2	0	11	0	11
R9265	SDS Modernisation Woolston Comm Centre	593	44	0	637
R9310	Mental Health Scheme (R9310)	0	1	0	1
R9330	National Care Standards and H&S Work	80	227	0	307
R9340	Replacement of Appliances and Equipment	468	41	0	509
R9500	IT Infrastructure Grant	0	17	0	17
R9700	Common Assessment Framework	307	73	0	380
R9710	SCRG Capital - Transforming Adult Social Care	0	7	0	7
R9720	Residential Homes fabric furnishing CQC	0	364	0	364
R9730	Semal House Refurbishment	257	0	(5)	252
		1,705	785	(5)	2,485

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
Children's Services					
E3001	Houndwell Park Play Area	326	15	0	341
E3004	Pearfree Green Play Area	0	8	0	8
E3005	Fencing at Thornhill APG	0	1	0	1
E3006	Albany Road Play Area	72	0	0	72
E3007	Freemantle Common Play Area	13	0	0	13
E3008	Imber Way Play Area	0	36	0	36
E3009	Portwood RG Play Area	27	0	0	27
E3010	Saltmede Estate Play Area	0	36	0	36
E4045	Learningland Day Nursery	0	1	0	1
E4057	Childrens Centres Phase 3 Retentions	0	41	0	41
E5001	Primary Review Phase 2	0	26	0	26
E5002	Primary Review P2 - Bassett Green Primary School	0	13	0	13
E5004	Primary Review P2 - Kanes Hill Primary School	250	0	(34)	216
E5005	Primary Review P2 - Shirley Warren Primary	400	0	(49)	351
E5006	Primary Review P2 - Glenfield Infant School	100	0	(21)	79
E5007	Primary Review P2 - Moorlands Primary School	26	0	(45)	(19)
E5008	Primary Review P2 - Tanners Brook Infant School	100	0	(21)	79
E5009	Primary Review P2 - Valentine Infant School	95	0	(13)	82
E5010	Primary Review P2 - Sholing Infant School	100	0	(27)	73
E5011	Primary Review P2 - Fairisle Infant & Nursery	100	0	(25)	75
E5012	Primary Review P2 - St Mark's CE Primary School	0	0	(12)	(12)
E5013	Primary Review P2 - St Patrick's Catholic Primary	100	0	(100)	0
E5014	Primary Review P2 - Harefield Primary School	100	0	(7)	93
E5015	Primary Review P2 - Banister Infant School	1,095	0	(67)	1,028
E5016	Primary Review P2 - Beechwood Junior School	0	6	0	6
E5021	Primary Review P2 - Wordsworth Infant	522	99	0	621
E6921	SEN Review - Great Oaks Phase 2	0	116	0	116
E7200	Secondary School Estates Capital	3,000	112	0	3,112
E7201	Special School Estates Capital	1,000	999	0	1,999

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
E7202	Pupil Referral Unit Capital	650	58	0	708
E7203	Health and Safety Capital	0	141	0	141
E7204	School Capital Maintenance	0	25	0	25
E7205	Solar PV Resources Project	100	113	0	213
E8050	Children's Centres - Phase 1	0	1	0	1
E8060	Newlands Primary Rebuild Project	4,253	0	(217)	4,036
E8135	Childrens Social Service Capital	0	79	0	79
E8136	Loft Extension to Carers Home	0	27	0	27
E8138	5 Orpen Road	0	12	0	12
E8139	Static Home For The Adolescent Resource Centre	0	40	0	40
E8160	ICT Harnessing Technology Grant	0	165	0	165
E8166	Procurement & Implementation of EnlightKS	0	10	0	10
E8180	Sports Development	0	35	0	35
E9022	Schools Access Initiative	136	0	0	136
E9028	Renewable Energy Prog	0	20	0	20
E9032	Safe Schools 2009-2010	0	4	0	4
E9041	Learning Futures -New School East	0	1	0	1
E9050	Harefield Primary Rebuild Project	50	156	0	206
E9054	Academies Management	128	0	(41)	87
E9056	Mayfield Academy Site Access	10	6	0	16
E9057	Academies - Capital Works	718	0	(92)	626
E9058	Bitterne Park 6th Form	74	28	0	102
E9059	Reinstatement of Land at Redbridge Primary	0	74	0	74
E9061	Mayfield Academy	339	366	0	705
E9062	Lordshill Academy	145	4,389	0	4,534
E9086	Increased Places At St Marys Primary	0	1	0	1
E9088	Increased Places at Fairisle Junior	0	39	0	39
E9090	Portswood School - Recreation Ground	3	0	0	3
E9093	Increased Places at St Mary's Primary - Phase 2	390	235	0	625
E9094	Increased Places at Mount Pleasant Junior	23	0	(11)	12

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
E9095	Increased Places at St Mark's Junior	0	57	0	57
E9096	Increased Places at Freemantle Infant	30	0	(22)	8
E9097	Increased Places at St John's Infant	100	59	0	159
E9099	Increased Places at Foundry Lane Primary	604	0	0	604
E9104	Mods - Hardmoor EYC - Kitchen & Baby Room	0	4	0	4
E9106	Mods - St Monica Jnr - Classroom Extension	0	2	0	2
E9108	Mods - Bitterne Inf & Jnr - Phase 3 Ventilation	0	6	0	6
E9114	Mods - Fairisle Junior - Windows	0	46	0	46
E9117	Asbestos Removal	0	65	0	65
E9118	Newtown Adventure Playground	430	38	0	468
L7680	Fair Play Playbuilder	0	21	0	21
L7690	Thornhill Adventure Playground	0	1	0	1
		15,609	7,833	(804)	22,638

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
<u>Environment & Transport</u>					
C240B	PDG - Lordshill Masterplan	0	32	0	32
C240C	Civica Storage for Scanned Documents	43	10	0	53
C240D	Scanning the property Register/Accessibility	15	0	0	15
C2410	Mobile Working	28	20	0	48
C2520	Salix Energy Efficiency Measures	408	0	0	408
C2650	Refurbishment of the Crematorium	0	13	0	13
C269A	Dock Gate 20 - Relocation of Town Depot	0	53	0	53
C269B	Dock Gate 20 - Warehouse Purchase First Avenue	0	2	0	2
C269D	Dock Gate 20 - Depot Site Purchase	0	5	0	5
C269E	Dock Gate 20 - Contractor Costs (Town Depot DG20)	118	0	0	118
C269F	Dock Gate 20 - Warehouse Development	0	70	0	70
C269G	Dock Gate 20 - Client Costs	0	44	0	44
C269H	Dock Gate 20 - Junction Construction	0	49	0	49
C269J	Dock Gate 20 - Fleet Fit Out	0	7	0	7
C269K	Dock Gate 20 - IT Costs	0	49	0	49
C2720	Replacement of the Cremators	1,224	428	0	1,652
C273B	Itchen Bridge Toll Automation Construction Stage	563	209	0	772
C273C	Itchen Bridge Toll Automation Delivery Supervision	30	30	0	60
C3820	Bus Stop Imps (Developers)	80	95	0	175
C530C	Cobden Bridge Cycleways	18	0	0	18
C550C	Improved Safety 2010/11	30	28	0	58
C6020	Street Lighting (Developers)	0	8	0	8
C612A	Chantry Road (Footbridge Refurbishment)	0	8	0	8
C7112	Road Safety Partnership	50	0	0	50
C713D	Cycling - Cycle Parking On Street	25	13	0	38
C713F	Cycling - Promotion etc	60	0	0	60
C713K	Cycling - Quality Monitoring	41	5	0	46
C713X	Cycle Missing Links	50	0	0	50
C714B	Bus Priority - Corridor 1	110	0	0	110

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
C714F	Traveline (PTI 2005)	30	0	0	30
C714M	Bus Stop Infrastructure	0	20	0	20
C714R	Punctuality Improvement Partnership	0	25	0	25
C714V	Traffic Systems IT	0	3	0	3
C714X	Southampton Central Station	0	188	0	188
C714Z	Southampton Strategic Bus Partnership	300	0	0	300
C715V	Improved Safety - Promotion etc	32	4	0	36
C716E	Safer Routes - School Travel Incentives	50	0	0	50
C716J	Safer Routes – Lordshill	124	0	0	124
C716K	Safer Routes - minor works	16	0	0	16
C716M	Travel Planning Site Specific Advice	29	24	0	53
C717C	LTP3 Low Cost Minor Works	105	5	0	110
C717E	Legible Cities	34	53	0	87
C718F	LTP Monitoring	97	0	0	97
C718G	Micro Simulation	25	0	0	25
C718H	Congestion Reduction	240	0	0	240
C718J	Real Time Information Systems	380	54	0	434
C719B	Other Minor Works	175	84	0	259
C7211	Personalised Journey Planning	170	0	0	170
C736E	Local & district Centre - Bitterne	25	40	0	65
C790B	Itchen Bridge Major Repairs	50	0	0	50
C7911	Bridges	350	0	0	350
C791K	Northam Rail Bridge (NR)	0	10	0	10
C791X	Western Approaches Rail Bridge	0	76	0	76
C7921	Various Principal	987	0	0	987
C792N	Onslow Road 2011/12	0	5	0	5
C792Q	Bullar Road 2011/12	0	271	0	271
C795M	Shirley Rd	0	6	0	6
C796B	Burseldon Road Warburton road to City Bdry	0	7	0	7
C796G	Romsey Road Rownhams Rd to Lancaster Rd	0	131	0	131

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
C796H	Redbridge Road Slip Jctn M271 to Millbrook Road West	58	0	0	58
C796J	Redbridge Slip Road (Totton bound) Redbridge Roundabout to traffic lights	35	0	0	35
C796M	Principal Roads Structural Repairs	0	66	0	66
C796N	Principal Roads Drainage Improvements	0	116	0	116
C796P	Mansbridge Road Gaters Mill to City Boundary	0	9	0	9
C796T	Havelock Road Civic Centre Hill to Commercial Rd	0	11	0	11
C8000	Classified Roads	868	0	0	868
C806L	Classified Roads Surface Treatments	0	5	0	5
C806P	Upper Weston Lane Portsmouth Road to Jctn Newtown Road	0	22	0	22
C806R	Portwood Road Jct St Denys Road for 90m s west (including jct)	26	19	0	45
C806V	Hill Lane Archers Road to Raymond Rd	0	13	0	13
C8100	Unclassified Roads	3,109	0	0	3,109
C815K	Windermere Ave	0	1	0	1
C815R	Priory Road St Denys Road to Kent Road	0	0	0	0
C816C	Footways - Various Treatments	0	25	0	25
C820D	SWMP Implementation Works	100	145	0	245
C822J	Decent Neighbourhoods	0	24	0	24
C822L	Unclassified Roads Surface Treatments	0	55	0	55
C822Q	Portsmouth Road Itchen Bridge Roundabout to Victoria Road , including Itchen Bridge Bus	0	3	0	3
C822T	St Mary Street Northam Road to Ascupart Street	0	2	0	2
C822W	Green Lane Romsey Road to Lulworth Green	0	2	0	2
C822X	St Michaels Street Castle Way to High Street	0	53	0	53
C822Z	Botany Bay Road South East Road to O/S 96	0	8	0	8
C823C	Bluebell Road Laburnham Road to Daisy Road	0	5	0	5
C840A	Road Restraint Systems 2012/13	133	0	0	133
C840B	Highways Drainage 2012/13	187	0	0	187
C881B	St Nameplates	5	84	0	89
C881C	Improved Street Scene	0	33	0	33
C881D	City Centre Benches	5	5	0	10
C881F	Road Restraint Systems	0	65	0	65

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
C881J	Grit Bins	10	0	0	10
C8900	City Centre Improvements	588	0	0	588
C890A	Civic Centre Place (C890A)	692	33	0	725
C890C	Oxford Street	501	0	(168)	333
C890D	Platform Road and Gyrotories Advanced Design	90	39	0	129
C890E	North of Station Public Realm Advanced Design	100	0	(46)	54
C890F	GHS Rising Bollards	55	3	0	58
C9120	Highways Improvements (Developer)	145	50	0	195
C920A	Highways Maintenance Risk Fund	100	0	0	100
C947F	West Park Lifts	0	91	0	91
C947H	Grosvenor Square Lifts	0	233	0	233
		12,919	3,404	(214)	16,109

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
Housing A (General Fund)					
G4090	Disabled Facilities Grants Approved in 2010/11	30	43	0	73
G4200	Accessible Homes Loans Approved in 2010/11	0	19	0	19
G4310	Green Projects	177	0	0	177
G4330	Support for Vulnerable DFG Customers	22	1	0	23
G4410	Disabled Facilities Grants Approved in 2011/12	262	0	(17)	245
G4420	Disabled Facilities Grant Support Costs 2011/12	0	11	0	11
G4490	Insulation Projects	95	0	(6)	89
G4590	Disabled Facilities Grants - Future Years	150	0	0	150
G4600	Disables Facilities Grants Support Costs - Future Costs	126	0	0	126
G4620	Handyperson Service	100	0	0	100
G4630	Woolston Group Repair Scheme	105	0	0	105
G4640	Disabled Facilities Grants Approved in 2012/13	1,314	0	0	1,314
G6430	Support for Estate Regeneration	1,715	0	0	1,715
G6540	Estate Regeneration Somerset Avenue	67	0	0	67
G6550	Estate Regeneration Cumbrian Way	30	0	0	30
		4,193	74	(23)	4,244

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
<u>Housing B (Local Services & Community Services)</u>					
J4240	Queens Park	60	0	0	60
J426H	Pearfree Green	0	5	0	5
J426L	Southampton Common	22	10	0	32
J427E	Monks Brook Access Improvements Yrs 2008-11	0	2	0	2
J427H	Freemantle Lake Park Improvements Yr 2009-11	13	0	(1)	12
J427I	Bitterne Road Allotments.	10	0	0	10
J427K	Access to Nature Making a Difference	20	0	(10)	10
J4310	Deep Dene Improvements	2	13	0	15
J4320	Portwood Rec Improvements - Phase 3	0	11	0	11
J4340	Hinkler Green Green Flag Improvements Yr 2010/11	22	0	0	22
J4350	Mansel Park Green Flag Improvements Yr 2010/11	1	3	0	4
J4360	Central Parks Green Flag Improvements Yr 2010/11	73	0	(7)	66
J4370	Park Code for Green Space	23	1	0	24
J4380	Bassett Wood Greenway Improvements	8	0	0	8
J4390	Park Identity Markers	12	0	0	12
J4410	Mayflower Park Basket Ball Court Renovation	66	0	0	66
J4420	Thornhill (Masefield Green) Park Improvements	11	0	(7)	4
J4430	Weston Shore Improvements Phase 2	59	0	0	59
J4440	Sports Centre Water Supply Upgrade	30	0	0	30
J4450	Riverside Park Pitch & Putt Irrigation System Upgrade	50	0	0	50
J8100	Mobile Working for P & C Frontline	0	9	0	9
J814B	St James Park - Implementation	91	32	0	123
J8190	Daisy Dip Improvements	0	14	0	14
J8200	Redbridge Wharf	10	0	0	10
J8240	Parks Safety Improvements Yrs 2009-11	0	2	0	2
J8250	Bitterne Manor/Clausentum Wood Improvements Yrs 2010-13	0	23	0	23
J8260	Community Led Local Improvement Initiatives	100	100	0	200
J8270	Guildhall Square CCTV	0	14	0	14
		683	239	(25)	897

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
<u>Leisure & Culture</u>					
L1440	Tudor House Museum Phase 1	0	13	0	13
L1530	Solent Sky Repairs	240	0	(240)	0
L674E	Sports Centre Athletics Track	0	13	0	13
L6790	Sections 106 Playing Field Improvement	0	140	0	140
L7000	Guildhall Refurbishment	110	0	0	110
L810U	Art in Public Places – Millbrook and Weston	0	36	0	36
L8130	Cenotaph Memorial Wall	0	24	0	24
L8200	Southampton New Arts Centre (SNAC)	944	125	0	1,069
L8230	Potential TIC Relocation	40	10	0	50
L8260	Tudor House Museum Phase 2 Implementation	65	121	0	186
L8280	Sea City Museum	987	0	(330)	657
L8286	Sea City Public Realm Improvements	0	81	0	81
L8310	Libraries RFID	0	1	0	1
		2,386	564	(570)	2,380

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
Leader's					
C620F	QE2 Mile - Holyrood	0	4	0	4
C620U	QE2 Mile Name Plaques	0	13	0	13
C620Y	QE2 Mile - Bargate Square	282	117	0	399
J7740	Eastpoint Surrender	0	0	(8)	(8)
J7890	Regeneration Areas CPO Fund	0	19	0	19
J7895	District Shopping Centre	0	10	0	10
M9310	Strategic Purchase of Sites	0	24	0	24
M9370	Town Depot	180	100	0	280
M9390	Royal Pier	520	46	0	566
M9420	West Quay Phase 3 WWQ	471	43	0	514
M942B	West Quay Phase 3 Site B	47	20	0	67
M9430	Northern Above Bar Fees - T&G Marketing Fees	40	12	0	52
M9460	Gantry Site	0	6	0	6
M9480	Fruit & Veg (Disposal)	20	3	0	23
M9500	Northern Above Bar - Guildhall Square	0	366	0	366
M9830	Feasibility - Major Site Devlpmt	55	30	0	85
M983Q	Feasibility - Central Station	0	41	0	41
M9850	Lower High Street	0	5	0	5
		1,615	859	(8)	2,466

Revised Estimates 2012/13

Scheme	Description	Original Budget 2012/13	Slippage	Rephasing	Revised Budget 2012/13
<u>Resources</u>					
M9710	Accommodation Strategy Action Programme (ASAP)	6,027	1,648	0	7,675
P5020	Art Gallery - Roof Repairs and AHU Replacement	200	0	(27)	173
P5030	Marlands House - Floor 7, Cooling Replacement	48	0	0	48
P5050	2011 Mobile Working	28	69	0	97
P5070	Town Depot Demolition	450	42	0	492
P6830	Property Review	12	0	0	12
P6850	R & M backlog New Capital 2 million	30	2	0	32
		6,795	1,761	(27)	8,529
Total Programme					
		45,905	15,519	(1,676)	59,748

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DECISION-MAKER:	COUNCIL
SUBJECT:	HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2011/12
DATE OF DECISION:	11 JULY 2012
REPORT OF:	CABINET MEMBER FOR HOUSING AND LEISURE SERVICES
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

This is the Housing Revenue Account (HRA) revenue and capital outturn report for the financial year 2011/12.

The actual level of net spending in 2011/12 was £525,100 lower than expected. This variation represents 0.8% of the total turnover of over £63M. The final outturn shows a surplus for the year of £997,800 compared to a budgeted surplus of £472,700. The HRA working balance at 31 March 2012 is £2,620,700.

Total capital expenditure in 2011/12 was £22,123,000 compared to the approved budget of £23,476,000, which represents a 94.2% spend level against the approved budget. This expenditure has made significant improvements to the condition of the Council's housing stock, which include replacing lifts, providing new heating systems and boilers, installing new communal door entry systems, refurbishing supported housing schemes and completing significant numbers of new kitchens and bathrooms.

Capital expenditure has also been focused on carrying out 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 HRA Business Plan following the introduction of self financing on 1st April 2012.

