

Public Document Pack

Cabinet

Tuesday, 15th November, 2016
at 4.30 pm

PLEASE NOTE TIME OF MEETING

Council Chamber - Civic Centre

This meeting is open to the public

Members

Councillor Simon Letts, Leader of the Council
Councillor Mark Chaloner, Cabinet Member for Finance
Councillor Satvir Kaur, Cabinet Member for Communities,
Culture and Leisure
Councillor Jacqui Rayment, Cabinet Member for
Environment and Transport
Councillor Dave Shields, Cabinet Member for Health and
Sustainable Living
Councillor Warwick Payne, Cabinet Member for Housing
and Adult Care
Councillor Christopher Hammond, Cabinet Member for
Transformation Projects
Councillor Paul Lewzey, Cabinet Member for Children's
Social Care
Councillor Dr Darren Paffey, Cabinet Member for
Education and Skills

(QUORUM – 3)

Contacts

Cabinet Administrator

Pat Wood

Tel. 023 8083 2302

Email: pat.wood@southampton.gov.uk

Service Director, Legal and Governance

Richard Ivory

Tel: 023 8083 2794

Email: richard.ivory@southampton.gov.uk

BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

The Forward Plan

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

Implementation of Decisions

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

Mobile Telephones – Please switch your mobile telephones to silent whilst in the meeting.

Use of Social Media

The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair’s opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council’s Standing Orders the person can be ordered to stop their activity, or to leave the meeting.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public. Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so. Details of the Council’s Guidance on the recording of meetings is available on the Council’s website.

Southampton City Council’s Priorities:

- Jobs for local people
- Prevention and early intervention
- Protecting vulnerable people
- Affordable housing
- Services for all
- City pride
- A sustainable Council

Executive Functions

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

Key Decisions

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

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

Procedure / Public Representations

At the discretion of the Chair, members of the public may address the meeting on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda.

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

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

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

Municipal Year Dates (Tuesdays)

2016	2017
21 June	17 January
19 July	14 February (Budget)
16 August	21 February
20 September	21 March
18 October	18 April
15 November	
20 December	

CONDUCT OF MEETING

TERMS OF REFERENCE

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

RULES OF PROCEDURE

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

DISCLOSURE OF INTERESTS

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

DISCLOSABLE PECUNIARY INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

(i) Any employment, office, trade, profession or vocation carried on for profit or gain.

(ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

- a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

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.

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 3.

In exercising discretion, the decision maker must:

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

AGENDA

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

EXECUTIVE BUSINESS

3 STATEMENT FROM THE LEADER

4 RECORD OF THE PREVIOUS DECISION MAKING (Pages 1 - 4)

Record of the decision making held on 19 October 2016, attached.

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

There are no matters referred for reconsideration.

6 REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)

There are no items for consideration

7 EXECUTIVE APPOINTMENTS

To deal with any executive appointments, as required.

MONITORING REPORTS

8 CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF 30TH SEPTEMBER 2016 (Pages 5 - 44)

Report of the Cabinet Member for Finance summarising the General Fund and Housing Revenue Account (HRA) revenue financial position for the Authority for the 3 months to the end of September 2016, and highlighting the key issues by portfolio which need to be brought to the attention of Cabinet, attached.

ITEMS FOR DECISION BY CABINET

9 THE REVISED MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21 INCLUDING THE GENERAL FUND REVENUE BUDGET □ (Pages 45 - 140)

Report of the Cabinet Member for Finance setting out the General Fund Revenue Budget proposals for Consultation for 2017/18 to 2020/2, attached.

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

To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the confidential appendix 6 to the following item.

Confidential appendix 6 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this because doing so would prejudice the Authority's ability to achieve best consideration in financing the programme.

11 THE GENERAL FUND CAPITAL PROGRAMME 2016/17 TO 2020/21 (Pages 141 - 186)

Report of the Cabinet Member for Finance notifying any major changes in the overall General Fund Capital Programme for the period 2016/17 to 2020/21, attached.

NOTE: In accordance with Regulation 6 of the Local Authorities (meetings and access to information) Regulations 2012 confidential appendix 6 is submitted for consideration with the consent of the Chair of Overview and Scrutiny Management Committee that the information contained within the appendix is urgent, cannot be deferred and must be considered in private session.

12 SOUTHAMPTON CLEAN AIR STRATEGY 2016 - 2025 AND CLEAN AIR ZONE □ (Pages 187 - 194)

Report of Cabinet Member for Transformation Projects seeking approval of the Southampton City Council Clean Air Strategy 2016-2025, attached.

13 COURT LEET PRESENTMENTS 2016 (Pages 195 - 220)

Report of the Service Director, Legal and Governance detailing the presentments accepted at Court Leet, actions taken to date and Cabinet Members or officers identified to lead on the response and any further action, attached.

Monday, 7 November 2016

Service Director, Legal and Governance

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 19 OCTOBER 2016

Present:

Councillor Letts	-	Leader of the Council
Councillor Chaloner	-	Cabinet Member for Finance
Councillor Kaur	-	Cabinet Member for Communities, Culture and Leisure
Councillor Rayment	-	Cabinet Member for Environment and Transport
Councillor Shields	-	Cabinet Member for Health and Sustainable Living (except Minutes 24-27)
Councillor Payne	-	Cabinet Member for Housing and Adult Care
Councillor Hammond	-	Cabinet Member for Transformation Projects (except Minute 22)
Councillor Lewzey	-	Cabinet Member for Children's Social Care
Councillor Dr Paffey	-	Cabinet Member for Education and Skills

20. DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

Councillor Hammond declared a personal and pecuniary interest in item 9 – Implementing a unified approach to the Council's investment in the Voluntary Sector and withdrew from the meeting for this decision.

21. SOLENT COMBINED AUTHORITY GOVERNANCE REVIEW AND SCHEME

DECISION MADE: (CAB 16/17 18028)

On consideration of the report of the Leader of the Council, having complied with paragraph 15 of the Council's Access to Information Procedure Rules and having agreed an amended Appendix 2, Cabinet agreed the following modified recommendations:

- (i) Note that a thorough 8 week consultation exercise was undertaken across the Isle of Wight, Southampton and Portsmouth council areas on the draft Governance Review and the Draft Scheme.
- (ii) Note that the consultation results (Appendix 3) confirmed support for the three authorities working together to achieve devolution from central government through a mayoral combined authority.
- (iii) Publish the Scheme and Review, and submit a request to the Secretary of State for Communities and Local Government to establish a Solent Combined Authority (such a submission will be dependent on the other two Councils also resolving to publish the final Scheme and review).
- (iv) Resolve that if a decision is made to make a submission to the Secretary of State, that Cabinet approve the Governance Review (appendix 1), revised

- scheme (appendix 2), and the consultation responses and the Motion presented today and include these as part of the submission to the Secretary of State.
- (v) Resolve that if a submission to the Secretary of State is made, that the Chief Executive, after consultation with the Leader of the Council, be given delegated authority to negotiate the final terms of an Order to establish a Solent Mayoral Combined Authority alongside colleagues from the Isle of Wight Council and Portsmouth City Council.

22. IMPLEMENTING A UNIFIED APPROACH TO THE COUNCIL'S INVESTMENT IN THE VOLUNTARY SECTOR

DECISION MADE: (CAB 16/17 17643)

On consideration of the report of the Leader of the Council, having received representations from Citizens Advice, Southampton Advice and Southampton Advice Representation Centre, Cabinet agreed the following:

- (i) To approve the principle of a unified approach to the Council's investment in the voluntary sector, comprising all current grants and contracts.
- (ii) To approve a consultation exercise on the proposed approach with grant aided organisations and the wider voluntary sector to include future arrangements for the current grants budget.
- (iii) To approve proposals for extending the established participatory budgeting approach in Thornhill to two other areas of the city and to agree continuation of funding for all three areas from the existing budgets.
- (iv) To delegate authority to the Chief Strategy Officer, following consultation with the Leader of the Council, to do anything necessary to give effect to the recommendations contained in this report and, following the consultation exercise, to approve a way forward.

23. THE CITY COUNCIL'S APPROACH TO COMMUNITY DEVELOPMENT

DECISION MADE: (CAB 16/17 17999)

On consideration of the report of the Leader of the Council, Cabinet agreed the following:

Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:

- (i) To approve the model for facilitating community development as detailed in this report and delegate authority to the Chief Strategy Officer, following consultation with the Cabinet Member for Communities, Culture and Leisure.
- (ii) To approve the doubling of the budget for the Community Chest grants scheme to £100,000 and delegated authority for grant allocations to the Cabinet Member for Communities, Culture and Leisure who will chair a new cross party Member Panel to make recommendations.