RECOMMENDATIONS:

- (i) Note the HRA revenue outturn for the financial year 2011/12, which shows a favourable variance for the year of £525,100 and balances at the end of the year of £2,620,700.
- (ii) Approve the revenue carry forward into 2012/13 of £225,000, within the responsive repairs budget, to help fund the continuation of the mobile working project and £57,000, within the programme repairs budget, for electrical testing and smoke detector maintenance works that were delayed.
- (iii) Note the capital outturn for 2011/12.
- (iv) Approve the amendments to the HRA Capital Programme for 2012/13 set out in Appendix 3 to take account of the slippage and re-phasing in 2011/12.
- (v) Note that the use of the additional resources will be considered as part of the next full update of the HRA Business Plan later in 2012.

REASONS FOR REPORT RECOMMENDATIONS

1. The HRA revenue and capital outturn for 2011/12 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 2011/12. 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 2012/13 Capital Programme to reflect the 2011/12 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 19,000 Southampton tenants and leaseholders and their families. This provides for the allocation, management, maintenance and improvement of Council homes in the City.
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 safe, wind and weather tight homes, which are warm and energy efficient. There is also a focus on providing modern facilities and well maintained communal facilities.
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 2011/12. The report compares the latest estimate for 2011/12 with the final expenditure for the year.
6. This report also summarises the HRA Capital Programme outturn for 2011/12 and recommends adjustments to the 2012/13 capital programme to take account of actual spending in 2011/12.
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 2011/12 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 2011/12. 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 2012/13 are directly related to performance in 2011/12. The report will be taken to tenants for information at the July meeting of the Tenants' Resources Group.

Revenue Outturn

9. The HRA Revenue Summary attached at Appendix 1 shows a decrease in expenditure of £581,900 (0.9%) and a reduction in income of £56,800 (0.1%). Balances as at 31 March 2012 are therefore £525,100 higher than expected.
10. The net effect of changes in income and expenditure is a surplus on the HRA for the year of £997,800 against a budgeted surplus of £472,700, which results in an increase in working balances as at 31 March 2012. The working balance on the HRA, which will be carried forward into 2012/13, is therefore £2,620,700. In the HRA Business Plan agreed by Cabinet and Council in February this year it was agreed to set the working balance for the HRA each year at £2m. This outturn therefore supports this principle and delivers an additional surplus of £620,700.
11. An explanation of the variances can be found at Appendix 2. It is noted that the under spend on responsive repairs arose because part of the money that had been set aside to help fund the mobile working project was not needed in 2011/12. A conscious decision was taken to delay work on this project until the lean project had begun reporting its findings. Now the implementation of the new processes identified is well underway, the mobile working project can proceed to conclusion and it is therefore recommended that £225,000 is carried forward into 2012/13. In addition, it is recommended that £57,000 is carried forward within the programme repairs budget for electrical testing and smoke detector maintenance works on 130 properties that were delayed until the early part of 2012/13 due to programming issues.
12. If these carry forward requests, totalling £282,000 are approved, this leaves an overall improvement of revenue balances of £243,100.

Capital Outturn

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

Section	Approved Estimate 2011/12 £'000	Actual Outturn 2011/12 £'000	Over/(Under spend)	
			£'000	%
Safe Wind and Weather Tight	1,914	2,060	146	7.6
Modern Facilities	11,336	11,125	(211)	(1.9)
Well Maintained Communal Facilities	4,768	4,491	(277)	(5.8)
Warm & Energy Efficient	1,000	731	(269)	(26.9)
Estate Regeneration	2,539	2,010	(529)	(20.8)
New Build	1,919	1,706	(213)	(11.1)
TOTAL	23,476	22,123	(1,353)	(5.8)

14. Appendix 3 shows the variances in every scheme in the capital programme. Appendix 4 provides an explanation of all variances over £100,000.
15. The expenditure detailed above has made significant improvements to the condition of the Council's housing stock, which includes essential major repairs, various environmental / neighbourhood improvements and the provision of new kitchens and bathrooms.
16. Some amendments to the 2012/13 Programme, which take account of the variations in 2011/12, are recommended for approval in this report (see Appendix 3). A summary of the changes is shown in the following table:

	£000
Current Programme 2012/13	31,443
Spending delayed into 2012/13 from 2011/12	1,423
Spending brought forward into 2011/12 from 2012/13	(574)
Proposed Programme 2012/13	32,292

In addition, Appendix 3 shows variations on completed capital schemes. There are under spends of £523,000 and over spends of £19,000, leading to a net saving of £504,000 on existing projects.

17. Due to the ongoing discussions about the potential estate regeneration of Townhill Park, the Council previously agreed to hold any kitchen and bathroom works in the properties that may have been affected by the regeneration. Now that the principal outline of the regeneration has been agreed over three phases and a 10 year period, it is necessary to carry out some improvements to previously deferred properties that will feature in phases 2 & 3 of the regeneration. At current estimates the work required will be £512,000 and so provision will be made within the 2012/13 Housing refurbishment programme for this work to be completed. It is anticipated that the net savings in the projects for 2011/12 will be used to support this work.

Capital Financing

18. A comparison of the final financing of the spending in 2011/12 with the approved budgets is shown below:

	Approved Estimate £'000	Resources Used £'000	Variance £'000
Grants/Contributions	3,096	2,568	(528)
Direct Revenue Financing	7,284	6,459	(825)
Major Repairs Allowance	13,096	13,096	0
TOTAL	23,476	22,123	(1,353)

19. The changes to the resources are explained below:
- The level of Grants and Contributions used to fund the programme was reduced due to slippage in the Estate Regeneration programme. This will mean that some of the HCA grant will be applied later than anticipated.
 - The level of Direct Revenue Financing was also reduced to reflect the level of expenditure in the rest of the programme being approximately 4% lower than anticipated.
20. The funding changes in 2011/12 mainly arise from timing issues. The HRA business plan assumes that part of the annual revenue income will be used to fund capital expenditure. If the level of this Direct Revenue Financing (DRF) is reduced in 2011/12 this means that there will be more available to fund the future years' capital programme without recourse to borrowing. The level of unused DRF at 31 March 2012 is £2,727,800. In overall terms, there has not been any material change in the resources used to fund the HRA capital programme.

Overall position

21. In summary:
- The HRA working balance has increased by £243,100, after allowing for the carry forward of the £282,000 needed to fund the continuation of the mobile working project and the delayed programme repairs.

- The capital programme for 2012/13 will be increased by £849,000 due to the slippage and re-phasing from 2011/12.
 - There are net savings of £504,000 on completed capital schemes.
 - There was no material change in the level of resources used to fund the HRA capital programme.
22. The effect of these and other changes will be considered as part of the next full update of the HRA Business Plan later in 2012.

Update on the HRA Business Plan

23. This section provides an update on the thirty year business plan for the HRA since the budget report was submitted to Cabinet and Council in February 2012. This follows the introduction of self financing on 1st April 2012.
24. On 28th March 2012 the HRA paid a one-off levy to CLG to buy its way out of the current subsidy system and stop the need for annual payments. The budget report assumed borrowing of £75.521M would be required to fund the payment of this levy. However, the final settlement was £1.674M lower than anticipated and required borrowing of only £73.847M.
25. The budget report assumed an interest rate on borrowing of exactly 4%. However, when funds were acquired from the Public Works Loans Board on 26th March 2012 the average interest rate was slightly over 3.5%.
26. The combined impact of these variations is that there is an annual saving of £433,000 and a subsequent increase in the surplus on the HRA Business Plan of almost £13M over thirty years. In addition, there is a forecast increase in interest on cash balances over the thirty year period of approximately £0.5M.
27. The implications of these changes and further Business Plan sensitivity analysis will be included as part of the next full review of the HRA Business Plan later in 2012.

RESOURCE IMPLICATIONS

Capital/Revenue

28. Contained in the detail of the report.

Property/Other

29. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

30. 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:

31. None

POLICY FRAMEWORK IMPLICATIONS

32. The HRA revenue and capital outturn for 2011/12 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 2011/12. This is compared to the approved budget for the year.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

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

Appendices

1.	HRA Revenue Summary Outturn 2011/12
2.	Revenue Variances
3.	HRA Capital Programme Outturn 2011/12
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.	No
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Other Background Documents

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

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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Appendix 1
Appendix 1

HOUSING REVENUE ACCOUNT

	Revised Estimate 2011/12	Actual Outturn 2011/12	Variation	
	£'000	£'000	£'000	%
<u>EXPENDITURE</u>				
Responsive Repairs	9,819.6	9,855.0	35.4	0.4%
Programme Repairs	5,189.3	4,931.6	-257.7	-5.0%
Total Repairs	15,008.9	14,786.6	-222.3	-1.5%
Rents Payable	52.9	61.7	8.8	16.6%
Debt Management	52.4	49.6	-2.8	-5.3%
Supervision & Management	18,059.7	17,822.8	-236.9	-1.3%
Capital Financing Charges	2,997.9	2,894.9	-103.0	-3.4%
Major Repairs Allowance	13,095.6	13,095.6	0.0	0.0%
Direct Revenue Financing	6,883.7	6,883.7	0.0	0.0%
Housing Subsidy paid to CLG	7,519.1	7,493.4	-25.7	-0.3%
TOTAL EXPENDITURE	63,670.2	63,088.3	-581.9	-0.9%
<u>INCOME</u>				
Dwelling Rents	60,962.4	60,889.0	73.4	0.1%
Other Rents	1,218.1	1,252.0	-33.9	-2.8%
Total Rental Income	62,180.5	62,141.0	39.5	0.1%
Service Charge Income from Tenants	1,294.8	1,255.4	39.4	3.0%
Service Charge Income from Leaseholders	642.1	643.2	-1.1	-0.2%
Interest Received	25.5	46.5	-21.0	-82.4%
TOTAL INCOME	64,142.9	64,086.1	56.8	0.1%
SURPLUS/(DEFICIT) FOR YEAR	472.7	997.8	-525.1	
<u>BALANCES</u>				
Working Balance B/Fwd	1,622.9	1,622.9	0.0	
(Surplus) / Deficit for year	472.7	997.8	525.1	
WORKING BALANCE C/FWD	2,095.6	2,620.7	525.1	

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HRA Outturn 2011/12 - Revenue Variances

Programme Repairs - £257,700 underspend (5.0%)

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

External Decorations – under spend of £52,400 (4.9%)

The contract was terminated early at the end of the financial year due to quality and health & safety concerns. Therefore, full year spend to the original programme was not achieved. There are ongoing discussions with Capita regarding the fees claimed as they are currently based upon full expenditure of the budget.

Electrical Testing – under spend of £97,300 (29.0%)

The number of estimated repairs needed as a result of surveys was higher than those actually carried out, providing a saving. In addition, due to programming issues, the full testing programme was not completed and therefore 130 properties were not inspected / tested within the financial year but have been subsequently inspected in April 2012.

It is recommended that the budget to meet the cost for the 130 inspections (£39,000) is carried forward into the current year.

Asbestos Works – over spend of £88,700 (22.2%)

Although an estimated budget of £400,000 was set, it is, in practice, impossible to forecast the expenditure on asbestos related work. SCC has a statutory duty to remove asbestos from its properties when found.

Various Servicing – under spend of £208,500 (17.7%), comprising the following material variances:

Capita fees - £25,300 under spend

A refund for incorrectly supplied lights of £19,000 was received late in the year and credited to this account as part of the fee recharge.

Smoke detector maintenance - £46,600 under spend

These works are part of the electrical testing programme and less repairs were needed than those estimated. In addition (as above) 130 properties were not completed in 2011/12 but have been completed in April 2012.

It is recommended that £18,000 is carried forward for the 130 properties inspected in 2012/13.

Lift maintenance - £35,000 under spend

The estimated levels of repairs were higher than those actually required therefore producing a saving. However, late in the financial year it was noted that the lift shaft emergency lighting to a number of blocks was not sufficient and needed updating. Orders were raised for works to the value of £16,000, which would have reduced the actual saving to £19,000.

Legionella testing - £21,400 under spend

Some of the anticipated water quality works were removed from the schedule due to a capital scheme replacing the tank fed supplies.

TV aerial maintenance - £27,000 under spend

Due to the replacement of all aerial systems, as a result of the installation of the Digital TV systems, little programmed maintenance has been required in 2011/12.

Emergency lighting maintenance - £47,700 under spend

The estimated levels of repairs and replacement fittings were significantly higher than those actually needed.

Supervision and Management - £236,900 under spend (1.3%)

This heading covers the costs of all services provided to tenants other than repairs. The main variations were as follows:

- The Transformation Project has an overall favourable variance of £163,000. There is a £225,000 under spend due to the Mobile Working element of the project being put on hold whilst further implementation of the LEAN system improvements were undertaken. **This is the subject of a carry-forward recommendation.** There was an over spend of £87,000, due to additional staff time requirements on the project consultation process, and a £20,000 under spend on stores repositioning.
- There are savings on Sheltered Block utility costs of £90,900. This budget was set before the savings arising from the Audit Commission's review of where utility costs were reported.
- There is a £20,000 favourable variance from a decision to delay the production of the new tenants' handbook due to the national policy changes in Housing currently being implemented.
- There are staff savings of £60,200 relating to vacant posts waiting for the Warden review to complete, as well as a temporary staff budget not used in the Policy Team.
- There was an increase in the bad debts provision of £187,900 following a revised assessment of rent and maintenance recovery charges arrears.
- The final adjustment for past service pension costs was lower than the estimate by £21,300.

Capital Financing Charges – £103,000 under spend (3.4%)

The consolidated rate of interest used to calculate the capital financing for the year was lower than the figure used in the original estimate resulting in lower financing costs for the year.

Housing Subsidy paid to CLG - £25,700 under spend (0.3%)

There is a decrease to the subsidy payment to CLG of £25,700. This is a result of the credit received from the CLG relating to the increase in financing costs from borrowing approx £73m before the year end as part of self financing.

Dwelling Rents – £73,400 under recovery (0.1%)

This under achievement of income is due to a sharp increase in the number of voids in the final quarter of the year.

Other Rents - £33,900 over recovery (2.8%)

This is due to a higher than expected income in the last two invoicing periods for Ground Rents when compared to revised estimate forecasts.

Tenants Service Charge Income - £39,400 under recovery (3.0%)

This adverse variance is due to a delay in completing and charging for the Digital TV work in the year.

Interest Received - £21,000 over recovery (82.3%)

There is an increase in interest received of £21,000 against the revised budget of £25,500. This is partly due to lower than budgeted capital expenditure and partly due to higher than expected grant balances brought forward.

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Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance Against Approved Budget	Slippage	Rephasing	Underspend	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	Estate Regeneration									
1257	Cumbrian Way	350	0	350	328	(22)	(22)	0	0	0
1258	Exford Parade	463	0	463	332	(131)	(131)	0	0	0
1259	Laxton Close	165	0	165	124	(41)	(41)	0	0	0
1260	Meggeson Avenue	46	0	46	47	1	0	1	0	0
1262	Hinkler Parade	448	0	448	424	(24)	(24)	0	0	0
1514	Estate Regeneration City Wide Framework	50	0	50	3	(47)	(47)	0	0	0
1600	Small Site Disposals	34	0	34	36	2	0	2	0	0
1601	Capacity Study Vacant Sites	8	0	8	8	0	0	0	0	0
1613	Weston Shopping Parade Redevelopment	750	0	750	596	(154)	(154)	0	0	0
1764	Acquisition of Property at Northam	25	0	25	20	(5)	(5)	0	0	0
1817	Estate Regeneration Framework Townhill Park	200	0	200	92	(108)	(108)	0	0	0
	Total Estate Regeneration	2,539	0	2,539	2,010	(529)	(532)	3	0	0
	New Build									
1265	LA New Build - Borrowdale Road	26	0	26	8	(18)	(18)	0	0	0
1266	LA New Build - Flamborough Close	18	0	18	3	(15)	(15)	0	0	0
1267	LA New Build - Chiltern Green	20	0	20	2	(18)	(18)	0	0	0
1268	LA New Build - Grately Close	39	0	39	12	(27)	(27)	0	0	0
1269	LA New Build - Orpen Road	61	0	61	49	(12)	(12)	0	0	0
1270	LA New Build - Keynsham Close	49	0	49	30	(19)	(19)	0	0	0
1403	L.A. New Build - Leaside Way	158	0	158	150	(8)	(8)	0	0	0
1404	L.A. New Build - Cumbrian Way	1,548	0	1,548	1,452	(96)	(96)	0	0	0
	Total New Build	1,919	0	1,919	1,706	(213)	(213)	0	0	0
	Safe Wind & Weather Tight									
1199	Roof Replacement - Townhill Park	4	0	4	4	0	0	0	0	0
1209	Door Entry - Central Estates	0	0	0	0	0	0	0	0	0
1210	Door Entry - Townhill Park	417	0	417	393	(24)	0	0	(24)	0
1408	Door Entry - Millbrook & Maybush	56	0	56	22	(34)	0	0	(34)	0
1416	Window Replacement - 2010/11 & 11/12	399	(299)	100	84	(16)	(16)	0	0	0
1465	Roof Replacement 11/12	300	(110)	190	192	2	0	2	0	0
1466	Structural Works 2011/12	429	0	429	390	(39)	(39)	0	0	0
1468	Door Entry System Replacement Programme	0	0	0	3	3	0	3	0	0
1469	Windows	0	0	0	0	0	0	0	0	0
1713	Cheriton Avenue - Land Drains 11/12	90	0	90	89	(1)	0	0	(1)	0
1843	Roof Finish - Flat	0	30	30	25	(5)	(5)	0	0	0
1855	CESP - International Way Energy Savings Initiative	498	0	498	734	236	0	236	0	0
1861	Supported Housing 2 Storey Walkway Repairs	0	100	100	124	24	0	24	0	0
	Total Safe Wind & Weather Tight	2,193	(279)	1,914	2,060	146	(60)	265	(59)	0

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Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance Against Approved Budget	Slippage	Rephasing	Underspend	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	Modern Facilities									
1185	Decent Homes - Central	2	2	4	4	0	0	0	0	0
1186	Decent Homes - Harefield	24	0	24	24	0	0	0	0	0
1188	Decent Homes - Shirley	0	33	33	35	2	0	0	0	2
1194	Decent Homes - Voids	0	1	1	1	0	0	0	0	0
1204	Water Tank & Pump Replacement Holyrood	40	0	40	40	0	0	0	0	0
1211	Digital TV	1,277	0	1,277	1,365	88	0	88	0	0
1229	Supported Accommodation Studio Upgrade	14	(7)	7	7	0	0	0	0	0
1415	Adaptations for Disabled People 2010/11	154	0	154	154	0	0	0	0	0
1464	Electrical Rewires 2011/12	300	0	300	302	2	0	2	0	0
1467	Adaptions for Disabled People 2011/12	1,468	0	1,468	1,439	(29)	(29)	0	0	0
1474	Programme Management Fees 11/12	420	0	420	416	(4)	(4)	0	0	0
1476	Supported Self Contained Conversions 2011/12	93	(26)	67	78	11	0	11	0	0
1478	DH Voids	240	0	240	249	9	0	9	0	0
1714	DH Central 2011/12	2,829	0	2,829	2,701	(128)	(15)	0	(113)	0
1715	DH Harefield 2011/12	121	0	121	122	1	0	0	0	1
1716	DH Lordshill 2011/12	2,003	0	2,003	1,890	(113)	0	0	(113)	0
1717	DH Supported 2011/12	1,076	0	1,076	1,075	(1)	0	0	(1)	0
1816	DH Deferred Properties 2011/12	150	0	150	150	0	0	0	0	0
1862	DH Swaythling Jan - March 2012	0	1,122	1,122	1,003	(119)	0	0	(119)	0
1864	Housing Refurbishment 2012/13 - West	0	0	0	35	35	0	35	0	0
1865	Housing Refurbishment 2012/13 - East	0	0	0	35	35	0	35	0	0
	Total Modern Facilities	10,211	1,125	11,336	11,125	(211)	(48)	180	(346)	3
	Well Maintained Communal Facilities									
1215	Electronic Concierge	37	0	37	41	4	0	0	0	4
1222	Lift Refurbishment - Milner and Neptune Court	1,706	(153)	1,553	1,532	(21)	(21)	0	0	0
1223	Lift Refurbishment - Itchen View Estate	20	0	20	30	10	0	10	0	0
1232	Supported Communal Improvements - Challis Court	0	0	0	(8)	(8)	0	0	(8)	0
1233	Supported Communal Improvements - Graylings 11/12	149	(109)	40	51	11	0	11	0	0
1236	Supported Communal Improvements - Manston Court	65	(59)	6	77	71	0	59	0	12
1237	Hard & Soft Supported Landscaping	45	(22)	23	21	(2)	(2)	0	0	0
1239	Kingsland	31	0	31	19	(12)	(12)	0	0	0
1242	DN: Vanguard and Wavell Road Improvements	236	0	236	208	(28)	(28)	0	0	0
1243	DN: Tankerville Improvements	188	0	188	156	(32)	(32)	0	0	0
1244	DN: International Way Improvements	16	0	16	15	(1)	0	0	(1)	0
1256	DN: Millbrook Towers Improvements	390	0	390	381	(9)	(9)	0	0	0
1271	DN: Holyrood Improvements	114	0	114	69	(45)	(45)	0	0	0
1288	DN: Millbrook - Adizone	19	0	19	5	(14)	(14)	0	0	0
1296	Refurbishment of Maybush LHO	0	0	0	(3)	(3)	0	0	(3)	0
1298	DN: Millbrook Verge Parking Improvements	91	0	91	63	(28)	(28)	0	0	0
1402	Thornhill Cycleways	3	0	3	3	0	0	0	0	0
1494	DN: Northam Improvements	35	0	35	25	(10)	(10)	0	0	0
1496	DN: Millbrook Block Improvements	85	0	85	45	(40)	(40)	0	0	0

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance Against Approved Budget	Slippage	Rephasing	Underspend	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
1497	DN: Thornhill (Sholing) Improvements	39	0	39	36	(3)	(3)	0	0	0
1498	DN: Estate Improvement Programme - 10/11 - East	11	0	11	1	(10)	(10)	0	0	0
1499	DN: Estate Improvement Programme - 10/11 - West	9	0	9	9	0	0	0	0	0
1500	DN: Estate Improvement Programme - 10/11 - Central	13	0	13	13	0	0	0	0	0
1503	DN: Harefield/Townhill Park	100	0	100	34	(66)	(66)	0	0	0
1506	Supported Comm Impr. - Bassett Green Walkway	213	(16)	197	199	2	0	2	0	0
1508	Supported Communal Improvements - Minor Works	19	0	19	15	(4)	(4)	0	0	0
1509	Supported Communal Improvements - Neptune Court.	44	(12)	32	32	0	0	0	0	0
1510	Supported Communal Improvements - Pleasant View	(7)	0	(7)	(7)	0	0	0	0	0
1552	Lift Refurbishment - 2005/06	0	0	0	0	0	0	0	0	0
1602	Supported Communal Improvements - Rozel Court	387	0	387	364	(23)	(23)	0	0	0
1603	Supported Communal Improvements - Sarnia Court	165	0	165	159	(6)	(6)	0	0	0
1604	Supported Communal Improvements - Neptune Court Central	10	0	10	8	(2)	(2)	0	0	0
1606	Supported Communal Improvements - James Street	175	0	175	158	(17)	(17)	0	0	0
1607	Supported Communal Improvements - Milner Court	10	0	10	9	(1)	(1)	0	0	0
1707	DN: Shirley	60	0	60	34	(26)	(26)	0	0	0
1708	Pathway Improvements	250	0	250	250	0	0	0	0	0
1709	DN: Estate Improvement Programme 2011/12	200	0	200	192	(8)	(8)	0	0	0
1718	Old Town Humtun Street Mosaic	18	0	18	19	1	0	1	0	0
1720	Holyrood Community Spaces	3	0	3	26	23	0	23	0	0
1806	Pleasant View Car Park	50	0	50	56	6	0	6	0	0
1860	Communal Area Works - Ventnor Court	0	140	140	154	14	0	14	0	0
	Total Well Maintained Communal Facilities	4,999	(231)	4,768	4,491	(277)	(407)	126	(12)	16
	Warm & Energy Efficient									
1470	Energy Saving 11/12	300	0	300	256	(44)	0		(44)	0
1471	Heating Systems Upgrade 2011/12	500	0	500	438	(62)	0		(62)	0
1854	Feed In Tariff (F.I.T.)	200	0	200	37	(163)	(163)			0
	Total Warm & Energy Efficient	1,000	0	1,000	731	(269)	(163)	0	(106)	0
	Grand Total	22,861	615	23,476	22,123	(1,353)	(1,423)	574	(523)	19

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Appendix 4

HRA Outturn 2011/12 – Capital Variances

Estate Regeneration

SP 1258 – Exford Parade - £131,000 slippage (28.3%)

The regeneration of Exford Parade includes the purchase from the PCT of the Mulberry Centre and this was expected to complete during 2011/12 after the Jigsaw project had relocated. Relocation was delayed to the end of March 2012 and the purchase will now complete in 2012/13. The project has now started on site.

SP 1613 – Weston Shopping Parade - £154,000 slippage (20.5%)

This project has experienced some delays in the acquisition of the licenses for some of the leasehold properties and one commercial property. This is due to a small number of issues still to be agreed with other parties. Resolution is expected in 2012/13 as the project progresses.

SP 1817 – Estate Regeneration Townhill Park - £108,000 slippage (54.0%)

85% of the consultancy work for this project has been completed. Additional funding for the remaining work was approved in March 2012 and resources and additional consultation work spent and undertaken early in 2012/13.

Safe Wind & Weather Tight

SP 1855 – CESP – International Way Energy Savings Initiative - £236,000 rephasing (47.4%)

Expenditure on this scheme was brought forward to enable the Council to fully benefit from the Feed In Tariff, prior to a 50% reduction in the available rate from the end of March 2012.

Modern Facilities

SP 1714 – Decent Homes Central 11/12 - £128,000 under spend (4.5%)

This project was expected to deliver 296 kitchens and 336 bathrooms in the Central area of the city contributing towards maintaining the current level of Decent Homes across the city. On completion in December 2011 a total of 267 kitchens and 272 bathrooms had been completed. The reasons for the reduced figures were due to refusals by residents and also to a number of residents having carried out their own works. Additional works also enabled the spread of preliminary costs across more properties, therefore reducing the rate of each unit.

SP 1716 – Decent Homes Lordshill 11/12 - £113,000 under spend (5.6%)

The project in Lordshill was expected to deliver 242 kitchens and 178 bathrooms as well as electrical upgrades as required in the kitchens. On completion in December 2011 a total of 212 kitchens and 147 bathrooms had been completed. The reasons for the reduced figures were due to resident refusals as well as a number of residents having carried out their own works. Additional works also enabled preliminary costs to be spread across more properties, which resulted in a reduced rate per unit.

SP 1862 Decent Homes Swaythling 11/12 - £119,000 under spend (10.6%)

Funding for this project was brought forward from 2012/13 in order to provide works for the contractor Drew Smith for the period January to March 2012 after the completion of the projects in the Central and Lordshill areas of the city. It was anticipated that this would result in 125 kitchens and 62 bathrooms being completed. However, at project completion at the end of March 2012 a lower number had been completed due mainly to resident refusals.

Warm and Energy Efficient

SP 1854 – Feed In Tariff - £163,000 slippage (81.5%)

The Feed In Tariff project, which did not start until November 2011, was expected to fit PV Panels to a number of U2 blocks across the city. However, after a feasibility study by Capita, only one roof on the proposed blocks was found to be suitable for the installation of the panels. This was due to the other roofs either not being strong enough to support the panels or not having the ten year lifecycle before refurbishment or replacement was due, which was required to achieve the maximum efficiency benefit of the panels. Contingency plans were drawn up to meet full expenditure for the project by installing panels at suitable blocks at Weston Shore but this was not feasible to achieve before the end of 2011/12.

DECISION-MAKER:	COUNCIL
SUBJECT:	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2011/12
DATE OF DECISION:	11 JULY 2012
REPORT OF:	HEAD OF FINANCE & IT (CHIEF FINANCIAL OFFICER)
STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	

BRIEF SUMMARY

The purpose of this report is to inform Council of the Treasury Management activities and performance for 2011/12 against the approved Prudential Indicators for External Debt and Treasury Management.

This report specifically highlights that:

- i. Borrowing activities have been undertaken within the borrowing limits approved by Council on 15 February 2012.
- ii. Investment returns during 2011/12 remained low as a result of low interest rates, returning £1.5M. However, the average rate achieved (1.40%) exceeded the performance indicator of the average 7 day LIBID rate (0.68%) and was slightly higher than 2010/11 (1.02%). This was mainly due to the rolling programme of yearly deals which was restarted in October 2010 following advice from our Treasury Advisors and was subsequently suspended at the beginning August 2011 as a result of tensions and negativity in the markets. We continued to make investments between one and six months up until October 2011 when all investments with banks were suspended following the Systematic Review of UK Banking Institutes by Rating Agencies and the subsequent down rating of a number of counterparties. New investments were placed in instant access accounts up until March 2012 when on the advice of our Advisors we reinstated term deposits with a number of banks for periods between 35 and 100 days.
- iii. In order to continue to balance the impact of ongoing lower interest rates on investment income we have maintained our use of short term debt which is currently available at lower rates than long term debt due to the depressed market. As a result the average rate for repayment of debt, (the Consolidated Loans & Investment Account Rate – CLIA), at 3.07% is lower than that budgeted for but slightly higher than last year which is in line with reported strategy. The predictions based on all of the economic data are that this will continue for an extended period. However, it should be noted that the forecast for longer term debt is a steady increase in the longer term and so new long term borrowing is likely to be taken out above this rate, leading to an anticipated increase in the CLIA (reaching 3.46% by 2013/14).
- iv. In achieving interest rate savings, the Council has exposed itself to variable interest rate risk and whilst in the current climate of low interest rates this is obviously a sound strategy, at some point when the market starts to move the Council will need to act quickly to lock into fixed long term rates which may be at similar levels to the debt it has restructured.

- v. Reform of the housing subsidy system has had a major impact on the Housing Revenue Account (HRA) element of the CFR and required the Council to take on an additional £73.8M of debt to fund a one off settlement to central government in return for abolishing the annual subsidy payment
- vi. Net loan debt increased during 2011/12 from £220M to £304M as detailed in paragraph 16.

RECOMMENDATIONS:

It is recommended that Council:

- (i) Notes the Treasury Management activities for 2011/12 and the outturn on the Prudential Indicators
- (ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
- (iii) Notes the recommendation to transfer £1.0M to the Interest Equalisation Reserve as set out in the General Fund Revenue Outturn 2011/12 report elsewhere on the Council agenda to ensure that adequate provision is made for the future increase in interest costs associated with the ongoing utilisation of variable interest rates.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2011/12 forms part of the approval of the statutory accounts. The Treasury Management Strategy and Prudential Indicators are approved by Council in February each year in accordance with legislation and CIPFA's Code of Practice.
2. The Treasury Management Code requires public sector authorities to determine an annual TM Strategy and now, as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

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. Treasury Management is a complex subject but in summary the core elements of the strategy for 2011/12 were:
 - To make use of 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 treasury management 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 Treasury Management 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. Treasury management is defined as *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
7. Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.
8. This report:
 - a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code,
 - b) presents details of capital financing, borrowing, debt rescheduling and investment transactions,
 - c) reports on the risk implications of treasury decisions and transactions,
 - d) gives details of the outturn position on treasury management transactions in 2011/12 and
 - e) confirms compliance with treasury limits and Prudential Indicators.

The report is to full Council and will in addition also be submitted to Governance Committee in September which is responsible for scrutiny of the Treasury Management function.

9. Appendix 1 summarises the economic outlook and events in the context of which the Council operated its treasury function during 2011/12 and presents the outlook for 2012/13.

REFORM OF COUNCIL HOUSING FINANCE

10. The Localism Act which passed into law in November 2011 enabled the reform of council housing finance. The Housing Revenue Account (HRA) subsidy system has now been abolished and replaced with self-financing whereby authorities support their own housing stock from their own income. This reform required a readjustment of each authority's housing-related debt based on a valuation of its council housing stock. The Department for Communities and Local Government (CLG) issued the final Settlement Payment Determination in February 2012. Settlement date for the Self Financing transaction was Wednesday 28 March 2012.
11. As the Council's debt level generated by the housing reform model was higher than the Subsidy Capital Financing Requirement (SCFR), the Council was required to pay the CLG the difference between the two, which was £73.8M. This required the Council to fund the settlement through borrowing. A preferential set of PWLB rates at 13bps above the equivalent gilt yield were available for this transaction on 26 March only, for settlement on 28 March. Given the one-off nature of the PWLB funding window and the advantages offered in terms of rate, loan structure and administration, the Council took the decision to fund all of the payment through new borrowing from the PWLB.
12. Loan structures and maturities were discussed and analysed with the Council's Treasury Advisors to fit in with the Council's HRA business plan and strategy, funding costs, as well as the Council's existing treasury management position and risk profile. The Council has adopted a two-pool approach in relation to the allocation of debt between the General Fund and HRA. The Council will continue to work with its Treasury Advisors and Housing Consultants to manage the HRA Business Plan and accounting implications going forward.

BORROWING REQUIREMENT AND DEBT MANAGEMENT

13. The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31 March 2012 was estimated at £360M in February 2011 when the strategy was set, and excluded the HRA debt buyout. The actual CFR at the end of the year was £441M.
14. 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. 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. Appendix 2 summarises interest rate movement during the year.

15. The Council funded £18.5M of its capital expenditure through new borrowing. The PWLB remained the Council's preferred source of borrowing given the transparency and control that its facilities continue to provide. In total £128.8M of new loans were raised through the PWLB which included the replacement of maturing debt and the financing of the HRA debt buyout as detailed in paragraph 11 above.
16. Activity within the debt portfolio is summarised below:

	Balance on 01/04/2011	Debt maturing or Repaid	New Borrowing	Balance as at 31/3/2012	Increase/ (Decrease) in Borrowing
	£M	£M	£M	£M	£M
Short Term Borrowing	36	(216)	180	0	(36)
Long Term Borrowing	189	(18)	129	300	111
Total Borrowing	225	(234)	309	300	75

	31-Mar-11 Actual £M	31-Mar-12 Actual £M	31-Mar-13 Estimate £M	31-Mar-14 Estimate £M	31-Mar-15 Estimate £M
External Borrowing:					
Fixed Rate – PWLB Maturity	80	149	155	164	170
Fixed Rate – PWLB EIP	63	107	93	81	69
Fixed Rate – Market	38	0	25	25	25
Variable Rate – PWLB	35	35	60	60	60
Variable Rate – Market	9	9	9	9	9
	225	300	342	339	333
Other Long Term Liabilities					
PFI / Finance leases	53	54	57	62	66
Deferred Debt Charges	18	18	17	16	17
Total Gross External Debt	296	372	416	417	416
Investments:					
Deposits and monies on call and Money Market Funds	(70)	(62)	(40)	(40)	(40)
Supranational bonds	(6)	(6)	(3)	(3)	(3)
Total Investments	(76)	(68)	(43)	(43)	(43)
Net Borrowing Position	220	304	373	374	373

17. 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.

18. The loan portfolio contains £35M of PWLB variable rate loans which currently have an average rate of 0.63% which mitigate 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 shorter-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. The uncertain interest rate outlook further supported the case for maintaining variable rate debt. As the economy still appeared susceptible to economic shocks, growth remained insipid and official interest rates were forecast to remain low for much longer, the Council determined that exposure to variable rates was warranted. It also made sense from an affordability and budgetary perspective in the short-to-medium term. Any upward move in interest rates and interest paid on variable rate debt would be 'hedged' by a corresponding increase in interest earned on the Council's variable rate investments.
19. The interest rate risk associated with the Council's strategic exposure is regularly reviewed with our treasury advisor against clear reference points, this being a narrowing in the gap between short and longer term interest rates by 0.5%. When appropriate this exposure will be reduced by replacing the variable rate loans with fixed rate loans.
20. In achieving interest rate savings, the Council has exposed itself to variable interest rate risk and whilst in the current climate of low interest rates this is obviously a sound strategy, at some point when the market starts to move the Council will need to act quickly to lock into fixed long term rates which may be at similar levels to the debt it has restructured. Furthermore, the volatility in the financial markets means that interest costs and investment income will continue to fluctuate for some time.
21. It was therefore recommended in the February 2009 Treasury Management Strategy report to Full Council that an Interest Equalisation Reserve be created from the savings arising from the switch to lower rate variable interest rate debt, and maintained at a prudent level to help to manage volatility in the future and ensure that there is minimal impact on annual budget decisions. However, it should be noted that the sum set aside in the Interest Equalisation Reserve is a one off sum of money to help manage the initial transitional period during which the council will convert its variable rate loan portfolio to longer term fixed rate debt. The actual ongoing recurring revenue impact of switching to fixed rate long term debt will still need to be factored in to the budget forecasts for future years. Based on the current predictions of lower for longer interest rate forecasts, it is unlikely that this pressure will emerge in the short term, but it is likely to become a reality towards the back end of the Council's current medium term forecast horizon.
22. Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term debt (4.5% average rate for a 20 year PWLB fixed rate maturity) and the return generated on the Council's temporary investment returns was significant (3%).

The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding past capital expenditure to date. This has, for the time being, lowered overall treasury risk by reducing both external debt and temporary investments. Whilst this position is expected to continue in 2012/13, it will not be sustainable over the medium term, with reducing internal balances and the Council expects it will need to borrow an additional £38M for capital purposes by 2014/15.

INVESTMENT ACTIVITY

23. The CLG's revised Investment Guidance came into effect on 1 April 2010 and reiterated the need to focus on security and liquidity, rather than yield.
24. 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 Treasury Management Strategy Statement for 2011/12. 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
25. The table below summarises activity during the year:

	Balance on 01/04/2011	Investments Repaid	New Investments	Balance as at 31/3/2012	Increase/ (Decrease) in Investment for Year
	£M	£M	£M	£M	£M
Short Term Investments	29	(116)	97	10	(19)
Money Market Funds	41	(398)	409	52	11
EIB Bonds	6	0	0	6	0
Long Term Investments	0	0	0	0	0
Total Investments	76	(514)	506	68	(8)

26. **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; 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. Strategy allows 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. However, in response to the uncertainty in the Eurozone these limits were reduced in December 2011 to 10% and 0.25% for operational purposes.