24. PROCUREMENT OF HOUSING RELATED SUPPORT FOR YOUNG PEOPLE AND VULNERABLE ADULTS

DECISION MADE: (CAB 16/17 17996)

On consideration of the report of the Cabinet Member for Housing and Adult Care, Cabinet agreed the following:

Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:

- (i) To support the recommendation to proceed with a procurement of a range of HRS services for young people and single adults.
- (ii) Subject to Council approval for the procurement exercise, to delegate authority to the Director of Quality & Integration to carry out a procurement process for the provision of HRS services as set out in this report and to enter into contracts in accordance with contract procedure.
- (iii) Subject to Council agreement to the procurement exercise, to delegate authority to the Director of Quality & Integration following consultation with the relevant Cabinet Members to decide on the final model of commissioned services for HRS and all decision making in relation to this re-commissioning.

25. CCTV AND TWENTY FOUR HOUR SERVICES

DECISION MADE: (CAB 16/17 18079)

On consideration of the report of the Chief Executive, Cabinet agreed the following:

Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:

To approve the TUPE transfer of the posts involved in delivering the Housing Concierge service to Balfour Beatty Living Places (BBLP). The proposal directly affects 5.19 FTEs, of which it is anticipated that 3 staff will transfer to BBLP under the TUPE regulations.

26. LOCALLY AGREED SYLLABUS FOR RELIGIOUS EDUCATION

DECISION MADE: (CAB 16/17 17969)

On consideration of the report of the Cabinet Member for Education and Skills, Cabinet agreed the following:

To accept the revised Locally Agreed Syllabus for Religious Education and require its use in all Southampton maintained schools, except those who are Voluntary Aided, from January 2017. This is as a result of the approval of the syllabus by Southampton SACRE on 19/9/2016 who recommend it to the Local Authority.

27. CHILDREN'S EDGE OF CARE SERVICE

DECISION MADE: (CAB 16/17 18085)

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

Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:

- (i) To approve changes to the way the Council delivers Edge of care provision through a contracted service
- (ii) To approve estimated spend of up to £921,000 per annum for the duration of the contract on outcomes payments and contract management arrangements, to be funded from the Children and Families Services revenue budget for Looked After Children Placements.
- (iii) To delegate authority to the Service Director for Children & Families Services to procure the service in accordance with Contract Procedure Rules and, following consultation with the Cabinet Member for Children's Social Care, to do anything necessary to give effect to the proposals in the report within overall budget envelope and Constitutional requirements.

DECISION-MAKER:	CABINET		
SUBJECT:	CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF 30 SEPTEMBER 2016		
DATE OF DECISION:	15 NOVEMBER 2016		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Sue Poynter	Tel: 023 8083 4153
	E-mail:	Sue.Poynter@southampton.gov.uk	
Chief Financial Officer:	Name:	Mel Creighton	Tel: 023 8083 4897
	E-mail:	Mel.Creighton@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY

This report summarises the General Fund and Housing Revenue Account (HRA) revenue financial position for the Authority for the six months to the end of September 2016, and highlights any key issues by Portfolio which need to be brought to the attention of Cabinet.

RECOMMENDATIONS:

General Fund

It is recommended that Cabinet:

- i) Note the current General Fund revenue position for 2016/17 as at Quarter 2, which is a forecast over spend at year end of £3.48M against the working budget, as outlined in paragraph 4 and Appendix 1.
- ii) Note that the forecast over spend for portfolios is £6.88M as outlined in paragraph 5.
- iii) Note the actions and assumptions being put in place to address the overspend position as described in paragraph 7.
- iv) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2016/17 as detailed in Appendix 3.
- v) Note the performance against the financial health indicators detailed in Appendix 4.
- vi) Note the performance outlined in the Quarterly Treasury Management Report attached as Appendix 5.
- vii) Note the performance outlined in the Quarterly Collection Fund Statement attached as Appendix 7.

Housing Revenue Account

It is recommended that Cabinet:

- viii) Note the current HRA budget monitoring position for 2016/17, as at Quarter 2. There is a forecast overspend at year end of £0.73M against the working budget as outlined in paragraphs 18 and 19 and in Appendix 6.

REASONS FOR REPORT RECOMMENDATIONS

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

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not applicable.

DETAIL (Including consultation carried out)

3. Service Directors, Service Leads and Managers have been consulted in preparing the reasons for variations contained in the appendices.

Financial Summary

4. Appendix 1 sets out a high level financial summary for the General Fund, and shows that the overall forecast outturn position for the Council is an overspend of £3.48M, as shown below:

Table 1 Summary Forecast Outturn Position

	Forecast Outturn Variance £M	Forecast Outturn Variance %
Baseline Portfolio Total	6.88 A	4.01
Trading Areas	0.17 A	
Other Expenditure & Income	3.57 F	
Net Total General Fund	3.48 A	1.91

5. As shown in Table 1, the forecast portfolio revenue outturn on net controllable spend for the end of the year compared to the working budget is an over spend of £6.88M. This is analysed below:

Table 2 Portfolio Forecast Outturn Position

Portfolio	Qtr. 2 Forecast Outturn Variance		Qtr. 1 Forecast Variance	Movement from Qtr. 1
	£M	%	£M	£M
Communities, Culture & Leisure	0.13 A	2.27	0.09 A	0.04 A
Education & Children's	1.26 A			

Social Care		2.83	0.68 A	0.58 A
Environment & Transport	0.25 F	1.20	0.01 A	0.26 F
Finance	0.23 F	0.63	0.07 F	0.16 F
Health & Sustainable Living	0.04 F	0.82	0.04 A	0.08 F
Housing & Adult Social Care	4.29 A	6.54	3.63 A	0.66 A
Leader's	0.93 F	7.33	0.92 A	1.85 F
Transformation	2.65 A	27.63	3.39 A	0.74 F
Portfolio Total	6.88 A	4.01	8.69 A	1.81 F

6. The significant issues affecting each portfolio are set out in Appendix 2.

Actions Being Taken to Address the Adverse Position

7. The adverse variance in 2016/17 needs to be addressed and therefore Service Directors plan to take remedial action to manage a number of the significant issues highlighted in this report. Specific actions are included within Appendix 2 where applicable. Individual service areas are working with Finance and Transformation Officers to draw up recovery action plans to minimise the amount of pressure being carried forward into 2017/18.

Risk Fund

8. Potential pressures that may arise during 2016/17 relating to volatile areas of both expenditure and income are managed through the Risk Fund. A sum of £3.57M is included in the working budget to cover these pressures. This has been forecast to be released to offset the identified overall Portfolio adverse position.

Corporate Portfolio Issues

9. The corporate issues for each portfolio are detailed in Appendix 2 by Portfolio.
 10. There are, however, certain issues which are highlighted in the tables below as being the most significant for Cabinet to note. The adverse variances are noted in the first table below and the favourable variances in the second.

Table 4 Corporate Adverse Variances

Portfolio	Significant Issue	Adverse Forecast £M	See Reference
Communities, Culture & Leisure	Gallery & Museums	0.27	COMM 1
Education & Children' Social Care	Looked After Children & Provision	1.02	E&CSC 2
Education & Children' Social Care	Education – Early Years and Asset Management	0.30	E&CSC 4
Environment & Transport	Domestic Waste Collection	0.36	E&T 1
Environment & Transport	Commercial Waste	0.11	E&T 2

	Collection		
Environment & Transport	Waste Disposal	0.22	E&T 3
Housing & Adult Social Care	Long Term	3.12	ASC 1
Housing & Adult Social Care	Safeguarding Adult Mental Health & Out of Hours	0.60	ASC 2
Housing & Adult Social Care	Provider Services	0.31	ASC 3
Housing & Adult Social Care	Reablement	0.44	ASC 4
Leader's	Property Portfolio Management	0.39	LPOR 3
Transformation	Transformation Savings	2.65	TRANS 1 - 4

Table 5 Corporate Favourable Variances

Portfolio	Significant Issue	Favourable Forecast £M	See Reference
Education & Children' Social Care	ICU – Children's Services	0.15	E&CS 3
Environment & Transport	Contacts Management	0.15	E&T 4
Environment & Transport	Off Street Parking	0.20	E&T 5
Environment & Transport	Travel	0.33	E&T 6
Environment & Transport	Development Management	0.20	E&T 6
Housing & Adult Social Care	Integrated Commissioning Unit System Redesign	0.19	ASC 6
Leader's	Central R&M	0.59	LPOR 1
Leader's	Property Services	0.26	LPOR 4
Leader's	Corporate Communications	0.17	LPOR 5

Implementation of Savings Proposals

11. Savings proposals of £29.60M were approved by Council in February 2016 (and following consultation in July 2016) as part of the overall budget package for 2016/17. Additionally £1.62M of non-achieved 2015/16 savings have been identified to be achieved in 2016/17 giving a total of £31.22M savings to be achieved in 2016/17. The delivery of the savings is crucial to the financial position of the authority. Below is a summary of the progress as at the end of the first quarter to highlight the level of risk associated with delivery and Appendix 3 contains further details:

Table 6 Analysis of Achievement of Savings

	%
Implemented and Saving Achieved	57.4
Not Yet Fully Implemented and Achieved But Broadly on Track	22.4
Saving Not on Track to be Achieved	20.2

12. Where savings are not on track to be achieved, with a high level of risk is associated with delivery, this is due to non-implementation in some cases but also due to the impact of factors such as rising demand for services which have meant that despite being implemented the estimated level of financial savings have not materialised.
13. The overall financial shortfall in the delivery of the savings proposals is currently forecast as £5.43M or 17.4% of the total to be delivered which is shown by Portfolio in Appendix 3.
14. The financial implications of the delivery of these proposals are reflected in the current forecast position, areas of ongoing concern have been fully reviewed, and appropriate action plans are being put into place. In addition, any implications for the budget for 2017/18 and future years will be addressed as part of setting the budget.

Financial Health Indicators

15. In order to make an overall assessment of the financial performance of the authority it is necessary to look beyond pure financial monitoring and take account of the progress against defined indicators of financial health. Appendix 4 outlines the performance to date, and in some cases the forecast, against a range of financial indicators which will help to highlight any potential areas of concern where further action may be required.

Quarterly Treasury Management Report

16. The Council approved a number of indicators at its meeting in February 2016 and Appendix 5 outlines current performance against these indicators in more detail, along with an economic update and key information about the Council's borrowing and investments.
17. As at the 30 September 2016 the Council held the following levels of borrowings and investment:

Table 7 Investment and Borrowing as at 30th September 2016

	£M	Average Yield/Rate %
Investments		
Cash	21.79	0.48
Long Term Bonds	13.92	2.15
Corporate Bonds	7.02	1.11
Other Bonds	12.68	0.69
Property Fund	7.00	5.00
Total Investments	62.41	1.72
External Borrowing		

Public Works Loan Board (PWLB)	226.00	-
Market Loans	9.00	-
Total External Borrowing	235.00	3.33

Housing Revenue Account

18. The expenditure budget for the HRA was set at £75.14M and the income budget at £76.15M, resulting in a net transfer to balances of £1.01M. The forecast position for the year end on income and expenditure items shows an adverse variance of £0.73M compared to this budget.
19. The significant variances are detailed in Appendix 6 but include:
- Overspend on Responsive Repairs £0.98M;
 - Overspend on Housing Investment £0.13M; and
 - Reduction in Tenant Service Charges £0.20M;

Offset by:

- Decrease in Supervision & Management Costs £0.13M; and
- Reduced borrowing requirement for Capital Programme £0.45M.

Collection Fund

20. Each billing authority is required to estimate the level of surplus or deficit on the Council Tax and Business Rate Element of the Collection Fund at the end of each financial year in order that these amounts can be included in the budget calculations for the coming financial year.
21. A forecast position for the Collection Fund as at the end of September 2016 has been made. The following table details the overall forecast changes.

	Council Tax £M	NDR £M	Total £M
Change in 2016/17 Surplus	0.94	6.71	7.65
(Reduction)/Increase in yearend Surplus brought forward from 2014/15	1.13	1.68	2.81
Overall 2015/16 Surplus	2.07	8.39	10.46
SCC Share of Surplus	1.78	4.11	5.89

22. The council's share of the surplus for council tax is £1.78M and its share of the business rates surplus is £4.11M, giving a net surplus of £5.89M. These will be taken into account in setting the 2017/18 Council Tax and General Fund Budget. Appendix 7 details the Collection Fund Account for 2016/17.
23. It should be noted that a reduction in the bad debt provision of £0.97M is included within the change in surplus for Council Tax of £2.07M. Bad debt provision is based on an estimate of the likely level of bad debts linked to collection rates. A review has been undertaken and this has led to a reduced estimated requirement for 2016/17.

RESOURCE IMPLICATIONS

Capital/Revenue

24. The revenue implications are contained in the report. There are no capital implications.

Property/Other

25. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

27. None.

POLICY FRAMEWORK IMPLICATIONS

28. None.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	General Fund Forecast Revenue Position
2.	Portfolio Key Revenue Issues
3.	Implementation of Savings Proposals
4.	Financial Health Indicators
5.	Quarterly Treasury Management Report
6.	Housing Revenue Account Key Revenue Issues
7.	Council Tax Collection Fund

Documents In Members’ Rooms

1.	None
2.	

Equality Impact Assessment		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
Equality Impact Assessment and Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	General Fund Revenue Budget Report 2016/17 to 2019/20 (Approved by Council on 10 February 2016)	

Agenda Item 8

Appendix 1

GENERAL FUND FORECAST REVENUE POSITION

Portfolios	Working Budget 2016/17 £M	Qtr. 2 Forecast 2016/17 £M	Variance £M
Communities, Culture & Leisure	5.83	5.96	0.13 A
Education & Children's Social Care	44.25	45.51	1.26 A
Environment & Transport	21.44	21.19	0.25 F
Finance	36.23	36.00	0.23 F
Health & Sustainable Living	(4.83)	(4.87)	0.04 F
Housing & Adult Social Care	65.63	69.92	4.29 A
Leader's Portfolio	12.19	11.26	0.93 F
Transformation	(9.59)	(6.94)	2.65 A
Sub-total for Portfolios	171.15	178.03	6.88 A
Levies & Contributions	0.63	0.63	0.00
Capital Asset Management	4.03	4.03	0.00
Trading Services	(0.45)	(0.28)	0.17 A
Net Housing Benefits	(0.76)	(0.76)	0.00
Other Expenditure & Income	6.88	3.31	3.57 F
Net Council Expenditure	181.48	184.96	3.48 A
Financed By:			
(Addition)/Draw on Balances	(4.39)	(4.39)	0.00
Council Tax	(84.81)	(84.81)	0.00
Business Rates	(50.72)	(50.72)	0.00
General Government Grants	(41.56)	(41.56)	0.00
Total Financing	(181.48)	(181.48)	0.00
(SURPLUS)/DEFICIT	0.00	3.48	3.48 A

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KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£0.13M** at year-end, which represents a percentage overspend against budget of **2.3%**. The Portfolio forecast variance has moved adversely by **£0.04M** from the position reported at **Quarter 1**. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Qtr. 1 £M	%
Communities, Culture & Leisure	0.13 A	2.3	0.04 A	0.7
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref.
Gallery & Museums	0.27 A	0.16 A	0.11 A	COMM 1
Leisure Client	0.06 F	0.02 F	0.04 F	COMM 2
Other	0.08 F	0.05 F	0.03 F	
Total	0.13 A	0.09 A	0.04 A	

The CORPORATE issues for the Portfolio are:

COMM 1 – Gallery & Museums (£0.27M adverse, £0.11M adverse movement)

There is a shortfall in venue income and additional employee costs.

There is a shortfall in income due to lower fee paying visitor numbers;

- £0.19M for SeaCity Museum, adverse by £0.05M compared with Quarter 1.
- £0.04M for Tudor House Museum, no movement from Quarter 1.

There are various other variances reported for the first time;

- £0.05M adverse on unbudgeted employee costs.
- £0.01M favourable on repairs & maintenance due to reassessment of works.
- £0.01M adverse on SeaCity Shuttle Bus Hire costs; expectation the free service will generate additional income.

COMM 2 – Leisure Client (£0.06M favourable, £0.04M favourable movement)

This is mainly due to savings on the Live Nation and Active Nation contracts.

There are various variances reported for the first time. There is a favourable variance of £0.06M on the Active Nation (Sports & Rec Contract) due to lower utility inflation payments in respect of 2015/16. There is a forecast saving of £0.02M on the Live Nation contract, mainly due to the receipt of the Council's share of 2015/16 profits in accordance with the contract. There is an adverse variance of £0.04M on physical works at Woodmill and the Sports Centre. There is a favourable variance of £0.02M on Guildhall client costs.