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 of its' counterparties in relation to its investments.

27. The minimum long-term counterparty rating determined for the 2011/12 treasury strategy was A+/A1 across all three rating agencies, Fitch, S&P and Moody's. Downgrades in the autumn of 2011 to the long-term ratings of several counterparties resulted in their ratings falling below the Authority's minimum threshold of A+/A3. The downgrades were driven principally by the agencies' view of the extent of future government support (flowing from the recommendations to the government from the Independent Commission on Banking) rather than a deterioration in the institutions' creditworthiness. Further use of these counterparties was suspended until revised criteria were approved for use as part of the Treasury Management Strategy presented to Council on 15 February 2012.

The table below summarises the nominal value of the Council's investment portfolio at 31 March 2012, and confirms that all investments were made in line with the Council's approved credit rating criteria:

Outstanding Investments as at 31 March 2012									
Counterparty	Credit Rating Criteria Met When Investment Placed	Credit Rating Criteria Met on 31 March 2012	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
UK									
Bank Deposits	YES	YES	12,000	4,000	3,000				19,000
Building Societies Gov't & Local Authority Deposits	YES	YES							0
Money Market Funds	YES	YES	43,305						43,305
Bonds							3,000	3,036	6,036
Total Investments			55,305	4,000	3,000	0	3,000	3,036	68,341

28. **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 2012 was as follows:

Outstanding 01 April 2010	% of total debt portfolio	Outstanding 31 March 2011	% of total debt portfolio	Total borrowing	Outstanding 31 March 2012	% of total debt portfolio
£000's	%	£000's	%	Source of Loan	£000's	%
112,661	72	177,733	79	Public Works Loan Board	290,825	97
43,337	28	46,944	21	Other Financial Institutions	9,404	3
155,998	100	224,677	100		300,229	100
				Analysis of Loans by Maturity		
51,078	33	48,413	22	Less than 1 Year	32,909	11
9,357	6	18,121	8	Between 1 and 2 years	12,505	4
19,834	12	19,561	8	Between 2 and 5 years	34,515	11
36,729	24	64,582	29	Between 5 and 10 years	81,453	28
				Between 10 and 15 years	0	0
		6,000	3	Between 20 and 25 years	0	0
		10,000	4	Between 25 and 30 years	10,000	3
21,000	13	8,000	4	Between 30 and 35 years	5,000	2
		25,000	11	Between 35 and 40 years	25,000	8
		10,000	4	Between 40 and 45 years	47,900	16
18,000	12	15,000	7	Over 45 years	50,947	17
155,998	100	224,677	100		300,229	100

29. **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 £1.5M and new deposits for periods up to one year have been made at an average rate of 1.38%. This was mainly as a result of the reintroduction of the rolling programme of yearly deals which was restarted in October 2010 following advice from our Treasury Advisors and which was subsequently suspended at the beginning August 2011 as a result of tensions and negativity in the markets. We continued to make investments between one and six months up until October 2011 when all investments with banks were suspended following the Systematic Review of UK Banking Institutes by Rating Agencies and the subsequent down rating of a number of counterparties. New investments were placed in instant access accounts up until March 2012 when on the advice of our Advisors we reinstated term deposits with a number of banks for periods between 35 and 100 days.

COMPLIANCE WITH PRUDENTIAL INDICATORS

30. The Council can confirm that it has complied with its Prudential Indicators for 2011/12, approved by Full Council on 16 February 2011. The 2011/12 Treasury 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&MIId=1863&Ver=4>

These were subsequently revised as part of the Council's Treasury Management Strategy Statement for 2012 on 15 February 2012.

<http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=122&MIId=2031&Ver=4>

31. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2011/12. 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.

OTHER ITEMS

32. **Potential for reduced PWLB borrowing rates:** A brief paragraph in the 2012 Budget Report (March 2012) outlined HM Treasury's intention to offer a 20 basis points discount on loans from the PWLB "*for those principal local authorities providing improved information and transparency on their locally-determined long-term borrowing and associated capital spending plans*" and the potential of an independent body to facilitate the provision of "*a further reduced rate for authorities demonstrating best quality and value for money*". More detail is awaited and, given that discussion with relevant bodies will be required, it could be some months before either of these measures is implemented
33. The Budget also contained the following announcement :

"The Government is also implementing reform of the Housing Revenue Account subsidy system to give local authorities responsibility for managing their own council housing business. The OBR currently forecasts that this reform will increase public borrowing more than originally estimated. These estimates are very uncertain but if they do not change then the Government will take action to address the increase in public debt".

This announcement in the Budget needs to be taken in the context of the Coalition Government's primary objective to reduce the structural deficit. Deterioration in the economic outlook and/or public finances would require a policy response and the above statement suggests that a range of potential measures that could be considered.

RESOURCE IMPLICATIONS

Capital/Revenue

34. The report is a requirement of the TM Strategy, which was approved at Council on 15 February 2012.
35. 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 £8.8M in 2011/12 compared with an approved estimate of £8.3M, a small increase of £0.5M, despite an increase in borrowing arising from an increased capital programme. Any increase in borrowing costs was minimised as a result of refinancing long term debt through the 10 year EIP borrowing the rates for which currently remain significantly lower (3.88% as opposed to the estimated rate of 4.65% for a 30 year fixed maturity loan). In addition, there was a higher than originally expected contribution from services to offset the cost of unsupported borrowing.

36. In addition interest earned on temporary balances invested externally is credited to the Income and Expenditure account. In 2011/12 £1.5M was earned against a budget of £0.6M, an increase of £0.9M and was mainly due to the use of Money Market Funds which currently pay a higher rate than short term fixed rates and the reintroduction of the rolling yearly investment programme up until October 2011.
37. 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 £178,000 in 2011/12 compared to an estimate of £164,000. This small increase was mainly due to additional PWLB commission paid as a result of increased borrowing needs arising from additions to the capital programme and the HRA debt buyout.

Property/Other

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

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

39. Local Authority borrowing is regulated by Part 1, of the Local Government Act 2003, which introduced the new Prudential Capital Finance System.
40. 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:

41. None.

POLICY FRAMEWORK IMPLICATIONS

42. This report has been prepared in accordance with CIPFA's Code of Practice on TM and the TM Strategy approved by Council on 15 February 2012.

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SUPPORTING DOCUMENTATION

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

Appendices

1.	2011 Economic Background and the Outlook for 2012
2.	Summary of Interest Rates Movement During 2011
3.	Compliance with Prudential Indicators During 2011
4.	Glossary of Treasury Terms

Documents In Members' Rooms

1.	None
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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.	TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS 2012/13 to 2014/15 – Council 15 February 2012	
2.	ANNUAL TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS 2011/12 TO 2013/14 – Council 16 February 2011	

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

WARDS/COMMUNITIES AFFECTED:	None
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2011 ECONOMIC BACKGROUND AND THE OUTLOOK FOR 2012

2011 Economic Background

At the time of determining the strategy for the 2011/12 in February 2011, there were tentative signs that the UK was emerging from recession with the worst of the financial crisis behind it. Recovery in growth was expected to be slow and uneven as the austerity measures announced in the 2010 Comprehensive Spending Review (CSR) were implemented in order to bring down the budget deficit and government borrowing and rebalance the economy and public sector finances. Inflation measured by the Consumer Price Index (CPI) had remained stubbornly above 3%, unemployment was at a 16-year high at 2.5 million, and was expected to rise further as the public and private sector contracted. There was also a high degree of uncertainty surrounding Eurozone sovereign debt sustainability.

- a) **Inflation**: During 2011/12 inflation remained high with CPI (the official measure) and RPI rising in September to 5.2% and 5.6% respectively, primarily due to escalating utility prices and the January 2011 increase in VAT to 20%. Inflation eased slowly as reductions in transport costs, food prices, intensifying competition amongst retailers and supermarkets and the VAT effect falling out in 2012, pushed February 2012's CPI down to 3.4% and RPI to 3.7%. This, however, was not enough to offset low wage growth and, as a result, Britons suffered the biggest drop in disposable income in more than three decades.
- b) **Growth, Employment, House Prices**: Growth, on the other hand, remained elusive. The Bank's Quarterly Inflation Reports painted a bleak picture as the outlook was downgraded to around 1% in 2011 and 2012. The unresolved problems in the Eurozone weighed negatively on global economic prospects. UK Gross Domestic Product (GDP) was positive in only the first and third calendar quarters of 2011; annual GDP to December 2011 registered just 0.5%. Unemployment rose to 2.68 million and, worryingly, youth unemployment broke through the one million barrier. House prices struggled to show sustained growth and consumer confidence remained fragile.
- c) **Monetary Policy**: It was not surprising that the Bank of England's Monetary Policy Committee (MPC) maintained the status quo on the Bank Rate which has now been held at 0.5% since March 2009, but increased asset purchases by £75 billion in October 2011 and another £50 billion in February 2012 taking the Quantitative Easing (QE) total to £325 billion. The policy measures announced in the March 2012 Budget statement were judged to be neutral. The government stuck broadly to its austerity plans as the economy was rebalancing slowly. The opinion of the independent Office for Budget Responsibility (OBR) was that the government was on track to meet its fiscal targets. The OBR identified oil price shocks and a further deterioration in Europe as the main risks to the outlook for growth and meeting the fiscal target.
- d) **US**: The US economy continued to show tentative, positive signs of growth alongside a gradual decline in the unemployment rate. The US Federal Reserve (the Fed) committed to keeping policy rates low until 2014, although a modest shift in the Fed's language in March, alongside an improvement in economic activity, cast doubts about the permanence of the Fed's policy commitment.

- CPI remains above target at 3.5% and we expect near-term price pressures to rise again in the months ahead as pipeline price pressures from higher oil prices work their way through the production chain. By year end CPI may have remained above the 2% target as the surge in energy prices in autumn 2011 falls out.
- GDP contracted 0.2 % in Quarter 1 2012; and combined with the Quarter 4 2011 contraction of 0.3%, the UK is in technical recession (defined as two straight quarters of contraction). Rising energy prices, government spending cuts and anaemic wage growth are squeezing consumers, creating a drag on the recovery. However, in spite of the UK entering technical recession, we do not expect the MPC to vote for more QE at the May meeting.
- However the gilt market will find it difficult to dismiss the potential for more QE and will therefore be more sensitive to incoming domestic and international economic data.
- Faltering global growth will not be helped by the considerable uncertainty and contagion risks presented by the crisis in the Eurozone and gridlock in the US going into an election year. The knock-on effects could in turn weigh on growth in China and emerging market countries.
- Despite the ECB flooding the financial system with €1.3 trillion liquidity in the form of LTROs, markets are becoming nervous with signs that some of the periphery are struggling to keep to their budget deficit reduction plans and political risk remaining high with upcoming elections in France, Greece, Germany and Italy.
- US economic recovery is gathering momentum, tempering expectations of further QE by the Fed.
- The US Federal Reserve has signalled it will keep interest rates "at exceptionally low levels" until 2014. We believe that it could be 2016 before official UK interest rates rise.
- The UK's safe haven status and minimal prospect of an increase in policy rates are expected to keep gilt yields at their lows in the near term. However with QE potentially coming to an end, gilt values could be more sensitive to sentiment.
- Political shocks and a disorderly outcome to the Eurozone sovereign crisis remain key economic and credit risks.

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Agenda Item 14

Appendix 2

SUMMARY OF INTEREST RATES MOVEMENT DURING 2011

The average, minimum and maximum rates quoted correspond to the rates during the financial year rather than those in the tables below which are for specific dates.

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
01/04/2011	0.50	0.40	0.54	0.54	0.69	1.12	1.59	1.89	2.36	3.00
30/04/2011	0.50	0.50	0.40	0.49	0.69	1.05	1.52	1.62	2.07	2.74
31/05/2011	0.50	0.40	0.40	0.52	0.69	1.08	1.56	1.53	1.89	2.54
30/06/2011	0.50	0.50	0.40	0.50	0.77	1.06	1.54	1.44	1.82	1.50
31/07/2011	0.50	0.40	0.40	0.50	0.78	1.07	1.55	1.29	1.53	2.09
31/08/2011	0.50	0.40	0.40	0.56	0.86	1.15	1.63	1.27	1.43	1.92
30/09/2011	0.50	0.60	0.60	0.54	0.92	1.21	1.69	1.25	1.38	1.75
31/10/2011	0.50	0.63	0.55	0.56	0.96	1.25	1.74	1.30	1.42	1.81
30/11/2011	0.50	0.65	0.58	0.64	1.01	1.31	1.80	1.41	1.49	1.76
31/12/2011	0.50	0.50	0.65	0.67	1.05	1.35	1.84	1.31	1.34	1.54
31/01/2012	0.50	0.50	0.70	0.68	1.06	1.38	1.87	1.20	1.23	1.46
29/02/2012	0.50	0.50	0.75	0.67	1.05	1.37	1.87	1.22	1.29	1.54
31/03/2012	0.50	0.55	0.55	0.61	1.00	1.33	1.84	1.22	1.30	1.59
Minimum	0.50	0.40	0.35	0.49	0.68	1.01	1.40	1.08	1.23	1.46
Average	0.50	0.47	0.52	0.58	0.89	1.21	1.69	1.36	1.55	1.98
Maximum	0.50	0.65	0.95	0.68	1.06	1.38	1.87	1.95	2.42	3.07
Spread	--	0.25	0.60	0.19	0.38	0.37	0.47	0.87	1.19	1.60

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
01/04/2011	128/11	1.93	3.66	4.81	5.33	5.35	5.31	5.28
30/04/2011	162/11	1.73	3.45	4.61	5.18	5.21	5.17	5.14
28/05/2011	202/11	1.64	3.21	4.43	5.08	5.12	5.09	5.07
30/06/2011	246/11	1.61	3.09	4.42	5.17	5.21	5.20	5.18
30/07/2011	288/11	1.52	2.75	4.06	4.97	5.07	5.06	5.04
31/08/2011	332/11	1.48	2.50	3.71	4.66	4.84	4.87	4.85
30/09/2011	376/11	1.51	2.41	3.47	4.35	4.61	4.69	4.69
29/10/2011	418/11	1.45	2.42	3.56	4.29	4.46	4.47	4.44
30/11/2011	462/11	1.32	2.14	3.21	3.84	4.02	4.03	3.98
31/12/2011	501/11	1.21	1.99	3.04	3.86	4.09	4.12	4.08
31/01/2012	042/12	1.29	1.99	3.08	3.89	4.11	4.15	4.12
29/02/2012	084/12	1.31	1.96	3.11	4.04	4.25	4.26	4.21
30/03/2012	128/12	1.28	2.05	3.21	4.17	4.38	4.41	4.36
	Low	1.19	1.93	2.98	3.77	3.98	4.02	3.98
	Average	1.47	2.53	3.70	4.50	4.65	4.67	4.64
	High	1.97	3.73	4.89	5.41	5.42	5.39	5.35

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
01/04/2011	128/11	0.82	2.37	3.62	4.21	4.24	4.16	4.10
30/04/2011	162/11	0.62	2.16	3.42	4.06	4.10	4.02	3.96
28/05/2011	202/11	0.53	1.93	3.23	3.97	4.01	3.94	3.90
30/06/2011	246/11	0.50	1.80	3.22	4.05	4.10	4.05	4.01
30/07/2011	288/11	0.41	1.48	2.86	3.84	3.96	3.91	3.87
31/08/2011	332/11	0.37	1.25	2.50	3.53	3.73	3.72	3.68
30/09/2011	376/11	0.38	1.20	2.33	3.26	3.53	3.57	3.55
29/10/2011	418/11	0.34	1.16	2.37	3.16	3.35	3.32	3.26
30/11/2011	462/11	0.21	0.90	2.03	2.71	2.91	2.88	2.81
31/12/2011	501/11	0.10	0.75	1.85	2.72	2.97	2.97	2.90
31/01/2012	042/12	0.18	0.76	1.88	2.76	3.00	3.00	2.95
29/02/2012	084/12	0.20	0.74	1.91	2.91	3.13	3.11	3.03
30/03/2012	128/12	0.17	0.81	2.01	3.04	3.27	3.26	3.19
	Low	0.08	0.70	1.79	2.64	2.87	2.87	2.81
	Average	0.36	1.28	2.51	3.37	3.54	3.51	3.46
	High	0.86	2.44	3.71	4.29	4.31	4.23	4.18

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
01/04/2011	128/11	-	2.76	3.73	4.83	5.21	5.33	5.36
30/04/2011	162/11	-	2.55	3.53	4.64	5.05	5.18	5.22
28/05/2011	202/11	-	2.37	3.30	4.46	4.93	5.09	5.12
30/06/2011	246/11	-	2.25	3.17	4.46	4.99	5.17	5.22
30/07/2011	288/11	-	2.01	2.83	4.11	4.73	4.97	5.06
31/08/2011	332/11	-	1.88	2.57	3.75	4.38	4.67	4.80
30/09/2011	376/11	-	1.85	2.48	3.51	4.06	4.36	4.53
29/10/2011	418/11	-	1.80	2.49	3.59	4.07	4.30	4.42
30/11/2011	462/11	-	1.59	2.21	3.24	3.65	3.85	3.97
31/12/2011	501/11	-	1.47	2.05	3.08	3.59	3.87	4.02
31/01/2012	042/12	-	1.50	2.05	3.12	3.64	3.9	4.05
29/02/2012	084/12	-	1.50	2.03	3.15	3.76	4.05	4.19
30/03/2012	128/12	-	1.54	2.11	3.26	3.87	4.18	4.33
	Low	-	1.45	1.99	3.02	3.53	3.78	3.92
	Average	-	1.89	2.60	3.74	4.27	4.51	4.61
	High	-	2.82	3.82	4.92	5.30	5.41	5.44

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
01/04/2011	128/11	-	1.54	2.55	3.70	4.10	4.22	4.25
30/04/2011	162/11	-	1.33	2.34	3.50	3.93	4.07	4.11
28/05/2011	202/11	-	1.16	2.10	3.32	3.81	3.97	4.01
30/06/2011	246/11	-	1.04	1.98	3.31	3.87	4.06	4.11
30/07/2011	288/11	-	0.82	1.64	2.95	3.60	3.86	3.94
31/08/2011	332/11	-	0.70	1.39	2.60	3.25	3.55	3.68
30/09/2011	376/11	-	0.68	1.30	2.36	2.93	3.24	3.41
29/10/2011	418/11	-	0.70	1.42	2.57	3.05	3.27	3.39
30/11/2011	462/11	-	0.43	1.03	2.10	2.53	2.73	2.85
31/12/2011	501/11	-	0.31	0.88	1.93	2.46	2.75	2.90
31/01/2012	042/12	-	0.35	0.88	1.97	2.51	2.78	2.93
29/02/2012	084/12	-	0.35	0.85	2.00	2.63	2.93	3.08
30/03/2012	128/12	-	0.38	0.94	2.10	2.74	3.06	3.21
	Low		0.29	0.82	1.87	2.40	2.66	2.80
	Average		0.71	1.42	2.59	3.14	3.39	3.50
	High		1.59	2.62	3.78	4.18	4.30	4.33