EDUCATION AND CHILDREN'S SOCIAL CARE PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£1.26M** at year-end, which represents a percentage overspend against budget of **2.8%**. The Portfolio forecast variance has moved adversely by **£0.57M** from the position reported at **Quarter 1**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Qtr. 1 £M	%
Education and Children's Social Care	1.26 A	2.8	0.58 A	1.3
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref.
Agency Staff	0.01 F	0.00	0.01 F	E&CS1
Looked After Children	1.02 A	0.84 A	0.18 A	E&CS2
ICU – Children's Services	0.15 F	0.13 F	0.02 F	E&CS3
Education – Early Years and Asset Management	0.30 A	0.03 F	0.33 A	E&CS4
Other	0.10 A	0.00	0.10 A	
Total	1.26 A	0.68 A	0.58 A	

The CORPORATE issues for the Portfolio are:

E&CS1 – Agency Staff (£0.01M favourable, £0.01M favourable movement)

The forecast net position on the agency budget for Quarter 2 (i.e. netting the cost of agency staff against the vacant establishment posts) is £0.01M favourable variance. This is based on the information supplied by the service on the planned use of agency staff over the year. Therefore, the service is forecast to spend the entire agency budget. However there is an indication that agency cover will increase to cope with higher levels of Looked After Children (LAC) than budgeted.

E&CS2 - Looked after Children and Provision (£1.02M adverse, £0.18M adverse movement)

There has been an increase in the unit cost of each type of placement for LAC, in particular in residential placements where demand has led to an increase in the number of placements.

The total forecast adverse variance is £1.02M, which relates to the forecast additional placement costs for 2016/17. There is an increasing demand for residential placements and an increase in the average cost per placement which has led to a forecast overspend of £1.44M. There has also been an increase in the number of Special Guardianship Orders, expecting to result in an adverse variance of £0.19M. In addition to this, the Interagency Adoption grant is expected to end in October 2016. The cost of Interagency Adoption placements for the remainder of the year to be funded by the Council is expected to be £0.52M.

Offsetting these is a favourable forecast for fostering of £0.93M mainly due to a reduction in the number of Independent Foster Agency placements.

Since Quarter 1 there has been an increase in cost and number of children in residential placements resulting in an adverse movement of £0.73M and reduction in government grant income for Interagency Adoption which has only recently been communicated, resulting in an adverse movement of £0.52M.

Favourable variance movement since Quarter 1 has offset some of these additional anticipated costs and includes of £0.81M due to a reduction in number of children in Independent Foster Agency placements, a decrease in forecast expenditure on the Pathways service of £0.03M due to lower cost options chosen by care leavers and a decrease in the cost for the Contact Scheme by bringing the assessments back in-house resulting in a favourable movement of £0.05M.

The remaining favourable movement is mainly due to a reduction in the cost of staffing due to vacant posts which is offset by adverse staffing variances across the service due to the appointment of agency staff.

The table below outlines the budgeted and Quarter 2 actual activity levels for 2016/17:

No's of Children 2016/17	Cost Centre	1617 Budgeted Numbers	Average Weekly Unit Cost	1617 Working Budget (Month 6)	Q2 Numbers	Average Weekly Unit Cost	Q2 Forecast	Q2 Forecast variance	Q2 Unit Cost variance	Q2 Numbers variance
Fostering up to 18	SL78D	315	£171.65	£4,887,500	295	£174.26	£4,694,500	£189,000	£3	-20
Independent Fostering Agencies (inc Jigsaw)	SC41D / SL86D	199	£854.11	£8,862,100	169	£915.89	£8,070,551	£778,500	£62	-30
Supported Placements or Rent	S9760	9	£123.22	£85,300	9	£250.39	£133,400	£48,100	£127	0
Residential - Independent Sector	SC40D	23	£3,409.55	£3,441,000	25	£3,747.81	£4,879,020	£1,438,020	£338	2
Unaccompanied Asylum Seekers	SL820	5	£264.53	£147,200	4	£264.53	£147,200	£0	£0	-1
Inter-Agency	SC33E	36	£345.22	£328,600	36	£345.22	£328,600	£0	£0	0
Children Placed with Parents	SL78D	0	£0.00	£0	71	£0.00	£0	£0	£0	71
Sub-total: Children Looked After		587		£17,751,700	609		£18,253,271	£518,620	£530	22
Care Leavers	S9780	59	£304.52	£636,300	30	£258.64	£535,100	£101,200	£46	-29
Adoption Allowances	SL89D	96	£126.89	£632,800	91	£129.57	£641,800	£9,000	£3	-5
Special Guardianship Allowances	SC25D	115	£102.69	£608,000	134	£113.31	£786,000	£190,000	£11	19
Residence Order Allowances	SL89D	14	£91.17	£75,700	18	£90.00	£81,500	£5,800	£1	-4
Sub-total: Children in Need		284		£1,952,800	273		£2,044,400	£103,600	£34	-11
Total		871		£19,704,500	882		£20,297,671	£622,220	£496	11

A detailed looked after children reduction plan is currently being validated. This plan will be subsumed within the Children's and Families Transformation Plan.

E&CS3 – ICU Children’s Services (£0.15M favourable, £0.02M favourable movement)

The service is not commissioning a contract (previously in place in 2015/16) for midwifery services in 2016/17, thus generating a saving.

During 2015/16 the service decided not to continue to commission a contract for midwifery services, generating a saving of £0.16M. Additional contract pressures due to demand on service, initially lead to these savings not being fully realised but work has continued to bring this back within budget.

E&CS4 – Education – Early Years and Asset Management (£0.30M adverse, £0.33M adverse movement)

There is a pressure on the home to school transport budget.

Within this area, the home to school transport for children attending Special schools is currently forecasting a pressure of £0.33M due to the impact of the continuing increase in school transport numbers and costs at Special Schools. The age range has increased from 21 to 25 years which will result in additional costs. This was not forecast in Quarter 1.

This pressure is partially offset by additional income from Service Level Agreements for the School Information Management System (SIMS) and any comms licences, training & support.

At present the maintained Special Schools within the City are at capacity, thus new cases where there is need for a specialist provision cannot be met in area. As a consequence the numbers placed out of area has increased. This has a knock on impact on transport. Work is to commence looking at a more robust pupil planning process for children with SEN to reduce the need for external placements.

No further increase in costs is expected unless there are new children identified as requiring transport during the school year. As it seems to take a while to transfer students onto a Personal Travel Budget (PTB) and it is unlikely there will be any further savings from this in this financial year.

ENVIRONMENT & TRANSPORT PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to underspend by **£0.25M** at year-end, which represents a percentage underspend against budget of **1.2%**. The Portfolio forecast variance has moved favourably by **£0.26M** from the position reported at **Quarter 1**. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Qtr. 1 £M	%
Environment & Transport	0.25 F	1.2	0.26 F	1.2
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref.
Domestic Waste Collection	0.36 A	0.32 A	0.04 A	E&T 1
Commercial Waste Collection	0.11 A	0.10 A	0.01 A	E&T 2
Waste Disposal	0.22 A	0.10 A	0.12 A	E&T 3
E&T Contracts Management	0.15 F	0.18 F	0.03 A	E&T 4
Off Street Parking	0.20 F	0.14 F	0.06 F	E&T 5
Travel	0.33 F	0.15 F	0.18 F	E&T 6
Development Management	0.20 F	0.02 F	0.18 F	E&T 7
Other	0.06 F	0.02 F	0.04 F	
Total	0.25 F	0.01 A	0.26 F	

The CORPORATE issues for the Portfolio are:

E&T 1 – Domestic Waste Collection (£0.36M adverse, £0.04M adverse movement)

There is a forecast adverse variance on employee costs and fleet charges.

There is an adverse forecast variance of £0.12M relating to the estimated additional cost of temporary agency cover for staff sickness absences and related issues, no movement from Quarter 1. In addition, there is an adverse forecast variance of £0.17M for fleet charges, no movement. The procured new fleet of ten refuse collection vehicles have a forecast part year additional cost of £0.06M, with the balance of £0.11M mainly being additional hire charges for replacement vehicles. Also there is an adverse forecast variance of £0.08M, for the cost of bin purchase and storage, adverse movement of £0.05M.

E&T 2 – Commercial Waste Collection (£0.11M adverse, £0.01M adverse movement)

There is a forecast adverse variance in fleet charges and disposal costs.

There is an adverse forecast variance of £0.08M for higher fleet charges for new replacement vehicles, no movement compared with Quarter 1. Also there is an adverse forecast variance of £0.10M, for trade waste disposal costs, an adverse movement of £0.05M. This is due to an increased price for alternative disposal methods whilst the incinerator is out of use. There is a favourable variance on trade waste income of £0.05M. There is a favourable variance on Garden waste income of £0.06M, favourable movement of £.01M. Additionally there is an adverse variance of £0.02M on vehicle damage and repairs.

E&T 3 – Waste Disposal (£0.22M adverse, £0.12M adverse movement)

There are various forecast changes with an adverse overall variance.

There is an adverse forecast variance on disposal costs fixed fees within the contract for general collected household waste of £0.11M, an adverse movement of £0.07M compared

with Quarter 1, due to the final agreed re-negotiated contract not fully achieving the required reductions in the early years. There are also adverse forecast variance of £0.07M, an adverse movement of £0.02M, due to the additional disposal costs of contaminated recyclables within the Dry Mixed Recyclables collections. Reported for the first time there is a favourable variance of £0.03M on the cost of Civic Amenity waste and an adverse variance of £0.06M on third party income.

E&T 4 – E&T Contracts Management (£0.15M favourable, £0.03M adverse movement)

There are forecast savings on contracts and additional income forecasts.

There is a favourable forecast variance on the PFI Street Lighting contract sum. This is favourable by £0.10M, a favourable movement of £0.05M from Quarter 1 due to contract deductions, and £0.02M, no movement, due to contract indexation adjustments. Also, there is a favourable forecast variance on the Highways contract sum of £0.02M, no movement, due to contract indexation adjustments. There is a favourable forecast variance on the Highways Partnership Third Party Income share for 2015/16 of £0.09M, no movement. Additionally client charges to the TMA Permit scheme are forecast to be lower by £0.03M. Also reported for the first time there is a forecast adverse variance on Street Lighting energy of £0.05M, no movement, due to higher forecast consumption than was estimated.

E&T 5 – Off-Street Parking (£0.20M favourable, £0.06M favourable movement)

There is a forecast favourable variance due to additional income forecasts and lower business rates payments.

There is a favourable forecast variance on Off-Street Parking income of £0.24M, a favourable movement of £0.12M from Quarter 1. This is a favourable variance on ticket income. Income from penalty charge notices is forecast to be adverse by £0.07M, an adverse movement of £0.04M.

Also, there is a favourable variance on business rates payments of £0.08M, no movement. The favourable variances are offset by a forecast adverse variance, due to higher spend on operational costs of £0.06M, no movement.

E&T 6 – Travel (£0.33M favourable, £0.18M favourable movement)

There is a forecast favourable variance mainly due to lower Concessionary Fares costs.

The total forecast number of Concessionary Fare journeys and the forecast average fare are being monitored closely throughout the year. Based upon the current passenger journeys and the calculated average fare, it appears appropriate to forecast a favourable variance on the scheme of £0.30M, a favourable movement of £0.15M from Quarter 1. Additionally there is now a forecast saving of £0.02M on supported bus costs.

E&T 7 – Development Management (£0.20M favourable, £0.18M favourable movement)

There is a forecast favourable variance due to additional income forecasts.

There is a favourable forecast variance on planning applications income of £0.09M, a favourable movement of £0.07M from Quarter 1. It should be noted that planning application income is £0.13M favourable to date, however following the Brexit referendum the Service feel it is prudent to forecast a significant reduction in planning activity in future months. Also there are favourable forecast variances on community infrastructure levy administration fees of £0.09M, a favourable movement of £0.07M and section 106 administration fees of £0.03M, a favourable movement of £0.02M. Also other income is favourable by £0.01M.

FINANCE PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to underspend by **£0.23M** at year-end, which represents a percentage underspend against budget of **0.6%**. The Portfolio forecast variance has moved favourably by **£0.16M** from the position reported at **Quarter 1**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Qtr. 1 £M	%
Finance	0.23 F	0.6	0.16 F	0.4
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref
Audit and Risk Management	0.08 F	0.04 F	0.04 F	FIN 1
Local Taxation & Benefits	0.12 F	0.00	0.12 F	FIN 2
Business Support	0.07 F	0.00	0.07 F	FIN 3
IT Services	0.07 A	0.00	0.07 A	FIN 4
Other	0.03 F	0.03 F	0.00	
Total	0.23 F	0.07 F	0.16 F	

The CORPORATE issues for the Portfolio are:

FIN 1 – Audit and Risk Management (£0.08M favourable, £0.04M favourable movement)

Underspend on Audit contract / reduced cost of insurance premiums

A favourable variance of £0.04M relates to an in-year underspend against the annual budget for the Southern Internal Audit Partnership, following formal notification of the 2016/17 annual fee. This will be reviewed as part of the 2017/18 budget process to determine whether an ongoing saving can be declared. In addition a new favourable variance of £0.04M has arisen against the budget for insurance premiums, as actual costs are now expected to be lower.

FIN 2 – Local Taxation and Benefits (£0.12M favourable, £0.12M favourable movement)

Reduced printing, postage charges and fees from Capita, reduced external Legal costs

A favourable variance of £0.05M has arisen on reduced charges from Capita for printing and postage following the implementation of the Council Tax Reduction Scheme as the actual increase in costs to date to support the scheme is lower than anticipated.

In addition a favourable variance of £0.05M has arisen from reduced external Legal costs associated with arrears activity, together with a £0.02M underspend on Capita fees.

All costs will be reviewed as part of the budget process to determine whether any ongoing savings can be declared.

FIN 3 – Business Support (£0.07M favourable, £0.07M favourable movement)

Underspends on centralised stationery and staff training

The favourable forecast variance has arisen due to in-year underspends against the centralised stationery £0.40M and staff training budgets £0.03M and represents the early achievement of budget proposals for 2017/18 and ongoing.

FIN 4 – IT Services (£0.07M adverse, £0.07M adverse movement)

Unachieved saving plus additional security/storage costs

The adverse variance has arisen in part due to a shortfall of £0.02M against an approved budget saving relating to the reduction in the cost of software licence agreements. The cost of the new contract is higher than expected due to an increase in the number of licences, plus a new licence is now required to ensure that all staff have digital access.

In addition one-off costs of £0.05M have been incurred on essential security measures, together with the need for increased network storage. These costs will be reviewed to determine if any ongoing pressures need to be considered as part of the 2017/18 budget setting process.

HEALTH & SUSTAINABLE LIVING PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to underspend by **£0.03M** at year-end, which represents a percentage underspend against budget of **0.7%**. The Portfolio forecast variance has moved favourably by **£0.07M** from the position reported at **Quarter 1**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Qtr. 1 £M	%
Health & Sustainable Living	0.04 F	0.8	0.08F	1.7
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref.
Public Health	0.04 A	0.12 A	0.08 F	HSL 1
Sustainability	0.04 F	0.04 F	0.00	HSL 2
Other	0.04 F	0.04 F	0.00	
Total	0.04 F	0.04 A	0.08 F	

The CORPORATE issues for the Portfolio are:

HSL 1 – Public Health (£0.04M adverse, £0.08M favourable movement)

Currently not achieving the full Public Health grant cut for 16/17

Public Health have a current funding shortfall of £0.04M, on a grant reduction of £1.47M. The majority of the savings required, due to the Public Health England grant reduction in 2016/17, has been delivered, from ceasing services and reducing contracts. The Public Health Management Team are investigating further saving options to meet the remaining shortfall.

Since Quarter 1, further savings of £0.08M have been identified.

HSL 2 – Sustainability (£0.04M favourable, nil movement)

There is a forecast underspend on Carbon Reduction Certificates

Based on the actual consumption for 2015/16 the estimated number of Carbon Reduction Certificates (CRCs) required for 2016/17 is expected to be £0.04M lower than budgeted.

Unused CRCs to the value of £0.04M were brought forward from 2015/16 and a further purchase to the value of £0.15M was made in June 2016. The budget for 2016/17 for the purchase of CRCs is £0.23M.

HOUSING & ADULT CARE PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£4.29M** at year-end, which represents a percentage overspend against budget of **6.5%**. The Portfolio forecast variance has moved adversely by **£0.66M** from the position reported at **Quarter 1**. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Qtr. 1 £M	%
Housing & Adult Social Care	4.29 A	6.5	0.66 A	1.0
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref.
Long Term	3.12 A	2.38 A	0.74 A	ASC 1
Safeguarding Adult Mental Health & Out of Hours	0.60 A	0.30 A	0.30 A	ASC 2
Provider Services	0.31 A	0.17 A	0.14 A	ASC 3
Reablement & Hospital Discharge	0.44 A	0.62 A	0.18 F	ASC 4
Integrated Commissioning Unit Provider Relationships	0.04 F	0.19 A	0.23 F	ASC 5
Integrated Commissioning Unit System Redesign	0.19 F	0.07 F	0.12 F	ASC 6
Other	0.05 A	0.04 A	0.01 A	
Total	4.29 A	3.63 A	0.66 A	

The CORPORATE issues for the Portfolio are:

ASC 1 – Long Term (£3.12M adverse, £0.74M adverse movement).