Table 6: PWLB Variable Rates

	Pre-CSR			Post-CSR		
	1-Month Rate	3-Month Rate	6-Month Rate	1-Month Rate	3-Month Rate	6-Month Rate
01/04/2011	0.67	0.77	0.89	1.57	1.67	1.79
30/06/2011	0.67	0.71	0.79	1.57	1.61	1.69
30/09/2011	0.65	0.65	0.66	1.55	1.55	1.56
31/12/2011	0.58	0.59	0.61	1.48	1.49	1.51
30/03/2012	0.59	0.60	0.62	1.49	1.50	1.52
Low	0.58	0.59	0.60	1.48	1.49	1.50
Average	0.63	0.65	0.68	1.53	1.55	1.58
High	0.69	0.79	0.91	1.59	1.69	1.81

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COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2011

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

1. 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 tables show the actual position as at 31 March 2012 and the estimated position for the next two years based on the capital programme approved at council on the 15 February 2012:

Capital Financing Requirement	2010/11 Actual £M	2011/12 Approved Estimate £M	2011/12 Actual £M	2012/13 Estimate £M	2013/14 Estimate £M	2014/15 Estimate £M
Balance B/F	310	360	360	441	435	425
Capital expenditure financed from borrowing	59	11	17	13	8	8
HRA Debt buyout		0	74	(9)	(8)	(5)
Revenue provision for debt Redemption.	(6)	(8)	(8)	(8)	(8)	(7)
Movement in Other Long Term Liabilities	(3)	(3)	(2)	(2)	(2)	(3)
Cumulative Maximum External Borrowing	360	360	441	435	425	418

Capital Financing Requirement	2010/11 Actual £M	2011/12 Actual £M	2012/13 Estimate £M	2013/14 Estimate £M	2014/15 Estimate £M
General Fund	260	267	269	267	266
HRA	100	174	166	158	152
Total CFR	360	441	435	425	418

CFR differs from actual borrowing due to decisions taken to use internal balances and cash rather than borrow. Actual borrowing is significantly below the CFR and is detailed below:

	Balance on 01/04/2011 £M	Balance as at 31/3/2012 £M	2012/13 Estimate £M	2013/14 Estimate £M	2014/15 Estimate £M
Borrowing	225	300	342	339	333
Other Long Term Liabilities	71	72	74	78	83
Total Borrowing	296	372	416	417	416

2. Balances and Reserves

The Council's level of Balances and Reserves for 2011/12 and estimates to 2014/15 are as follows:

	2010/11 Actual £M	2011/12 Actual £M	2012/13 Estimate £M	2013/14 Estimate £M	2014/15 Estimate £M
Balances and Reserves	56	70	33	33	33

3. Authorised Limit and Operational Boundary for External Debt

- The Local Government Act 2003 requires the Council to set an Authorised Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.
- The Council's Authorised Borrowing Limit was set at £563M for 2011/12 and £911M for 2012/13.
- 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 2011/12 was set at £542M and £869M for 2012/13.
- The Chief Financial Officer (CFO) confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year and borrowing at its peak was £309M.

4. 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

5. 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 and the limit is set at £50M. In 2010/11 and 2011/12 the actual principal sum invested for periods longer than 364 days peaked at £21M and £27M respectively.

6. 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 31/3/2012	Average Fixed Rate as at 31/3/2012	% of Fixed Rate as at 31/3/2012	Compliance with set Limits?
	%	%	£M	%		
Under 12 months	0	45	10	2.67	4.06	Yes
12 months and within 24 months	0	45	3	1.97	1.17	Yes
24 months and within 5 years	0	50	0	0.00	0.00	Yes
5 years and within 10 years	0	75	104	3.23	40.58	Yes
10 years and within 15 years	0	75	0	0.00	0.00	Yes
15 years and within 20 years	0	75	0	0.00	0.00	Yes
20 years and within 25 years	0	75	0	0.00	0.00	Yes
25 years and within 30 years	0	75	10	4.68	3.90	Yes
30 years and within 35 years	0	75	5	4.60	1.95	Yes
35 years and within 40 years	0	75	25	4.62	9.76	Yes
40 years and within 45 years	0	75	53	3.61	20.65	Yes
45 years and within 50 years	0	75	46	0.35	17.93	Yes
50 years and above	0	100	0	0.00	0.00	Yes
			256	3.47	100.00	

7. 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. The increase in the HRA financing costs is due to the reform of HRA council housing finance as detailed in paragraph 10 of the Treasury Management Outturn report.

Ratio of Financing Costs to Net Revenue Stream	2010/11 Actual %	2011/12 Approved %	2011/12 Actual %	2012/13 Approved %	2013/14 Approved %	2014/15 Approved %
General Fund	4.89	7.09	6.30	6.84	7.42	7.17
HRA	4.46	5.75	4.65	10.92	11.05	10.84
Total	6.01	7.49	7.12	8.84	9.36	8.93

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GLOSSARY OF TREASURY TERMS

<p>Authorised Limit (Also known as the Affordable Limit):</p> <p>A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).</p>
<p>Balances and Reserves:</p> <p>Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.</p>
<p>Bank Rate:</p> <p>The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.</p>
<p>Bond:</p> <p>A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.</p>
<p>Capital Expenditure:</p> <p>Expenditure on the acquisition, creation or enhancement of capital assets.</p>
<p>Capital Financing Requirement (CFR):</p> <p>The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.</p>
<p>Capital receipts:</p> <p>Money obtained on the sale of a capital asset.</p>
<p>CD's:</p> <p>Certificates of Deposits with banks and building societies.</p>
<p>Cost of Carry:</p> <p>The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.</p>
<p>CPI :</p> <p>Consumer Price Index – the UK's main measure of inflation.</p>
<p>Credit Rating:</p> <p>Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.</p>
<p>Corporate Bonds:</p> <p>Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.</p>
<p>Counterparty List:</p> <p>List of approved financial institutions with which the Council can place investments with.</p>

Diversification /diversified exposure:

The spreading of investments among different types of assets or between markets in order to reduce risk.

Debt Management Office (DMO):

The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the **DMADF**. All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.

Federal Reserve:

The US central bank. (Often referred to as "the Fed").

General Fund:

This includes most of the day-to-day spending and income.

Gilts:

Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

LIBID:

The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks). It is "the opposite" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). Whilst the British Bankers' Association set LIBOR rates, there is no correspondent official LIBID fixing.

LIBOR:

The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

LOBO:

Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility. The upshot of this is that on the option exercise date, the lender could propose an extreme fixed rate, say 20 per cent, which would effectively force the repayment of the underlying facility. The borrower's so called 'option' is only the inalienable right to accept or refuse a new deal such as a fixed rate of 20 per cent.

IFRS:

International Financial Reporting Standards.

Maturity:

The date when an investment or borrowing is repaid.

Maturity Structure / Profile:

A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.

Money Market Funds (MMF):

Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

Minimum Revenue Provision (MRP):

An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

Multilateral Development Banks:

See Supranational Bonds below.

Non Specified Investment:

Investments which fall outside the CLG Guidance for **Specified investments** (below).

Operational Boundary:

This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts:

In the context of local authority borrowing,

(a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and

(b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

If on a £1 million loan, it is calculated that a £150,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,150,000 plus accrued interest. If on a £1 million loan, it is calculated* that a £50,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £950,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.

**The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.*

Prudential Code:

Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

Prudential Indicators:

Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators

Public Works Loans Board (PWLB):

The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Quantitative Easing (QE):

In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It *“does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller’s bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy”*. Source: Bank of England.

Revenue Expenditure:

Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

RPI :

Retail Prices Index is a monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the RPI index.

(Short) Term Deposits:

Deposits of cash with terms attached relating to maturity and rate of return (Interest).

Specified Investments:

Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

Supported Borrowing:

Borrowing for which the costs are supported by the government or third party.

Supranational Bonds:

Instruments issued by supranational organisations created by governments through international treaties (often called **multilateral development banks**). The bonds carry a AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

T-Bills:

Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating.

Treasury Management Code:

CIPFA’s Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

Treasury Management Practices (TMP):

Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

Temporary Borrowing:

Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

Unsupported Borrowing:

Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

Yield:

The measure of the return on an investment instrument.

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DECISION-MAKER:	COUNCIL
SUBJECT:	COLLECTION FUND OUTTURN 2011/12
DATE OF DECISION:	11 JULY 2012
REPORT OF:	CABINET MEMBER FOR RESOURCES
STATEMENT OF CONFIDENTIALITY	
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 2011/12 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 deficit by £2.4M in 2011/12. This is a difference of £1.2M when compared to the revised estimated deficit of £3.6M (see Appendix 1). This reduction in the deficit is due to a decrease in the bad debt provision (£263,800) and increased income from Council Tax Payers (£952,400). 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 2011/12 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 2011/12 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 2011/12.

OUTTURN POSITION 2011/12

7. The overall position on the Council Tax Collection Fund at 31 March 2012 is illustrated in Appendix 1. This shows that a deficit of £2.4M has been made in the year. After adjusting for the surplus brought forward from 2010/11 of £4.1M, a surplus of approximately £1.7M is to be carried forward.
8. When setting the Council Tax for 2012/13 in February 2011, it was estimated that there would be a surplus of £435,800 to be carried forward. This estimated surplus was taken into account in setting the 2012/13 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 2011/12.
9. This leaves a surplus of £1.2M that will be carried forward to 2012/13 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 2013/14 is set.

EXPLANATION OF VARIANCES

10. Income from NNDR payers shows a minor reduction of £81,000 (0.08%) compared to the revised estimate of £95.8M (see Appendix 1).

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 £81,000 in Payments to the NNDR Pool in the expenditure section of the Collection Fund Account.
12. Income due from Council Tax payers has increased by £952,400 (0.97%) compared to the revised estimate of £98.2M. This increase is due primarily to a reduction in the level of exemptions and discounts granted than estimated earlier in the year, for example single person discount.
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 2012 suggests that the following provisions are required:

Year	£000's
Prior Years	262
2005/06	256
2006/07	369
2007/08	654
2008/09	867
2009/10	947
2010/11	1,177
2011/12	1,215
Total	5,747

14. The bad debt provision available at the end of the year was £4.3M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £5.7M a contribution of £1.4M needs to be made to the Provision for Bad Debts in the year, a decrease of £263,800 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 £5.7M compares to a total arrears figure of £8.0M which represents 72% 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 £712.1M have been raised.

FUTURE YEAR'S COUNCIL TAX

16. The surplus of £1.2M 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 2012/13. Southampton's share of this surplus, £1.0M will be taken into account when setting the 2013/14 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.

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

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	
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SUPPORTING DOCUMENTATION

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

Appendices

1.	Collection Fund 2011/12
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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.	None	
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Agenda Item 15

Appendix 1
APPENDIX 1

COUNCIL TAX COLLECTION FUND REVENUE ACCOUNT FOR YEAR ENDED 31ST MARCH 2012

Original Estimate		Revised Estimate	Actual	Variance Adverse / (Favourable)
2011/12 £000		2011/12 £000	2011/12 £000	2011/12 £000
	Income from NNDR Payers			
Income				
(95,753)	Income from NNDR Payers	(95,753)	(95,672)	81
(98,090)	Net Income Due from Council Tax Payers	(98,200)	(99,152)	(952)
(193,843)		(193,953)	(194,825)	(872)
Expenditure				
82,586	Southampton City Council Precept	82,586	82,586	0
9,747	Hampshire Police Authority Precept	9,747	9,747	0
4,091	Fire & Rescue Services Precept	4,091	4,091	0
3,788	Distribution of Previous Year's Estimated Surplus	3,788	3,788	0
95,427	Payments to the NNDR Pool	95,427	95,346	(81)
326	Allowance to General Fund for NNDR Collection	326	326	0
1,668	Provision for CT Bad Debts	1,638	1,374	(264)
197,631		197,602	197,258	(344)
3,788	(Surplus) / Deficit For the Year	3,649	2,433	(1,216)
(3,788)	Surplus brought forward	(4,085)	(4,085)	0
0	(Surplus) / Deficit Carried Forward	(436)	(1,652)	(1,216)
0	Less Surplus applied in setting 2012/13 Council Tax	(436)	(436)	0
0	(Surplus) / Deficit Remaining	0	(1,216)	(1,216)

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DECISION-MAKER:	COUNCIL CABINET
SUBJECT:	'PLATFORM FOR PROSPERITY' – PLATFORM ROAD IMPROVEMENT SCHEME – PROJECT APPROVALS
DATE OF DECISION:	11 JULY 2012 17 JULY 2012
REPORT OF:	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
STATEMENT OF CONFIDENTIALITY:	
NOT APPLICABLE.	

BRIEF SUMMARY:

This report seeks the necessary approvals to deliver the “Platform for Prosperity” Road Improvement scheme. This will implement a two-way dual carriageway through traffic route along Platform Road in order to improve access to and from the Port of Southampton and remove through traffic from the gyratory system to the north of Queen’s Park.

RECOMMENDATIONS:

COUNCIL

- (i) To approve, in accordance with Financial Procedure Rules, capital expenditure of £6.850m, phased £1.653m in 2012/13, £4.765m in 2013/14 and £0.432m in 2014/15 for the “Platform for Prosperity” capital scheme contained within the Environment and Transport Capital Programme, funded by £5.595m from the Regional Growth Fund and £1.255m from the Council’s Local Transport Plan (LTP) grant funding.

CABINET

- (i) To approve the outline design of the Platform for Prosperity Road Improvement Scheme as illustrated in Drawing 11ALM019023 Revision C as set out in Appendix 1 and delegate authority to the Highways Manager to undertake any future amendments to the design.
- (ii) To approve the purchase of the freehold interest of the water pumping station within Vokes Memorial Gardens from Southern Water Plc and to delegate authority to the Senior Manager Property, Procurement and Contract Management following consultation with the Director, Environment and Economy, Director of Corporate Resources, and Cabinet Member for Resources, to agree the purchase price and the final terms and conditions of purchase.
- (iii) To authorise the Head of Legal, HR & Democratic Services to advertise the proposed appropriation of Vokes Memorial Gardens and Queen’s Park for two consecutive weeks in a local newspaper circulating in the locality the areas L1, L2, L3 and L4 shown hatched in red on Drawing 11ALM019019 Revision G as set out in Appendix 2.

- (iv) To note that should any objections be received, to bring a subsequent report and refer those objections to the Cabinet Member for determination.
- (v) Subject to there being no objections, to approve the appropriation of the land to Highway Act Powers to enable the development of the new carriageway.
- (vi) To delegate authority to the Highways Manager to make any order, decision or application required under the Highways Act 1980 or Town & Country Planning Act 1990, to facilitate the delivery of the Platform Road Project including (but not limited to) making a planning application for change of use of areas of the car park and Latimer Street in Queen's Park and the Pan Handle Car Park to Open Space and to make the necessary application to the Secretary of State under S.247 Town and Country Planning Act 1990 to stop up Latimer Street to highway traffic and to advertise under S.257 Town and Country Planning Act 1990 to stop up the footpath in Queen's Park, labelled S3 on Drawing 11ALM019019 Revision G as set out in Appendix 2, on the basis that this is necessary for any change of use permission to be implemented.
- (vii) To delegate authority to Senior Manager Property, Procurement and Contract Management to approve the payment of compensation to any claimant in respect of the road scheme.
- (viii) To delegate authority to the Director, Environment and Economy, following consultation with the Director of Corporate Services and Cabinet Members for Resources, and Environment and Transport; to do anything considered appropriate to facilitate the delivery of the Platform for Prosperity Scheme including, but not limited to, the entering into of contracts, purchase orders, agreements, licenses, land purchase or land development agreements, subject to remaining within the overall approved spend.
- (ix) To note that a subsequent report will be taken to Cabinet in Autumn 2012 to seek approval to purchase the freehold interest of the Pan Handle Car Park and any other additional land within the ownership of Associated British Ports adjacent to public highway and to delegate authority to the Senior Manager Property, Procurement and Contract Management following consultation with the Director for Corporate Resources, to agree the final purchase price, terms and conditions of purchase.

REASONS FOR REPORT RECOMMENDATIONS:

1. Financial Procedure Rules require that approval to spend is secured to deliver schemes within the Council's Capital Programme.
2. The recommendations approve the layout design and provide the necessary delegated authority to amend the scheme layout as necessary.
3. It is necessary to acquire land to replace the loss of public open space (Vokes Memorial Gardens) following redevelopment to provide part of the highway improvements. Cabinet recommendation (ii) provides the necessary authority to purchase the Southern Water PLC owned pump house and to enable the

Head of Legal, HR & Democratic Services to advertise the proposed appropriation of public open space to allow construction of the highway improvements. Cabinet recommendation (ix) notes that a subsequent report will be taken to Cabinet to seek the necessary authority to purchase the Pan Handle Car Park and other land from Associated British Ports.

4. The recommendations provide the necessary authority to pay any compensation liabilities which will be incurred by the City Council from delivering the Platform for Prosperity Project.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

5. Working closely with Associated British Ports, the proposed scheme layout has been designed following extensive modelling of peak traffic demands, associated with busy cruise days. Original design proposals to retain both “In” and “Out” movements at Gate 4 have been rejected, as these were less efficient in terms of traffic movement.
6. In terms of the changes to public open space, additional land is being acquired to ensure there is no overall net loss in the area of public open space. The option to advertise changes resulting in an overall loss of public open space has been rejected, as this would be unacceptable to open space interest group and is contrary to Council Policy in the Core Strategy.

DETAIL (Including consultation carried out):

7. On the 14 March 2012, Full Council considered a report on the *Platform for Prosperity* Improvement Scheme and gave the necessary approvals to receive funding from Government, commit the Council match funding and add all this to the Environment and Transport Capital Programme. Council recommendation (i) now seeks the necessary approval to spend this funding.
8. The 14 March 2012, the Full Council *Platform for Prosperity* report outlined in detail:
 - the historic development of the scheme and its adoption into the Council’s policy framework;
 - The key elements of the scheme;
 - Consultation which had been undertaken at that stage.
9. Subsequent to this previous Council report, the design has been further refined with Associated British Ports and now proposes that Gate 4 should become “In” only and all traffic will exit the Port via the new Gate 5. Detailed traffic modelling has shown this to be the most efficient layout for dealing with peak travel demands in and out of the Port on busy cruise ship days.
10. Following the earlier dialogue with key stakeholders, exhibitions of the latest scheme proposals were held for local residents and businesses at God’s House Tower on the 29 and 30 May and at the City Cruise Terminal on the 1 June. In advance of the exhibitions, just over 2,000 letters of invitation were sent to local residents and businesses. Local ward councillors were also invited to the exhibition. A copy of the leaflet showing the scheme proposals was included with the invitation. A website has also been set up to display the scheme proposals and a dedicated email account provided for people to make contact in relation to the scheme.

11. A total of 83 people visited the exhibitions over the three days, with others contacting directly via email or telephone conversation. 55% of people that made comments are generally in favour of the scheme, whilst 17% are clearly against the proposals, with 28% not expressing a clear preference. Appendix 3 summarises the specific issues raised with an officer response.
12. Whilst it is important to note objections and where possible, address concerns raised; it is important to remember that the principle of delivering a road improvement scheme along Platform Road has been a long established part of the City Council's policy framework, including Development Plan documents and the Local Transport Plan. A number of detail issues are still subject to processes involving further statutory consultation. This includes the many Traffic Regulation Order changes and statutory processes to appropriate public open space, approval to commence which is being sought by virtue of this report. Traffic Regulation Order changes will be advertised later this year and any comments or objections will be considered in detail before the traffic orders are made. In relation to the appropriation of Open Space, Cabinet recommendation (iv) notes that any objections will need to be considered by the Cabinet Member in making a final decision.
13. Cabinet recommendation (i) seeks the necessary authority to approve the scheme layout, with delegated authority provided to the Highways Manager to make any subsequent design changes. It should be noted that it is intended to set up a Champions Group with local residents and businesses to develop the detail design for public realm enhancements in Queen's Terrace. It should also be noted that the overall scheme will aim to enhance the public realm and be sensitive to the historic built environment through the use of appropriate materials and detail design features. The scheme also includes a proposal to allow northbound traffic in Terminus Terrace to access Central Bridge. However, the consultation and design of this part of the scheme will be dealt with separately as part of the development of the proposed strategic east-west cycle route, funded by the Local Sustainable Transport Fund.
14. In order to maintain no net loss of open public space, the City Council is proposing to acquire the Pan Handle Car Park, which lies immediately to the south of Vokes Memorial Gardens and the Southern Water Pump House, currently located within Vokes Memorial Gardens. The latter is covered by Cabinet Recommendation (ii) and the former will be covered by a subsequent Cabinet report, as noted in Cabinet recommendation (ix). Additional open space will also be provided within Queen's Park, through a reduction in the width of Latimer Street and other changes at the eastern end of Queen's Park. These will be progressed through appropriate delegated authority. Drawing 11ALM019019 Revision G (included as Appendix 2) illustrates all the areas concerned. Cabinet recommendations (iii), (iv) and (v) seek the necessary authority to appropriate the public open space required to deliver the improvement scheme. This is primarily in Vokes Memorial Gardens, together with a small section of Queen's Park to provide a turning head at the closed eastern end of Queen's Terrace.
15. Cabinet recommendation (vii) outlines the potential requirement to pay compensation as a result of delivering the *Platform for Prosperity* Scheme. Compensation, often called 'Part 1 Compensation', can be claimed for the

effects on residential, agricultural and other property from the use of new roads or alterations to existing roads operated by the City Council Under Part I of the Land Compensation Act 1973. Compensation can be claimed by people who own and also occupy property that has been reduced in value by more than £50 by physical factors caused by the use of a new or altered road. The physical factors are noise, vibration, smell, fumes, smoke and artificial lighting and the discharge on to the property of any solid or liquid substance. Loss of view or privacy, personal inconvenience and physical factors arising during the construction of the road are not included under Part 1 Compensation.

16. The City Council will publish a Claims Procedure at a later date when the scheme has progressed, this due to the strict timeframes which operate under the legislation governing the claims procedure. The first day for claiming compensation is a year and a day after the new or altered highway first came into public use. This claim window will remain open for a period of 6 years. It is intended that funding from the approved scheme budget will be set aside for this purpose to cover any claims that are subsequently evidenced and substantiated under the terms of the Act.
17. A Stage 1 Integrated Impact Assessment has been produced in support of the project. This has identified a number of specific issues which need to be considered.
18. Mott Macdonald has been commissioned to undertake a detailed assessment of all the environmental impacts of the *Platform for Prosperity* scheme. This includes the impact on the Natural Environment and impacts on local residents, including Air Quality, Noise and Vibration. Any amelioration measures identified as a result of this work will be incorporated into the detailed design.
19. In order to fully consider the needs of disabled people, a meeting was held with the Southampton Action for Access group. They are generally supportive of the scheme proposals, but have some detailed design requirements in relation to the layout of on-street disabled parking and pedestrian crossings. These can be accommodated within the detailed design and dialogue will be maintained with the group through the development and implementation of the scheme.

RESOURCE IMPLICATIONS:

Capital/Revenue:

20. The *Platform for Prosperity* capital scheme is funded by £5.595m from the Regional Growth Fund (phased £1.241m in 2012/13 and £4.354m in 2013/14) and £1.255m from the Council (phased £0.412m in 2012/13, £0.411m in 2013/14 and £0.432m in 2014/15). The intention is that the Council funding will be met from the confirmed 2012/13 Local Transport Plan (LTP) grant funding and the indicative 2013/14 and 2014/15 LTP funding. However, Council on the 14th March 2012 agreed to underwrite, from general capital resources, any shortfall in the 2013/14 and 2014/15 funding should the confirmed LTP funding be insufficient to meet the total requirement of £0.843m for those two years.

21. The *Platform for Prosperity* scheme has a number of capital and revenue implications, which are outlined in detail in the 14 March 2012 Full Council report. Since this report was considered, an additional financial implication has been identified with the potential need to pay compensation as a result of delivering the scheme, which is outlined in Cabinet recommendation (vii). Although a full assessment has yet to be undertaken, it is anticipated that this potential additional cost can be funded from within the contingency in the currently approved scheme budgets. Part of the Council funding will be set aside for this purpose over the six year period of the claim window.

Property/Other:

22. There are no revenue or capital implications identified for the acquisition of the water pumping station from Southern Water PLC. Any professional fees incurred in the acquisition will be funded through the approved budgets for the scheme.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

23. The main powers to deliver the scheme are Part 13 of the Town and Country Planning (General Permitted Development) Order 1995, the Highways Act 1980, As Amended and the Road Traffic Regulation Act 1984.
24. The Council is required to advertise proposed appropriations of public open space under section 122 (2A) of the Local Government Act 1972.
25. The Council may acquire land by agreement for the purposes of any of its functions under section 120 of the Local Government Act 1972.
26. All other matters referred to within this report re permitted by virtue of S.1 Localism Act 2011 (the General Power of Competence), which permits a Council to do anything and individual may do subject to pre and post comments limitations.

Other Legal Implications:

27. Planning consent will be required to change the car park and Latimer Street in Queen's Park to Open Space. This planning application will also be used to stop up the highway designation of Latimer Street and the adopted footpath in Queen's Park using the powers in S.247 and S.257 Town and Country Planning Act 1990 respectively.
28. The proposals set out in this report are being developed having regard to the requirements of S.17 Crime & Disorder Act 1998 (the requirement to exercise all functions having regard to the need to reduce or eliminate crime and disorder), the Equalities Act 2010 and the requirements of the Human Rights Act 1998 (particularly in relation to any impact on people or property arising out of the scheme, as identified in this report or through further consultation on the design of the scheme. Such interferences are considered proportionate to the degree of any interference and necessary to ensure the delivery of transport facilities that benefit the community as a whole).

POLICY FRAMEWORK IMPLICATIONS:

29. The *Platform for Prosperity* scheme is consistent with the Council's policy framework. The scheme has been safeguarded in the Local Development Plan and identified as a priority within the Local Transport Plan.

AUTHOR:	Name:	Phil Marshall	Tel:	023 8083 2590
	E-mail:	philip.marshall@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Bargate
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SUPPORTING DOCUMENTATION

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

Appendices:

1.	Drawing 11ALM019023 Revision C
2.	Drawing 11ALM019019 Revision G
3.	Summary of responses from public exhibitions, emails and telephone conversations

Documents In Members' Rooms:

1.	<i>Platform for Prosperity</i> Leaflet
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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:

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.	Integrated Impact Assessment Stage 1	
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DECISION-MAKER:	COUNCIL STANDARDS & GOVERNANCE COMMITTEE
SUBJECT:	LOCALISM ACT 2011 – REVISED STANDARDS ARRANGEMENTS
DATE OF DECISION:	11 TH JULY 2012 25 TH JUNE 2012
REPORT OF:	HEAD OF LEGAL, HR AND DEMOCRATIC SERVICES
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

On 16th May 2012 the Council received a report informing Members of the changes to the standards regime brought about by the Localism Act 2011 which makes fundamental changes to the system of regulation and recommends proposals for the drawing up of a revised Code of Conduct for adoption by Council, together with arrangements for dealing with complaints where a Member has breached the Code. This further report follows finalisation of the Regulations governing Members' interests and recommends the adoption of a new Members Code of Conduct based on the draft prepared by the Association of Council Secretaries and Solicitors (ACSeS) as set out in appendix 1. This report further recommends that the final arrangements under the Code for the consideration, investigation and hearing of complaints be approved on the basis set out in appendix 2, subject to a delegation to the Head of Legal, HR and Democratic Services to make any final amendments necessary in order to make the arrangements fit for purpose in accordance with any revised national or local guidance, governance structures or further legal advice received on the operation of transitional provisions that are still awaited. It is proposed that the arrangements are reviewed after 6 months of operation and the authority delegated to the Head of Legal, HR and Democratic Services, following consultation with the Chair of the newly appointed Governance Committee to make any changes deemed appropriate to those procedures arising out of that review.

RECOMMENDATIONS:

STANDARDS & GOVERNANCE COMMITTEE

- (i) To recommend the revised Members Code of Conduct set out at appendix 1 for adoption by Council.

COUNCIL

- (i) To adopt the revised Members Code of Conduct as set out at Appendix 1 to come into operation with immediate effect.
- (ii) To delegate authority to the Head of Legal, HR and Democratic Services to make any technical amendments to the Code which may be necessary as a result of any statutory requirements introduced following the adoption of the revised Code.
- (iii) To adopt the arrangements for the consideration, investigation and hearing of complaints under the revised Members Code of Conduct as set out in appendix 2.

- (iv) To delegate authority to the Head of Legal, HR and Democratic Services to make any technical changes necessary to the arrangements set out in appendix 2 in order to give effect to any statutory requirements or further Leading Counsel's advice awaited in relation to transitional arrangements.
- (v) To amend the Terms of Reference of the Governance Committee as set out in appendix 5 to enable it to grant dispensations under section 33 of the Localism Act 2011 and the Members Code of Conduct.
- (vi) To amend Council Procedure Rules (addition of new paragraph 14.16) as set out in appendix 3 and Executive Procedure Rules (addition of paragraph 1.5(d) and 1.5(e)) as set out in appendix 4 to require that Members who have a personal and prejudicial and / or Disclosable Pecuniary Interest under the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 declare that interest and leave the decision taking or decision meeting during the discussion of the relevant item unless a dispensation to stay has been obtained.
- (vii) To appoint David Basson (currently the Chair of Fareham Borough Council's Standards Committee) and Alison Foster to act as Independent Persons for a period of three years for the purposes of the consideration, investigation and hearing of complaints under the Members Code of Conduct and associated procedures.
- (viii) To delegate authority to the Head of Legal, HR and Democratic Services to amend the Council's Constitution to take into account any further amendments required as a result of the Localism Act 2011 and its associated regulations.

REASONS FOR REPORT RECOMMENDATIONS

1. As a result of the Localism Act 2011 the current standards regime is radically changing which requires the Council to put in place new arrangements to deal with matters of ethics, probity and Members' conduct.

DETAIL (Including consultation carried out)

2. The Localism Act 2011 was enacted on 15th November 2011. Standards & Governance Committee and Council have received reports to previous meetings setting out the changes brought about by the Act to the standards framework, and the detailed requirements which were still to be clarified through the Disclosable Pecuniary Interests Regulations.
3. These Regulations are currently available in draft form with the final form still awaited from the Government. The main issues to be defined by Regulations are what will constitute Disclosable Pecuniary Interests, and the date on which the statutory standards framework will cease. On 30th May 2012, the Association of Council Secretaries and Solicitors (ACSeS) circulated the draft Disclosable Pecuniary Interest Regulations and the draft Transitional Regulations which had been issued by the Department of Communities and Local Government (CLG) on which ACSeS has been asked to comment. Comments have been submitted and the Regulations are expected to be

issued shortly. The Government has indicated the commencement date for the new statutory framework will be 1st July 2012. The Council has sought legal advice through ACSeS in relation to the adoption date for the new framework and has been advised that any Code adopted prior to the implementation date of 1st July 2012 would likely be deemed invalid. It is appropriate therefore for the Code to be adopted at the first available Council meeting on 11th July 2012.

4. Leading Counsel's Opinion is also being sought via ACSeS in relation to a number of outstanding issues in relation to the proposed transitional arrangements relating to the revocation of the old Code and what happens to complaints brought under the old Code and it may be necessary to further review the proposed arrangements at appendix 2 in light of any advice received. At present time it would appear that any complaint made before the revocation date but which has not yet reached 'appeal' stage will simply fall away and be discontinued. There appears to be no ability to 'resurrect' any such complaint relating to matters occurring prior to the revocation date in relation to the new arrangements (as any such complaint will not be deemed to be a breach of the new Code as it would not have existed at the time the facts complained of arose.)
5. Members will know that there is a statutory requirement to continue to have a Members Code of Conduct. There is, however, no prescribed Code provided that the revised Code is consistent with the 7 principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Those principles are not defined in any more detail.
6. The Local Government Association issued a template Code on 11th April 2012, which is a short outcome-focused document however, the principles are set out such a high level that there is concern that it would be difficult for Members to demonstrate compliance with the Code in the event of a complaint that, for example, Members have not shown 'Objectivity' or 'Integrity' in their dealings with residents or in the decision-making process. There is no cross reference between the template Code and the Guidance to clarify which of the 7 Principles encompass 'valuing my colleagues and staff', and 'always treating people with respect', and what 'dealing with representations or enquiries from residents, members of our communities and visitors fairly, appropriately and impartially' actually requires Members to do differently. Does it, for example, introduce a new requirement to respond to correspondence? For these reasons it is recommended that this model is not adopted.
7. The Department of Communities and Local Government (CLG) issued illustrative text for potential Codes of Conduct. This sets out a number of principles, but is also high level and is not recommended for the same reasons as set out in paragraph 6 above.
8. The previous report to Council recommended adoption of a Code based on the draft being prepared by ACSeS and it is therefore recommended that this approach is the most appropriate in the circumstances and is as set out in appendix 1. The detail of disclosable pecuniary interests is based on the draft Regulations. It is recommended that the draft Code be adopted, and that the Head of Legal, HR and Democratic Services be authorised to amend

the Code as necessary prior to implementation should the final Regulations differ from the draft regulations.

It should also be noted that the proposed Code makes clear that breach of a number of other associated protocols, Codes and guidance will be deemed to amount to a breach of the Members Code of Conduct. These will apply whenever a Member is acting in their capacity, or holding themselves out to be acting in their capacity, as a Member of the Authority including when using social media to communicate with the public etc. In accordance with established case law, the provisions of the Code will not apply where they are proven to be acting in a purely personal capacity.

9. The Localism Act requires the Authority to make “arrangements” for dealing with complaints of breaches of the Code of Conduct by Members.
10. The recommended proposed arrangements are as set out in appendix 2. Further revisions to the processes may be required in order to give effect to any further regulations or guidance that may be issued and it is therefore recommended that authority be delegated to the Head of Legal, HR and Democratic Services to amend as required to give effect to such. The Act gives no statutory right of appeal against a decision on a Code of Conduct complaint, and so the appropriate route of challenge will be through the courts by way of judicial review.
11. The arrangements adopted by the Authority for dealing with complaints of breaches of the Code by Members must include provision for the appointment of at least one Independent Person (IP). As previously agreed, the Head of Legal, HR and Democratic Services has issued the advertisement for an Independent Person(s) and, in accordance with the delegations contained in the previous report to Council, applicants have been interviewed and 2 individuals are put forward for appointment. It is recommended that Council appoint two independent persons in order that one can either be consulted generally or formally be asked for views before a decision is made on an allegation that has been investigated, and the other can be available to advise the Member or co-opted member concerned without an actual or perceived conflict of interest arising.
12. The Localism Act requires the Disclosable Pecuniary Interests of Members and co-opted members (and their spouses, civil partners or persons living with them in a similar capacity) to be registered. The Authority’s Monitoring Officer must maintain a register of these in its area. The register must be available for inspection and must be on the Authority’s website.
13. Each Member or co-opted member must register all Disclosable Pecuniary Interests (DPIs) within 28 days of becoming a Member. Failure to register will be a criminal offence.
14. As it is proposed that this Authority’s Code also include the declaration of other pecuniary or non-pecuniary interests (i.e. in addition to the statutory Disclosable Pecuniary Interests) it would seem logical that there should be a requirement that these too be declared and registered. It is recommended that the Register also retain the requirement for Members to record Gifts and Hospitality received.

15. It is anticipated that requirement to register will begin at the point a new standards regime comes into effect on 1st July. However, compiling a register cannot begin until final regulations have been made defining the Disclosable Pecuniary Interests and the Code adopted by Council.
16. The provisions of the Localism Act on sensitive interests largely replicate those currently in force. Where a Member is concerned that disclosure of the detail of an interest (either a Disclosable Pecuniary Interest or any other interest which he/she is required to disclose) at a meeting or on the register of Members' interests would lead to the Member or a person connected with him/her being subject to violence or intimidation, he/she may request the Monitoring Officer to agree that the interest is a "sensitive interest".
17. The Localism Act stipulates that a Member with a Disclosable Pecuniary Interest cannot participate in any discussion at a meeting and cannot vote; but it does not require the Member to withdraw. To protect a Member from the perception that his/her presence at a meeting might influence the discussion, it is recommended that Council and Executive Procedure Rules are amended in line with the current Code, to require Members who have declared a personal and prejudicial or Disclosable Pecuniary Interest to declare at the meeting and to leave the room during the discussion of the relevant item.
18. Finally, so far as dispensations are concerned, it is suggested that the power to grant dispensations in relation to pecuniary interests be exercised by the Governance Committee. If there needs to be further delegation to an officer then this can be the subject of a further report following the recommended review period.
19. Finally, it is recommended that the Head of Legal, HR and Democratic Services be authorised to amend the Council's Constitution to take into account any further amendments required as a result of the Localism Act 2011 and its associated regulations.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 19 As set out in the report.

RESOURCE IMPLICATIONS

Capital/Revenue

- 20 There will be a cost arising from the requirement to appoint DIP(s) as such persons will be entitled to receive an allowance and expenses but this will be offset by the remuneration that is currently paid to the existing Independent Members of the Standards Committee.
- 21 A decision will need to be made about the remuneration or payment of expenses of the newly appointed DIP(s) which is outside the scope of the Members' allowances scheme and which can be agreed locally.

Property/Other

- 22 N/A

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

23 Chapter 7 Localism Act 2011

Other Legal Implications:

24 None

POLICY FRAMEWORK IMPLICATIONS

25 None

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SUPPORTING DOCUMENTATION

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

Appendices

1.	Proposed Members Code of Conduct
2.	Proposed arrangements for the consideration, investigation and hearing of conduct related complaints
3	Amended Council Procedure Rules
4	Amended Executive Procedure Rules
5.	Amended Terms of Reference for Governance Committee

Documents In Members' Rooms

1.	None
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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)
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1.		N/A
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Integrated Impact Assessment and Other Background documents available for inspection at: N/A

WARDS/COMMUNITIES AFFECTED:	None
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DECISION-MAKER:	COUNCIL
SUBJECT:	LICENSING OF SEXUAL ENTERTAINMENT VENUES
DATE OF DECISION:	11 JULY 2012
REPORT OF:	HEAD OF LEGAL, HR AND DEMOCRATIC SERVICES
STATEMENT OF CONFIDENTIALITY	
NONE	

BRIEF SUMMARY

This report is to inform Council of amendments to the Local Government (Miscellaneous Provisions) Act 1982 (“the 1982 Act”) which introduces a new category of sex establishment, namely sexual entertainment venues (“SEVs”) and for Council to give consideration to formal adoption of the new licensing provisions.