Slippage has occurred in the achievement of savings agreed in February 2016 for reductions in volume of care, and client package costs have increased.

The budget for externally purchased care for Older Persons and clients with either a Physical Disability or Learning Disability is forecast to overspend by £3.11M.

It is forecast that current actions to meet the approved savings will achieve £1.44M of the required £3.24M, leaving a pressure of £1.80M. The integrated Commissioning Unit, working with the Capita review team have commenced work on the various savings elements but are not yet in a position to evidence the likely cohort of packages to be impacted. For this to be included in the forecast, assumptions have therefore been made on the anticipated savings. Where saving targets are now not achievable the ICU are looking at alternative savings proposals.

This adverse position is increased by a rise in older persons and disabled client packages of £1.47M. This is in part due to an increase in the number of high cost nursing placements above the standard rate, an increase in clients whose capital has depleted and clients who are no longer eligible for continuing healthcare.

The adverse position is offset by savings on staffing and transport costs of £0.03M and a forecast reduction in Learning Disability packages of £0.13M, due to a reduction in the number of client packages and a decrease in costs.

The adverse position has increased by £0.74M since Quarter 1. This is due to a rise in older persons and disabled client packages of £1.47M. This has been offset by an increase in anticipated savings of £0.49M relating to telecare, contract savings, extra care and complex housing, as well as staffing savings of £0.03M and a reduction in Learning Disability Packages of £0.21M.

ASC 2 – Safeguarding, Adult Mental Health & Out of Hours (£0.60M adverse, £0.30M adverse movement).

There has been an increase cost for Mental Health clients' packages of £0.71M above the budget.

Work is currently being undertaken to review all of the Mental Health client packages to ensure that the care being provided is appropriate for each client's needs. This adverse position has been reduced by £0.11M because of staffing savings due to vacant posts.

The adverse position has risen from Quarter 1 due to an increase in the cost of client packages by £0.42M. This increase in packages relates to existing care packages where a change in need has been identified, they have been reassessed and financial contributions re-evaluated using standard agreed procedures. As a consequence some clients who were 100% funded by Health, but following a joint matrix exercise with SCC, are now showing eligible social care needs. Therefore we are seeing increasing numbers of clients moving from Health funding to social care funding. This overspend is in part offset by £0.11M staffing savings by keeping posts vacant.

ASC 3 – Provider Services (£0.31M adverse, £0.14M adverse movement).

Increased staffing costs for Kentish Road, Glen Lee and Holcroft House.

Kentish Road respite centre is forecast to overspend by £0.08M due to an increase in staffing costs to meet client demand. Glen Lee and Holcroft House are forecast to overspend by £0.27M due to an increase in temporary staff costs to cover long term sickness and maternity leave and additional shift pay and allowances costs, offset by staff vacancy savings and additional income and supplies savings.

The adverse position is further offset by staff savings in Southampton Day Services of £0.05M due to keeping posts vacant and reducing the hours of permanent staff.

The adverse position has increased since Quarter 1 by £0.27M due to increased staffing costs for Glen Lee and Holcroft.

Also since Quarter 1 Kentish Road's forecast overspend has reduced by £0.09M following a reduction in management costs and a reduction in temporary staff.

ASC 4 – Reablement & Hospital Discharge (£0.44M adverse, £0.18M favourable movement).

Additional staffing costs for the Hospital Discharge Team and the Urgent Response Service.

The Hospital Discharge Team is forecast to overspend by £0.34M due to additional staffing costs to meet the current level of client demand. Any delay in the transfer of care of clients from hospital has the potential risk that the City Council could face fines for bed blocking.

Due to a delay in finalising the staffing arrangements, connected with the closure of Brownhill House, £0.19M savings will not be achieved this year. Additional staffing costs of £0.14M above the budget are forecast to be incurred by the Urgent Response Service. This is due to a greater number of existing staff joining the superannuation scheme, non-achievement of the vacancy management target and increased allowances and shift pay costs.

The adverse position has been reduced by £0.12M due to keeping posts vacant within the Reablement Care Management team and implementing a restructure plan within the service area. The Southampton Clinical Commissioning Group (CCG) are also making a contribution of £0.11M towards the adverse position as part of their obligation under the Better Care Fund pooled budget.

Since Quarter 1, the Hospital Discharge Team temporary staff costs have increased by £0.10M. Staffing costs within the Hospital Discharge Team and the Reablement Care Management Team have increased by £0.04M following a job evaluation exercise. The adverse position on the Brownhill House closure has also increased by £0.04M due to additional staffing costs. The adverse position has decreased by a restructure plan and keeping post vacant, totalling £0.24M. A contribution towards the overspend from the CCG of £0.11M has also been forecast.

ASC 5 – Integrated Commissioning Unit Provider Relationships (£0.04M favourable, £0.23M favourable movement).

Staff vacancies within the integrated commissioning unit.

Staffing savings have created a forecast saving of £0.04M.

The forecast position since Quarter 1 has favourably moved as the contract saving target of £0.20M, brought forward from February 2015, is now forecast to be achieved following a review of potential contract savings.

ASC 6 – Integrated Commissioning Unit System Redesign (£0.02M favourable, £0.12M favourable movement).

Contract and staff savings within the System Redesign team budget.

Contract and staff savings have created a forecast saving of £0.19M.

Since Quarter 1, a further £0.12M of contract savings have been identified.

LEADERS PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to underspend by **£0.93M** at year-end, which represents a percentage underspend against budget of **7.3%**. The Portfolio forecast variance has moved favourably by **£1.85M** from the position reported at **Quarter 1**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast	%	Movement	
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	Variance £M		from Qtr. 1 £M	%
Leaders	0.93F	7.3	1.85 F	14.6
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref
Central Repairs & Maintenance	0.59 F	0.10 F	0.49 F	LPOR 1
Legal Services & Customer Relations	0.05 F	0.07 F	0.02 A	LPOR 2
Property Portfolio Management	0.39 A	1.31 A	0.92 F	LPOR 3
Property Services	0.26 F	0.21 F	0.05 F	LPOR 4
Corporate Communications	0.17 F	0.00	0.17 F	LPOR 5
Democratic Representation & Management	0.09 F	0.00	0.09 F	LPOR 6
Land Charges	0.08 F	0.00	0.08 F	LPOR 7
Other	0.08 F	0.01 F	0.07 F	
Total	0.93 F	0.92 A	1.85 F	

The CORPORATE issues for the Portfolio are:

LPOR 1 – Central Repairs & Maintenance (£0.59M favourable, £0.49M favourable movement)

Underspend on Planned & Reactive Repairs / Fees

A favourable forecast variance of £0.27M is predicted against the reactive repairs / fee budgets, a favourable increase of £0.17M compared with Quarter 1. This will continue to be kept under close review as the year-end position will be subject to demand for essential works during the winter months.

In addition a new favourable forecast variance of £0.32M is anticipated against the planned maintenance programme due to the challenging level of resources within the current Capita Property Service and the need to prioritise the available resources across all SCC work programmes.

LPOR 2 – Legal Services & Customer Relations (£0.05M favourable, £0.02M adverse movement)

Additional Income

The favourable forecast variance of £0.05M relates to the receipt of additional in-year section 106 revenue income, a reduction of £0.02M compared with Quarter 1 due to increased uncertainty around income following 'Brexit'. This income is variable by nature and therefore difficult to precisely predict so will be kept under review during the year.

LPOR 3 – Property Portfolio Management (£0.39M adverse, £0.92M favourable movement)

Under Achievement of approved savings

The adverse variance relates primarily to the under achievement of £0.85M savings approved by Council on 16th Feb 2016. This relates to:

- Property Rationalisation and Disposal £0.30M – relating to the disposal of service properties. As no potential disposals have been identified to date the saving is not currently on track to be achieved.
- Public Sector PLC £0.05M – the increase in ground rent income is currently not on track to be achieved, an adverse movement of £0.05M compared with Quarter 1. This will be reviewed and updated throughout the year.