RECOMMENDATIONS:

- (i) That Council notes that at its meeting on 22 March 2012, the Licensing Committee considered the amendments to the 1982 Act and recommend that Council adopt the licensing provisions for SEVs;
- (ii) Resolves to adopt Schedule 3 to the Local Government (Miscellaneous Provisions) Act 1982, as amended by section 27 of the Policing and Crime Act 2009 (“the 2009 Act”), and the following recommendations shall apply:-
 - That the new statutory provisions that will apply to Southampton City Council are with effect from the 20 August 2012;
 - That authority be delegated to the Licensing Committee to discharge its statutory functions (including the adoption of policy and setting of fees) under Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982 as amended;
 - That the Head of Legal, HR and Democratic Services be given delegated authority to:
 - arrange formal publication of the statutory notices in a local newspaper;
 - approve applications in such cases where no objections are made to the grant, renewal, transfer or variation of sex establishment licences;
 - prepare a draft policy together with standard conditions application to sex establishments for consideration and adoption by the Licensing Committee.

REASONS FOR REPORT RECOMMENDATIONS

1. The parts of the 1982 Act are adoptive, and the Council is required to consider amendments introduced to the 1982 Act by virtue of the Policing and Crime Act 2009 to consider whether or not to adopt the new provisions relating to sexual entertainment venues.

DETAIL (Including consultation carried out)

2. On 14 July 2011, the Licensing Committee considered a report from the Acting Head of Legal and Democratic Services regarding the adoption of the power to licence sexual entertainment venues as provided for in the amended 1982 Act.
3. Following consideration of the available powers, the Licensing Committee resolved that public consultation be carried out regarding the adoption of such provisions. This was undertaken between 22 November 2011 and 20 December 2011 and resulted in five responses being received. These are reproduced at Appendix 1.
4. A further report was considered by the Licensing Committee on 22 March 2012 following the public consultation and resolved to recommend to Council that consideration be given to the formal adoption of the legislation to licence sexual entertainment venues together with associated legal provisions and delegations.
5. If Council were to resolve to adopt the provisions, a further report would be prepared for consideration and determination by the Licensing Committee in respect of the preparation of a draft sex establishment policy together with standard conditions application to sex establishments.
6. Whilst the Licensing Act 2003 (“the 2003 Act”) regulates the sale or supply of alcohol, regulated entertainment and/or late night refreshment, regulation of such types of sexual entertainment as lap or pole dancing can only be achieved via adoption of Schedule 3 of the 1982 Act in respect of sexual entertainment venues.
7. Adoption of such powers must be made by Council and would enable a local authority to licence and regulate such entertainment on potentially wider grounds than is permitted under the 2003 Act, however, it should be made clear that representations on these types of sex establishment premises on moral grounds are not legitimate ground for objection.
8. The Council originally adopted Schedule 3 of the 1982 Act in so far as they related to sex shops and sex cinemas in 1983 and subsequently readopted them with effect from 3 July 1995.
9. Under the existing adopted provisions, there are currently four licensed sex shops and no licensed sex cinemas in Southampton.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. None, since consideration of adoption of the powers to licence SEVs is a legal duty.

RESOURCE IMPLICATIONS

Capital/Revenue

11. If adopted, the additional officer workload and associated costs should be offset by additional fee income from applications. The level of the fee would be kept under regular review.
12. The cost of enforcement is not able to be met from the income derived from the fee charged.

Property/Other

13. None

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

14. The 2009 Act amended the Local Government (Miscellaneous Provisions) Act 1982 with effect from 6th April 2010 by way of introducing a new category of sex establishments, namely sexual entertainment venues. This enabled local licensing authorities to adopt the provisions for regulating lap dancing and similar venues under Schedule 3 of the 1982 Act. Previous control of such establishments was limited to sex shops and sex cinemas.
15. If a local licensing authority has not made a resolution to adopt the provisions introduced by the 2009 Act within one year of it coming into force, it must, as soon as is reasonably practicable, consult local people about whether they should make such a resolution.
16. The purpose of this duty is to ensure that local licensing authorities consider the views of local people where, for whatever reason, they have not adopted the provisions.
17. Public consultation has been undertaken as set out in paragraph 3 above.

Adoption Procedure

18. The process of adoption of the legislation is by way of Council resolution. In considering such a resolution, Council may have regard to any recommendations made by its Licensing Committee.
19. Should Council decide to adopt the new provisions, it must state the date upon which the new regime is to come into effect, which must be at least one month after the resolution is made.
20. It is recommended that Council delegate to the Licensing Committee responsibility for establishing the detail of any policies, standard conditions and fees. The licensing of SEVs is not a matter which can be determined by the Executive.
21. As part of the adoption process, the licensing authority must advertise its intention to adopt the legislation by way of public notice. The notice must set out the general effect of the provisions which will include:
 - That sexual entertainment venues will be required to apply for a licence;
 - That there will be an opportunity for objections to be made to the grant, renewal, variation and transfer of licences;
 - That licences may be granted, granted with conditions or refused.

Sexual Entertainment Venues:

22. The 2009 Act sets out the meaning of a “sexual entertainment venue” and “relevant entertainment” and are summarised below:

Sexual Entertainment Venue

“Any premises at which relevant entertainment is provided before a live audience for the financial gain of the organiser or entertainer”

Relevant Entertainment

“Any live performance or live display of nudity which is of such a nature that, ignoring financial gain, it must reasonably be assumed to be provided solely or principally for the purpose of sexually stimulating any member of an audience (whether by verbal or other means).”

It should also be noted that an audience can consist of just one person, e.g. when the entertainment takes place in private booths.

Relevant entertainment is therefore different from “regulated entertainment” as defined in the Licensing Act 2003.

23. When considering what constitutes “relevant entertainment” each case must be judged on its merits, but the informal guidance produced by the Home Office suggests that the definition of relevant entertainment would apply to the following forms of entertainment as they are most commonly understood:
 - Lap dancing
 - Pole dancing
 - Table dancing
 - Strip shows
 - Peep shows
 - Live sex shows
24. However, the list above is not exhaustive and, as the understanding of the exact nature of these descriptions may vary, it should therefore merely be used as an indicator for certain types of entertainment. Ultimately, decisions on the licensing of individual premises as sexual entertainment venues will depend upon the content of the entertainment provided and not how it is described.
25. The relevant entertainment must be provided for the financial gain of the “organiser” or “entertainer”

*“**Organiser**” means any person who is responsible for the organisation or management of the relevant entertainment or the premises at which the relevant entertainment is provided. In most cases this definition will relate to the manager of the premises but there could be circumstances where it will relate to an individual who is responsible for organising the relevant entertainment on behalf of the persons responsible for the management of the premises.*
26. The 1982 Act also sets out those premises that are **NOT** sexual entertainment venues. These are:
 - Sex shops and sex cinemas;
 - Premises which provide entertainment on an infrequent basis. These are defined as premises where –
 - (a) No relevant entertainment has been provided on more than 11 occasions within a 12 month period;
 - (b) No such occasions has begun within a period of one month beginning with the end of the previous occasions; and
 - (c) No such occasion has lasted longer than 24 hours.

- Other premises or types of performances or displays exempted by an order of the Secretary of State;
- Private dwellings with no public admittance.

Transitional Provisions:

27. Transitional period

Should a local authority resolve that the new provisions will have effect in its area, the new legislation sets out a “transitional period” which will last for 12 months beginning with the date that the local authority resolves that the provisions will come into force in its area – this date would be known as “the first appointed day”. Six months following the first appointed day will be known as the “second appointed day” and the day on which the transitional period ends will be known as the “third appointed day”.

These dates will vary across individual authority areas as it will be dependent upon when local authorities resolve to adopt the new provisions.

28. Existing operators

In order to allow sufficient time for existing operators to comply with the new regime (i.e. those operators who, immediately before the first appointed day, have a licence under the 2003 Act and lawfully use premises as a SEV) they will be allowed to continue to provide relevant entertainment until the third appointed day or until the determination of any application submitted before that time (including any appeal against the refusal to grant a licence), whichever is the later.

29. New applicants

New applicants are considered to be those persons who wish to use premises as a SEV after the first appointed day but do not already have a premises licence or club premises certificate under the 2003 Act or do have such a licence but have not taken any steps towards operating as such. After the first appointed day, new applicants will not be able to operate as a SEV until they have been granted a sexual entertainment licence.

30. Determining applications received on or before the second appointed day

Applicants will be able to submit their application for a SEV from the first appointed day onwards. However, as the local authority is able to refuse applications having regard to the number of sex establishments they consider appropriate for a particular locality, all applications made on or after the first appointed day and on or before the second appointed day shall be considered together. This is to ensure that applicants are given sufficient time to submit their application and that all applications received on or before the second appointed day are considered on their individual merit and not on a first come, first served basis.

No applications will be determined before the second appointed day. After this date the local authority must decide what, if any, licences should be granted.

If a new applicant is granted a licence it will take effect immediately. If an existing operator is granted a licence, it will not take effect until the third appointed day, up to which point they will be allowed to continue to operate under their existing premises licence or club premises certificate.

31. Determining applications received after the second appointed day

Applications made after the second appointed day shall be considered when they are made but only after all applications made before or on the second appointed date have been determined.

As in paragraph 30 above, licences granted to new applicants shall take effect immediately and licences granted to existing operators will take effect from the third appointed day or, if later, the date the application is determined.

Licensing Policies

32. Local licensing authorities are not required to publish a licensing policy relating to sex establishments but can do so if it wishes, so long as it does not prevent any individual application from being considered on its merits at the time the application is made.

A policy may include statements about where the local licensing authority considers a location for such venues to be appropriate or inappropriate. This could be set out in general terms by reference to a particular type of premises, such as a school or place of worship, or more specifically, by reference to a defined locality.

Equally, the policy could give an indication of how many sex establishments or sex establishments of a particular kind, they consider to be appropriate for a particular locality.

Different policies or separate sets of criteria may be applied in respect of different types of sex establishments. This may relate to distinctions between the operating requirements of different establishments or the fact that the location that the local authority considers appropriate for a sex shop may be different to that for a SEV.

At present, the policy of the Council relating to the licensing of sex establishments (shops and cinemas) is to consider each case on its individual merits.

Licensing Conditions

33. If a local licensing authority has decided to grant a licence, it has power to impose terms, conditions and restrictions on that licence, either in the form of conditions specific to the individual premises concerned or standard conditions applicable to all sex establishments, or particular types of sex establishments.

Examples of the matters that standard conditions may address can include, but are not restricted to:

- The hours of opening and closing;
- Displays and advertisements on or in sex establishments;
- The visibility of the interior of a sex establishment to passers-by;
- Any change of use from one kind of sex establishment to another.

If such standard conditions are introduced by the local authority, they will apply to every licence granted, renewed or transferred by the authority unless they have been expressly excluded or varied.

Consideration of Adoption of New Powers by Council

34. Should Council resolve to adopt the provisions relating to SEVs, then additional recommendations also need to be considered in respect of the following matters:
- The date that the new regime will come into effect;
 - Delegation of the statutory function (to include the making of policy, standard conditions and the setting of fees) to the Licensing Committee;
 - Delegation of powers to officers to approve applications for renewal of licences where no valid objections have been received;
 - Arrangements for the publication of the statutory notices;
 - Preparation of proposed policy and standard conditions for consideration and approval by the Licensing Committee.

Other Legal Implications:

35. Section 17 of the Crime and Disorder Act 1998 places a statutory duty upon the Council to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area.
36. The Human Rights Act 1998 requires UK legislation to be interpreted in a manner consistent with the European Convention on Human Rights. It is unlawful for the Council to act in a way that is incompatible (or fail to act in a way that is compatible) with the rights protected by the Act. Any action undertaken by a Council that could have an effect upon another person's human rights must be taken having regard to the principle of proportionality – the need to balance the rights of the individual with the rights of the community as a whole. Any action taken by the Council which affects another's rights must be no more onerous than is necessary in a democratic society. The matters set out in this report must be considered in light of the above obligations.

POLICY FRAMEWORK IMPLICATIONS

37. None

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SUPPORTING DOCUMENTATION

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

Appendices

1.	Responses to public consultation regarding adoption of legislation
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Documents In Members' Rooms

1.	None.
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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.	Home Office Guidance relating to Sexual Entertainment Venues	
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Integrated Impact Assessment and Other Background documents available for inspection at:

WARDS/COMMUNITIES AFFECTED:	Not applicable
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DECISION-MAKER:	TRUSTEES OF THE CHIPPERFIELD TRUST COUNCIL
SUBJECT:	CHIPPERFIELD TRUST GOVERNANCE
DATE OF DECISION:	11 JULY 2012
REPORT OF:	HEAD OF LEGAL, HR AND DEMOCRATIC SERVICES
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

Robert Chipperfield bequeathed money for the setting up and maintenance of an art gallery, together with his own art collection, as well as establishing a fund to further build the collection. The administration of the bequest was set down in a scheme in 1916, which was incorporated in 1930, and registered as a charity in the 1960s. There have been no changes to the scheme throughout this time. The scheme nominates the Council as Trustee, and sets out how the Chipperfield Trust should be administered by the Council in that capacity.

The Chipperfield Trust now needs to be updated to reflect current demands and needs. The existing scheme gives no direction on separation of roles or how to deal with conflicts of interest. Any decisions in regard to the Chipperfield Trust must be made by Full Council, as trustees of the charity.

RECOMMENDATIONS:

TRUSTEES OF THE CHIPPERFIELD TRUST:

- (i) That the Trustees approve a new governance model for the Chipperfield Trust incorporating an Advisory Committee to Council to advise on matters defined within their terms of reference, and that such arrangements take effect from the Advisory Committee's inaugural meeting to be held in October 2012;
- (ii) That the Trustees approve a change to the National Advisor to the Chipperfield Trust from the National Gallery to the Tate; and
- (iii) That the Trustees approve a series of general updates to the Chipperfield Trust Scheme as set out at Appendix 1 to this report.

COUNCIL:

- (i) That Council establish a Chipperfield Trust Advisory Committee pursuant to s102(4) of the Local Government Act 1972, consisting of 5 independent members and subject to the terms of reference and Conflict of Interest Policy set out at Appendices B and C to this report;
- (ii) That Council delegate authority to the Director of Corporate Services to undertake a recruitment process to recruit 5 independent members to the Chipperfield Trust Advisory Committee as set out in this report, with appointment following consultation with the Mayor and Group Leaders; and

- (iii) That Council delegate authority to the Senior Manager of Leisure to undertake day to day business of the Trust, including applying for and receiving any external grant funding on behalf of the Trust, and dealing with general management and administrative matters insofar as such matters fall outside the remit of the Advisory Committee.

REASONS FOR REPORT RECOMMENDATIONS

1. Maintaining the status quo does not afford adequate legal protection to the Council's involvement with the Trust, particularly if the Council as trustee wishes to exercise some of the more controversial powers allowed for in the scheme. An alternative governance model is needed to resolve the conflict of interest issue that the Council will, from time to time, have as sole trustee and meet the complex requirements of local government legislation and those of the Charity Commission.

DETAIL (Including consultation carried out)

Background

2. The City Council has an internationally renowned art gallery forming part of the Civic Centre complex in the City of Southampton. The Council's art collection comprises items acquired in a variety of ways. Over the years, the Council has funded the purchase of items itself, received donated items and items of bequest, and purchased further items from bequest and grant monies.
3. The Council's largest and first bequest is known as the Chipperfield bequest. This bequest enabled the art gallery to be established in the 1930's. The bequest was registered as a charity in the 1960's, as the 'Chipperfield Art Gallery and School of Art', registered number 307096. The trustees of the charity were originally the Mayor, Alderman and Burgesses of the Borough of Southampton and now the successor body of the Council itself. The governance arrangements relating to the charity have not been changed since its establishment.
4. In terms of housing the proposed Art Gallery, the Trust Scheme provided funding for the Trustees to *'erect or acquire fit up and complete ready for use a suitable building or buildings in the town of Southampton... and the same may be built either in conjunction with or as an annex to the new proposed Municipal Buildings or Town Hall...'* The Scheme goes on to say that the Council may *'for the purposes aforesaid either make use of any land or buildings now belonging to the Council or may acquire other land or buildings by purchase'* provided that the specified funding limit was not exceeded.
5. In exercise of this power, the Council made provision for the Art Gallery during the construction of the North Block of the Civic Centre in the 1930s, allocating an area of 2925.5m² for this purpose. At that time, the Council decided that the Chipperfield Bequest monies should be applied to the fitment of the building for the Gallery and not the building itself.

6. It was intended by the Scheme that *‘the repair maintenance upkeep and insurance of the Art Gallery and its contents and the payment of such salaries wages and fees...’* should be funded by the income earned from a further amount bequeathed to the Trust. As time has passed, it has proved not to be practical or sustainable to fund these expenses in this way, and the Council has met all or most of these expenses itself under its statutory powers to do so.

Governance and potential conflicts of interest

7. During a wider review of the arrangements in place to manage the Chipperfield Bequest it became apparent that the current governance structure was no longer adequate. Concerns arose particularly in relation to actual or potential conflicts of interest that may arise given that the Council acts both as Trustee and also under its own statutory duties as a local authority. The Charities Commission have also identified this particular issue amongst others in their earlier correspondence with the Council.
8. Any new governance arrangement needs to address the following issues:
 - a) Conflicts of interest arising by virtue of the Council’s dual role as Trustee and also acting under its own statutory duties as a local authority;
 - b) Clarity as to when Councillors are acting as Trustees or Councillors;
 - c) Clarity as to which decisions are decisions taken by the Trustees in relation to the Trust in order to combat the impression that the Council itself is acting (i.e. the Trust acquiring art work at a time of financial constraint by the Council).
9. The Council has been exploring alternative options and a number of different governance arrangements have been identified. The favoured approach has been for officers to continue to administer the day to day running of the charity but for matters where there is a conflict or potential conflict of interest to be referred to a newly convened Chipperfield Bequest Committee.
10. The newly established Committee’s aim was intended to identify, manage and resolve any conflict of interest (or perceived conflict of interest) involving the Council’s dual role as corporate body and charity trustee. This separate decision making body would also have addressed a current lack of distinction between charity and statutory assets.
11. It was agreed that further legal clarification would be sought in relation to the feasibility of the abovementioned preferred new governance model, with a further update to be brought to Group Leaders and then Full Council in due course. This work has now been done, and it has been established that the preferred model is feasible with minor alterations and would be a practical way to address the shortcomings associated with the current governance model.
12. Full details of the preferred model are set out below at paragraph 13. In arriving at this point, various other models have also been considered. For convenience, the alternative models considered are set out below at paragraphs 38 through 48.