LPOR 4 – Property Services (£0.26M favourable, £0.05M favourable movement)

Underspends on utilities and supplies & services

The favourable variance has arisen within Admin Buildings and comprises a £0.13M underspend on supplies and services, together with £0.13M on utility costs, an overall increase of £0.05M compared with Quarter 1. A detailed review of the supplies and services budgets has been undertaken to identify essential spend only, the forecast for which will be kept under review subject to any additional demands during the remainder of the year. Utility costs have also been reviewed in detail, looking at both current and historical data, but could be affected by winter conditions and the impact of increased occupation of the Civic Centre.

LPOR 5 – Corporate Communications (£0.17M favourable, £0.17M favourable movement)

Underspends on Advertising & Publicity / Salaries

The favourable forecast variance relates primarily to a £0.12M underspend against the centralised advertising and publicity budget and represents the early achievement of budget proposals for 2017/18 and ongoing.

In addition an in-year underspend of £0.05M has arisen on salaries as a result of vacancies / maternity leave.

LPOR 6 – Democratic Representation & Management (£0.09M favourable, £0.09M favourable movement)

Restructure savings

The favourable forecast saving reflects the approved restructure within this service area, the ongoing saving for which has been reflected in the budget proposals for 2017/18 and ongoing.

LPOR 7 – Land Charges (£0.08M favourable, £0.08M favourable movement)

Additional income

The value and volume of Land Charges income received is directly affected by conditions in the housing market and wider economy and is therefore difficult to predict, particularly post Brexit. A £0.08M favourable variance is forecast based on a considered projection of income received to date and will continue to be reviewed for the remainder of the year.

TRANSFORMATION PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to overspend by **£2.65M** at year-end, which represents a percentage overspend against budget of **27.6%**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Qtr. 1 £M	%
Transformation	2.65 A	27.6	0.74 F	7.71
Potential Carry Forward Requests	0.00		0.00	

A summary of the quarterly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr. 2 £M	Forecast Variance Qtr. 1 £M	Movement £M	Ref.
Phase 2 Restructure	1.85 A	1.85 A	0.00	Trans 1
Phase 3 Digital & Business Ops	0.23 A	0.23 A	0.00	Trans 2
Capita Contract – Core Services	0.02 A	0.51 A	0.49 F	Trans 3
SCR – Schools	0.55 A	0.80 A	0.25 F	Trans 4
Total	2.65 A	3.39 A	0.74 F	

The **CORPORATE** issues for the Portfolio are:

Trans 1 – Phase 2 Restructure (£1.85M adverse, nil movement).

Phase 2 management restructure has generated savings of £0.65M compared to target of £2.50M

Following the review of the Organisational Design, the reduction of posts in phase 2 of the management restructure was lower than anticipated.

Trans 2 – Phase 3 Digital & Business Ops (£0.23M adverse, nil movement).

Restructures are expected to generate savings of £0.36M.

A number of changes have been made to the original project scope and timetable. There is, however, likely to be further savings in 2016/17 as further initiatives are developed.

Trans 3 – Capita Contract – Core Services (£0.02M adverse, £0.49M favourable movement).

Contract re-negotiation has resulted in savings of £3.30M.

A saving will be achieved against the contract reset, however the profile of savings results in a small shortfall in 2016/17, but this should be achieved in future years.

Trans 4 – SCR - Schools (£0.55M adverse, nil movement).

In-year savings target short of target built into budget.

No income is currently being assumed against this budget. The Service Level Agreement process with schools is currently being finalised and the position will be updated following this process.

IMPLEMENTATION OF SAVINGS PROPOSALS

	Total Savings 2016/17		Forecast Shortfall		Implemented and Saving			Not Fully Implemented and			Saving Not on Track to be		
	Budget £M	Forecast £M	2016/17 £M	%	%	Budget £M	Forecast £M	%	Budget £M	Forecast £M	%	Budget £M	Forecast £M
Portfolio Savings													
Communities, Culture & Leisure	(0.38)	(0.38)	0.00	0.0%	100.0%	(0.38)	(0.38)	0.0%	0.00	0.00	0.0%	0.00	0.00
Education and Childrens Social Care	(1.03)	(1.03)	0.00	0.0%	10.0%	(0.10)	(0.10)	90.0%	(0.93)	(0.93)	0.0%	0.00	0.00
Environment & Transport	(3.25)	(2.99)	0.26	7.9%	51.3%	(1.67)	(1.67)	47.2%	(1.53)	(1.33)	1.5%	(0.05)	0.00
Finance	(9.89)	(9.85)	0.04	0.4%	89.5%	(8.85)	(8.85)	10.1%	(1.00)	(1.00)	0.4%	(0.04)	0.00
Health & Adult Social Care	(4.21)	(2.19)	2.01	47.9%	10.6%	(0.44)	(0.45)	40.4%	(1.70)	(1.38)	49.1%	(2.07)	(0.37)
Housing & Sustainability	(0.11)	(0.10)	0.01	5.6%	65.7%	(0.07)	(0.07)	34.3%	(0.04)	(0.03)	0.0%	0.00	0.00
Leader's	(2.87)	(2.37)	0.50	17.4%	82.2%	(2.36)	(2.36)	0.3%	(0.01)	(0.01)	17.4%	(0.50)	0.00
Transformation	(9.48)	(6.87)	2.61			(4.04)	(4.06)	19.0%	(1.80)	(1.80)	38.4%	(3.64)	(1.01)
Total	(31.22)	(25.79)	5.43	17.4%	57.4%	(17.92)	(17.94)	22.4%	(7.01)	(6.48)	20.2%	(6.30)	(1.38)

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Agenda Item 8

Appendix 4

FINANCIAL HEALTH INDICATORS – QTR 2

Prudential Indicators Relating to Treasury

	<u>Maximum</u>	<u>Forecast</u>	<u>Status</u>
Maximum Level of External Debt £M	£863M	£463M	Green
As % of Authorised Limit	100%	54%	Green
	<u>Target</u>	<u>Actual YTD</u>	<u>Status</u>
Average % Rate Long Term New Borrowing	3.00%	0.0%	Green
Average % Rate Existing Long Term Borrowing	4.00%	3.33%	Green
Average Short Term Investment Rate - Cash	0.37%	0.48%	Green
Average Short Term Investment Rate - Bonds	0.52%	0.86%	Green
Average Long Term Investment Rate - Bonds	0.83%	2.30%	Green
Average Return on Property Fund	2.50%	4.92%	Green

Minimum Level of General Fund Balances

		<u>Status</u>
Minimum General Fund Balance	£5.5M	
Forecast Year End General Fund balance	£8.9M	Green

Income Collection

	<u>2016/17 Target</u>	<u>Qtr. 2 YTD</u>	<u>Status</u>
Outstanding Debt:			
More Than 12 Months Old	25%	3%	Green
Less Than 12 Months But More Than 6 Months Old	6%	2%	Green
Less Than 6 Months But More Than 60 Days Old	14%	1%	Green
Less Than 60 Days Old	55%	94%	Green

Creditor Payments

		<u>Status</u>
Target Payment Days	20	
Actual Current Average Payment Days	20	Green
Target % of undisputed invoices paid within 30 days	95.0%	
Actual % of undisputed invoices paid within 30 days	86.6%	Red

Tax Collection rate

	<u>2015/16 Actual Collection</u>	<u>Target Collection Rate</u>	<u>QTR 2 Collection Rate</u>		<u>Status</u>
			<u>Last Year</u>	<u>This Year</u>	
Council Tax	95.9%	94.9%	54.5%	54.7%	Amber
National Non Domestic Rates	98.9%	98.7%	58.0%	60.1%	Amber

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1. Borrowing Requirement and Debt Management

The Authority's chief objective when borrowing continues to be striking an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective

As at the 30 September 2016, the council's overall outstanding long term borrowing was £235M, at an average rate of 3.33% and an average maturity of 23 years, this has fallen by £3M since the last reported figure (£238M) due to maturing debt which has not yet been replaced. The total long term debt portfolio is made up of loans from the Public Works Loan Board (PWLB) of £226M and market loans of £9M.

Included within the PWLB portfolio is £35M of variable rate loans, which are currently averaging 0.70% and are helping to keep overall borrowing costs down. Whilst in the current climate of low interest rates this remains a sound strategy, the Council need to review these regularly and if appropriate switching into fixed rate loans if interest rates start to rise rapidly.

The Council did not have any temporary borrowing at the end of September having repaid outstanding balances, but we did take out a temporary loan for a month during the quarter of £8.9M (at 0.3%) as cash flow balances dropped below our minimum agreed limit of £20M.