Preferred model – Council Advisory Committee of Experts

13. Under this model, the operation of the Trust will be divided into 2 key areas:
 - a) Routine day-to-day decision making which would be delegated to officers, with prescribed and regular reporting to Council (as Trustee);
 - b) Matters meeting certain criteria specified in its terms of reference to be referred to an advisory committee, which would provide advice to Full Council (acting as Trustee) to enable a determination to be made. Proposed Terms of Reference for the Committee are attached as Appendix 2 to this report.
14. The Advisory Committee would be established under s102(4) Local Government Act 1972, and members would have voting rights. The Committee would consist solely of co-opted independent experts/ representatives selected through a recruitment-like process similar to that used to appoint independent members to the Council's Governance Committee.
15. Members would ideally be drawn from educational, community, commercial, and industry groups, and would be identified through appropriate publicity in relevant industry specific publications and on the Council's website. The recruitment process would involve a written application and interview, with appointments being made following consultation with the Mayor and Group Leaders.
16. The Committee would be advised by the National Advisor (see paragraph 33 below) who will also be invited to participate in any meetings of the Committee at the National Advisors discretion as an ex-officio member. The Committee will further be advised by the Council's Arts and Heritage Manager and Gallery Curator as necessary, and will be able to avail itself of administrative assistance and minute taking provided by Council officers.
17. It is anticipated that there will be 5 members in total, in addition to the National Advisor attending in an ex-officio capacity. Any larger number would lead to practical difficulties in convening meetings and delays in dealing with Trust business. Substitution of absent members would not be appropriate given the recruitment process undertaken to appoint members to the Committee.
18. All members of the Committee will be subject to a Conflict of Interest Policy which aims to assist them in identifying any conflicts of interest or potential conflicts of interest that they may personally have when dealing with Committee business. Members will further be required to declare any such interests for the purposes of Committee minutes and in a Register of Interests established for the Committee. The proposed conflict of interest policy is attached as Appendix 3.
19. The Committee can rely on legal support from Council employed solicitors when dealing with matters which arise in the ordinary course of its duties, but for matters involving any conflict, the Committee would need to secure its own independent legal advice (such matters to be defined in the terms of reference and conflict of interest policy).

20. Under this arrangement, the Council would remain the Trustee of the property and the charity trustee. Elected Members would each be trustees by default, and would act in that capacity when such matters are referred to Full Council. In order to ensure there is a distinction between Council business and Trust business, it would be necessary for a completely separate meeting to be convened at which councillors would act in their capacity as Trustees, usually after a scheduled Council meeting has been closed.
21. The Council would remain responsible for contracting in connection with the Trust, and for the purpose of buying, selling and insuring the Trust property.
22. As mentioned above, the Advisory Committee's terms of reference and conflict of interest policy would identify situations when the Advisory Committee would have involvement, including questions as to:
 - (i) determining which of those items acquired since the Art Gallery was established belong to the Charity or to the Council corporately;
 - (ii) whether any particular potential acquisition should be acquired by the Council or the Charity assuming that the Council is sometimes interested in making acquisitions of its own, rather than merely as trustee;
 - (iii) the apportionment of expenses of running, insuring and repairing the Art Gallery between the Council and the Charity (if not entirely funded by the Council);
 - (iv) the use of any admission fees charged for access to special exhibitions;
 - (v) the ownership and exploitation of any intellectual property rights arising out of any publications associated with the Art Gallery or its collection;
 - (vi) questions as to whether the Charity should (for example) seek a scheme removing any of its existing obligations.
23. Once the Advisory Committee makes a finding on an issue, having taken or arranged any additional advice as may be necessary, the matter would be referred to Full Council. Full Council (acting as Trustee) would be obliged to consider the Committee's findings and would need to justify any decision taken that is incompatible with those findings.
24. Should Council (acting as Trustee) decide not to follow a recommendation of the Advisory Committee, the decision taken would need to be reasonable and justified in all the circumstances. Should the basis for the decision not be substantiated in this way, the decision would be susceptible to Judicial Review.
25. Other day-to-day matters are to be delegated to the Senior Manager of Leisure in the first instance. This delegation is to include applying for and receiving any external grant funding on behalf of the Trust, and dealing with general management and administrative matters that fall outside the remit of the Committee.

26. Caution must be exercised when any significant amount of responsibility is delegated to an officer, as that individual may become a 'charity trustee' in the statutory sense, i.e. having general control and management of the administration of the Trust. To avoid this, the delegated officer must report regularly to Council on the general management and administrative duties undertaken on behalf of the Trust, as well as any more significant decisions taken.
27. For the purposes of clarity, the Committee's remit extends only to that property included within the initial Chipperfield Bequest, and any further property that has been acquired on behalf of the Trust. This remit would include the Trust's financial interest in the fitment of the building currently housing the Art Gallery, and any proposal to alter this arrangement in any way.
28. Initially consideration was given to a structure that increased elected and non-elected member involvement, most likely by way of a committee that was either politically proportionate or had a Members from each of the main political parties, with a balance of independents. Establishing a committee in this way is possible under s101 of the Local Government Act 1972, but not desirable for 3 main reasons:
 - a) the independent members would be prevented from voting pursuant to s13(1) of the Local Government and Housing Act 1989. This would result in the committee being ineffective in its intended purpose.
 - b) any elected Members sitting on the proposed committee would most likely be conflicted when any business of the committee came to be considered by the trustees at Full Council.
 - c) the committee would not have the benefit of impartial expert advisors sourced from the local art industry and community, who also serve to further aid perceptions of a truly independent advisor for Council acting as Trustee.
29. By establishing the committee under s102(4) Local Government Act 1972, the committee takes a purely advisory role to Council, is completely independent but its members retain the right to vote and reach decisions on matters referred to it.
30. Meetings of the Advisory Committee will be scheduled each May and October, with additional meetings to be convened if and when required. All meetings of the Committee will be open to the public unless the matter to be considered falls within the provisions of the Council's Constitution pertaining to exempt and confidential information. In all other cases, members of the public and Members are encouraged to attend.
31. The preferred model described above has been presented to the Charities Commission for comment. An initial response from the Commission has not identified any concerns with the proposed model, but does set out some additional requirements in relation to the accounting methodology currently utilised by the Council in administering the Trust's affairs. Further information will be provided to the Commission to demonstrate compliance with prescribed accounting methodology in due course.

32. The Chipperfield Bequest Scheme also made provision for the establishment and operation of a School of Art to benefit the inhabitants of Southampton. This function has for some considerable time been provided through the integrated provision of art instruction across various educational establishments in the area, and will continue to be administered in this way.

Change to the nominated national advisor

33. The Chipperfield Trust scheme specifies that in certain circumstances, the Council must take expert advice prior to taking decisions that affect the scheme and works held by it. The scheme appoints the Director of the National Gallery to this role of National Advisor.
34. The Tate has been identified as a suitable successor to the role of National Advisor due to their particular expertise in modern 20th Century British art and the relevance of this expertise to the collection held under the scheme. The Tate has been acting as a de-facto National Advisor for some years due to this specialist knowledge, and it would be desirable to formalise this arrangement.
35. In addition to the functions expressly included within the Scheme, it is envisaged that the Tate as National Advisor would undertake the following functions:
- Advise on the selection and purchase of new works (contemporary art acquisitions)
 - Advise on the selection of additions to the collection through gift bequest or transfer of same
 - Advise where the Tate does not want to be directly involved or where reporting is preferred (e.g. agree works on art lease)
 - Advise on the transfer of works
 - In the event of a decision to sell or dispose of works, to subsequently advise on which items are appropriate or suitable for disposal in terms of the collection as a whole
 - Agree where standard policies (like accreditation) can replace part of scheme but still meet spirit of Chipperfield.
 - Professional support for the Gallery curator
36. In order to effect this change, the Council must obtain formal written consent from the National Gallery and from the Tate, following which the Council as Trustee may use the statutory power under section 280 of the Charities Act 2011 to make the necessary amendments. All necessary consents have now been obtained, leaving only approval by Trustees required to finalise this arrangement. The Charities Commission will need to be informed of this change once effected, along with the further changes outlined in the remainder of this report.

Further updates to the scheme

37. Following discussions with the Charity Commission, various additional clauses of the Scheme need to be updated to ensure fitness for purpose for the present day. The Commission advises that it does not have a regulatory interest as the Charities Act 2011 grants the trustee the power to

amend the administrative provisions of the Scheme. Such amendments seek to simplify acquisitions, exhibitions and loan arrangements (including collection management, charging for access to some exhibitions, and exhibition content). The full range of changes required to the scheme are detailed in Appendix 1.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Alternative model 1 – Committee of the Council comprising elected Members

38. Under this arrangement, a committee of the Council is appointed (comprised solely of elected Members) which administers the day to day running of the charity with major decisions to be determined by the Council's executive. If Council is conflicted then it acts on advice from an independent advisory group.
39. The advantages of this approach are that for day to day decisions, independence is demonstrated to a degree by appointing a committee of the Council and the obligation for the trustee to act on the advice of an independent advisory group for any conflicts arising.
40. The potential disadvantage is that for administering day to day decisions, such an arrangement is likely to be bureaucratically challenging and will delay and impede the smooth running of the charity. The independent advisory group may advise a course of action contrary to the wishes of the trustee but the trustee will still be obliged to act on its advice. The main problem however, is that the elected Members sitting on the proposed committee would most likely be conflicted when any business of the committee came to be considered by Full Council.

Alternative model 2 – Committee of the Executive including independents

41. Under this arrangement, a committee of the Executive is established, comprising Council Members and independent members, which would manage day to day running of the scheme. As with alternative model 1 above, a separate committee is established but in this case, there is further independence from the Council as it co-opts lay members, who are independent of the Council.
42. If decisions on day to day matters are included within the committee's remit rather than just matters of conflict, again the ability to respond quickly to and make decisions might prove practically challenging. It may also prove difficult to co-opt lay members with the right level of knowledge and experience.
43. Counsel's advice has confirmed that a committee of the Executive could be established in this way, and that the committee could include voting members who are not themselves members of the Authority. However, a practical difficulty exists in that if the proposed committee will include elected Members, they may find themselves in a position of conflict at each meeting. There may also be implications for elected Members in terms of personal/prejudicial interests under the applicable Members Code of Conduct which restrict involvement in any related matters coming before Full Council.

Alternative model 3 – Independent Advisory Committee and Scrutineer

44. Under this arrangement, an independent scrutineer is appointed and an independent advisory committee is set up that deals with day to day management, and advises the Council if it is in a conflicted position. The Council continues as sole trustee but provides robust governance arrangements and appoints an independent scrutineer to oversee the management of the charity. This model would not relieve the Council of its duties as trustee.
45. Independence is introduced by way of establishing an independent scrutineer and advisory committee but the control of decisions still ultimately rests with the Council as trustee. The independent scrutineer could be a specialist from the arts world and therefore be able to hold the confidence of the committee and steer a reasonable approach to matters put before them.
46. A significant challenge is that professional arts bodies may be reluctant to undertake the role of independent scrutineer and therefore it may be difficult to appoint an individual or body with the relevant knowledge and expertise who is not tainted and not restrained by any professional body opinion on controversial matters. Even though the Council as trustee remains the decision maker, if the scrutineer and advisory committee recommend a course of action, it will be difficult for the Council as trustee to justify making a decision contrary to that advice. Any such decision is likely to be challengeable.

Alternative model 4 – Delegation to officers and major decisions by Cabinet

47. Under this arrangement, delegation of day to day management would be made to nominated officers, with major decisions referred to the executive – but there is no provision for management of conflict. This is the current model and not recommended for the reasons outlined earlier in this report.
48. While this model enables the smooth day to day running of the charity and immediate or timely responses to be made where necessary, it does not address the issue of conflict when it arises and leaves the trustee vulnerable in terms of decision making. As with a recent attempt to sell works, the Charity Commission will take a judgement of any proposal where the conflict between the Council as trustee and the Council as corporate body has not been adequately managed and is likely to veto any such proposal. However, a procedure could be added for the management of conflicts of interest, with the most viable choice being the establishment of an independent advisory group.

Consultation

49. The Chipperfield Trust governance arrangements have been the subject of ongoing consultation during development. In addition to discussions with the relevant portfolio holder, two briefing papers have been taken to Group Leaders meetings for comment, the most recent largely reflecting the content of this report.

50. Representations have been received from Councillor Vinson both in a meeting and via email, which are set out at Appendix 4 to this report. Some of these representations have resulted in changes to the scheme, whereas further representations have not been incorporated for the reasons set out in this report.

RESOURCE IMPLICATIONS

Capital/Revenue

51. The establishment of an Advisory Committee will result in additional expenditure associated with the administration of the Committee and the appointment of members which will be for paid by the trust.
52. Historically the Council has met all or most of the expenses relating to the repair, maintenance, upkeep and insurance of the Art Gallery and it is intended that this will continue as the Trust is not in a position to be self-supporting in this respect.

Property/Other

53. There are no direct property implications arising from this report.

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

54. In terms of the current legal position, maintaining the status quo is no longer desirable, particularly if the trustee wishes to exercise some of the more controversial powers allowed for in the scheme. An alternative governance model is needed to resolve the conflict of interest issue that the Council will, from time to time, have as sole trustee and meet the complex requirements of local government legislation and those of the Charity Commission. Such changes can be achieved under section 280 of the Charities Act 2011 and by resolution of the trustees at Full Council.
55. The National Advisor (The Tate) will continue to provide advice on acquisition, transfer and exchange of art which is binding on the trustee, as is necessary under the terms of the scheme. In other areas of activity, The Tate's input will be advisory and a decision is the responsibility of the trustee alone.

Other Legal Implications:

56. None.

POLICY FRAMEWORK IMPLICATIONS

57. None.

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SUPPORTING DOCUMENTATION

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

Appendices

1	Updates to the Chipperfield Scheme
2	Chipperfield Trust Advisory Committee Terms of Reference
3	Chipperfield Trust Advisory Committee Conflict of Interest Policy
4	Representations received from Cllr Vinson

Documents In Members' Rooms

1.	None
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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)
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Integrated Impact Assessment and Other Background documents available for inspection at:

WARDS/COMMUNITIES AFFECTED:	All
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DECISION-MAKER:	COUNCIL
SUBJECT:	OVERVIEW AND SCRUTINY: SUMMARY OF CALL-IN ACTIVITY
DATE OF DECISION:	11 JULY 2012
REPORT OF:	SENIOR MANAGER – CUSTOMER AND BUSINESS IMPROVEMENT
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

This report provides the Council with a summary of the use of the Call-in procedure over the last six months.

RECOMMENDATIONS:

- (i) That the report be noted.

REASONS FOR REPORT RECOMMENDATIONS

1. Following changes agreed at 12th May 2010 meeting of Full Council, the Council's Constitution requires the use of Call-in to be reported to Council on a half yearly basis.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None.

DETAIL (Including consultation carried out)

3. Following an amendment approved at the Full Council meeting on 12th May 2010, Overview and Scrutiny Procedure Rules requires Full Council to receive a report every six months on the use of the Call-in procedure.
4. Two Executive decisions have been called-in since the previous update report to Full Council in November 2011. The details of the Call-ins and the outcomes resulting from the Call-In meetings are summarised in this report.
5. **Cab 11/12 7331 – Southampton City Council's Change Programme**
Reasons given for the Call-in:

- To provide clarification relating to how elected members will engage with the Council's Change Programme.

Recommendations from the Call-in meeting:

At its meeting on 15th December 2011, the Overview and Scrutiny Management Committee considered the report of the Senior Manager – Customer and Business Improvement, detailing the Call-in of a decision made by Cabinet on 21st November 2011 relating to Southampton City Council's Change Programme.

The Committee recommended that the Leader of the Council be requested to reconsider the called-in decision at the next decision making meeting taking particular consideration of the following:

- (i) that the words 'and implement' are deleted from the recommendation; and
- (ii) that before adoption of changes items are taken to the Leader's Group meetings for consideration.

At the 19 December 2011 meeting Cabinet agreed to remove the words 'and implement' from the report.

6. **CAB 11/12 7980 - Future Service Delivery Arrangements for ROMANSE and CCTV**

Reasons given for the Call-in:

- Insufficient detail provided to the OSMC at the meeting on 12th April 2012 to have a full discussion on the issue.

Recommendations from the Call-in meeting:

At its meeting on 8th May 2012, the Overview and Scrutiny Management Committee considered the report of the Senior Manager – Customer and Business Improvement, detailing the Call-in of a decision made by Cabinet on 16th April 2012 relating to Future Service Delivery Arrangements for ROMANSE and CCTV.

The Committee recommended that:

- (i) the Decision Makers re-consider the called-in decision at the next decision meeting; and
- (ii) that the Chair and Vice-Chair of the Overview and Scrutiny Management Committee should be briefed on the confidential details of future projects.

Cabinet, at its meeting on 8th May 2012, confirmed that the decision should be implemented as per the original recommendations.

RESOURCE IMPLICATIONS

Capital/Revenue

7. None.

Property/Other

8. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

9. The duty to undertake overview and scrutiny is set out in Section 21 of the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007.

Other Legal Implications:

10. None.

POLICY FRAMEWORK IMPLICATIONS

11. None.

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KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	None directly as a result of this report.
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SUPPORTING DOCUMENTATION

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

Appendices

	None
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Documents In Members' Rooms

	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.	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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	None	
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DECISION-MAKER:	COUNCIL
SUBJECT:	OVERVIEW AND SCRUTINY: ANNUAL REPORT 2011/12
DATE OF DECISION:	11 TH JULY 2012
REPORT OF:	SENIOR MANAGER - CUSTOMER AND BUSINESS IMPROVEMENT
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

The Overview and Scrutiny Management Committee is required to submit a report summarising scrutiny activities over the past twelve months to Full Council each year. The document, attached at Appendix 1, is therefore submitted for information in accordance with paragraph 2.2.7 of the Overview and Scrutiny Procedure Rules within the Council's current constitution.

RECOMMENDATIONS:

- (i) That the report be noted.

REASONS FOR REPORT RECOMMENDATIONS

1. The report is submitted for information in line with the requirements of the constitution.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None, since the production of this report is a requirement set out in the Council's constitution.

DETAIL (Including consultation carried out)

3. The Council's overview and scrutiny procedure rules require an annual report to be made to the Council on the overview and scrutiny function. Attached at Appendix 1 is the Overview and Scrutiny Annual Report covering the 2011/12 municipal year. It aims to provide a succinct summary of the main scrutiny activities and inquiries undertaken during the course of the year.
4. The Chair of the Overview and Scrutiny Management Committee (OSMC) during 2011/12 has been consulted on the attached Annual Report.
5. During 2011/12 the work of the Overview and Scrutiny Management Committee and the Health Overview and Scrutiny Panel focussed on improving outcomes for the City of Southampton. Developments such as strengthening the scrutiny of the budget, influencing decisions that impact on health provision across Southampton, and undertaking an inquiry on the Big Society, have, and will continue to contribute to ensuring that policies and decisions made affecting the City are better informed.
6. Two additional Scrutiny Panels have been created for 2012/13. These Panels will undertake scrutiny inquiries enabling the OSMC to focus on holding the Executive to account.

RESOURCE IMPLICATIONS

Capital/Revenue

7. None.

Property/Other

8. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

9. The duty to undertake overview and scrutiny is set out in Section 21 of the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007.

Other Legal Implications:

10. None.

POLICY FRAMEWORK IMPLICATIONS

11. None.

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KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	None directly as a result of this report.
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SUPPORTING DOCUMENTATION

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

Appendices

1.	Overview and Scrutiny Annual Report 2011/12
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Documents In Members' Rooms

	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.	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)

	None	
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