As at the 31 March 2016 the Council used £106M of internal resources in lieu of borrowing which has been the most cost effective means of funding past capital expenditure to date. This has lowered overall treasury risk by reducing both external debt and temporary investments. However, this position will not be sustainable over the medium to long term and the Council will need to borrow to cover this amount as balances fall.

Based on the latest Capital update and maturing debt the Council is expected to have a borrowing need up to £166.6M between 2016/17 and 2018/19. Of this £53.6M relates to new HRA capital spend, £95.7M for new capital spend on the GF, including £65M that has been allocated for the purchase of property for income generation, the remainder relates to the refinancing of existing debt and externalising internal debt to cover expected fall in balances.

No new long term borrowing has been taken to date and will be assessed in conjunction with the development of the capital programme, cash balances and advice from the Council's treasury advisor.

Any further borrowing taken this year is likely to be short term in nature to take advantage of the existing low interest rate and to protect ourselves against a further predicted fall in interest rates following the UK's vote to leave the European Union and the subsequent uncertainty. It will take some time before the full implications of 'Brexit' are known.

Budgeted Expenditure

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 in 2016/17 of financing the Authority's loan debt is currently expected to be £9.2M of which £5.4M relates to the HRA.

2. Investment Activity

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves.

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its TM Strategy Statement for 2016/17.

Counterparty credit quality is assessed and monitored with reference to: Credit Ratings; credit default swaps; financial statements, information on potential government support and reports in the quality financial press.

Internal investments

Balances initially increased at the beginning of the year rising from £89M to £106M in mid-April, but have since fallen back to £62M, £42M less than the same time last year. Current cash flow forecast indicate that this will fall further and as about £38.6M is in fixed term deals, in order to maintain our working cash flow balance of between £20M and £25M we will need an input of temporary borrowing during October.

As reported previously, following advice from our advisors Arlingclose, we have invested in bonds to optimise investment income, including corporate bonds as an alternative to fixed term deposits with banks as although the risk of insolvency remains, there is no risk of pre-emptive bail-in by the regulator and corporates are far less geared than banks. These deals will generate around £0.45M for the year.

The Authority has internal investments amounting to £55.4M, with an average rate of return of 1.45% as detailed in Table 1 below:

Table 1: Quarter 2 Internal Investments

Investments	At 30 September 2016 £000	Date of Maturity	Yield %	Rating
Cash				
Barclays Bank PLC	3,000	Call	0.30	A
Santander UK Plc	5,000	180 Day Notice	0.90	A
Aberdeen MMF	7,000	MMF	0.38	A+
Blackrock MMF	62	MMF	0.32	AA-
Deutsche MMF	62	MMF	0.32	AA-
Federated Prime MMF	3,900	MMF	0.37	AA-
Goldman Sachs MMF	41	MMF	0.30	AA
Insight MMF	40	MMF	0.30	A+
Invesco MMF	60	MMF	0.36	AA-

J P Morgan MMF	21	MMF	0.33	AA-
Standard Life MMF	2,600	MMF	0.37	A+
Total Cash	21,786		0.48	
Corporate Bonds				
Places for People Capital Markets	3,863	27/12/2016	1.32	A-
National Grid Gas plc	3,154	07/06/2017	0.87	A-
Total Corporate Bonds	7,017		1.11	
Other Short Term Bonds				
Bank of Scotland PLC Covered Bond	4,176	08/11/2016	0.74	AAA
Laneskreditbank Baden-Wuert	2,018	15/12/2016	0.72	AAA
Lloyds Bank Covered Bond	2,002	16/01/2017	0.60	AAA
Abbey National Treasury plc Covered Bond	3,001	20/01/2017	0.74	AAA
Nationwide Building Society Covered Bond	1,483	17/07/2017	0.62	AAA
Total Other Bonds	12,680		0.69	
Long Term Bonds				
Leeds Building Society Covered Bond	2,001	09/02/2018	0.62	AAA
Barclays Bank Covered Bond	1,001	12/02/2018	0.53	AAA
Yorkshire Building Society Covered Bond	3,156	12/08/2018	1.94	AA+
Nationwide Building Society Covered Bond	1,601	25/04/2019	0.98	AAA
Leeds Building Society Covered Bond	3,003	01/10/2019	0.89	AAA
European Investment Bank - Bond	1,069	15/04/2025	5.27	AAA
European Investment Bank - Bond	1,054	07/06/2025	5.16	AAA

European Investment Bank - Bond	1,039	07/06/2025	5.49	AAA
Total Long Term Bonds	13,924		2.15	
Total Bonds	33,621		1.45	
Total Internal Investments	55,407		1.45	
External Managed Funds <i>(see below)</i>	7,000		5.00	
Total Investments	62,407		1.72	

External Managed investments

The Council currently has £7M in property funds which offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term. These funds are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. As at the 30 September the sell price of our total investments were valued at £7.2M a notional “gain” of £0.2M against investments, this is lower than that previously reported as following ‘Brexit’ CCLA have prudently adjusting the fund value downwards by approximately 4% for the end of September price, based on their valuer’s advice. This is in line with the 4 or 5% adjustments being made by other property funds at this time. Our advisers Arlingclose have issued the following statement, ‘We believe this is a prudent step taken by CCLA to protect continuing investors in the fund from anyone attempting to sell at “off-market” pre-referendum prices. After all, Brexit is a significant event with wide but largely unknown implications. We advise clients to invest in this fund with a rolling five year investment horizon, with the aim of collecting steady income and to see through price volatility. Our advice therefore continues to be that clients should not sell strategic investments at this time, and we are confident that income distribution will remain significantly higher than cash over the coming years’.

The current quoted dividend yield on the fund is currently 4.89% (which equates to 5% on original investment) and is expected to return £0.34M for the year (based on the average return of the last 12 months 4.8%)

Investment Benchmarking as at 30th September 2016.

The Council advisors undertake quarterly investment benchmarking across its client base. The charts below show that on average we have a more diversified portfolio, with less risk to bail in whilst still increasing yields. This is mainly as a result of moving into the bond programme earlier than most clients. There is now more competition for bonds from both government bodies and other local authorities so opportunities to replace maturing bonds are limited and this alongside a reduction in the base rate will see a fall in interest earned



Investment Benchmarking

30 September 2016

Southampton
21 English Unitaries Average
138 LAs Average

Internal Investments	£55.4m	£62.9m	£64.4m
External Funds	£7.2m	£8.9m	£7.4m
TOTAL INVESTMENTS	£62.6m	£72.2m	£71.8m

Security

Average Credit Score	3.21	4.16	4.29
Average Credit Rating	AA	AA-	AA-
Average Credit Score (time-weighted)	1.53	3.77	4.03
Average Credit Rating (time-weighted)	AA+	AA-	AA-
Number of Counterparties / Funds	24	16	16
Proportion Exposed to Bail-in	39%	67%	66%

Liquidity

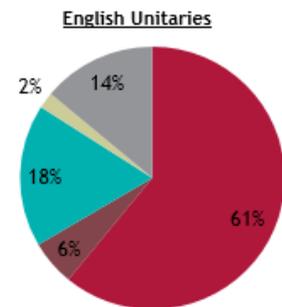
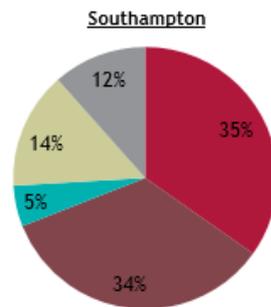
Proportion Available within 7 days	27%	44%	42%
Proportion Available within 100 days	43%	67%	68%
Average Days to Maturity	324	103	54

Market Risks

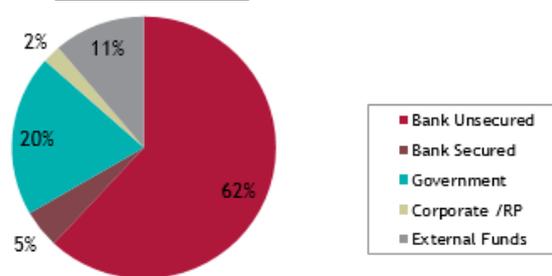
Average Days to Next Rate Reset	210	106	76
External Fund Volatility	4.1%	1.8%	3.1%

Yield

Internal Investment Return	1.02%	0.56%	0.60%
External Funds - Income Return	4.87%	3.82%	3.29%
External Funds - Capital Gains/Losses	-1.84%	-2.50%	-1.32%
External Funds - Total Return	3.03%	1.32%	1.98%
Total Investments - Income Return	1.46%	0.95%	0.88%
Total Investments - Total Return	1.25%	0.77%	0.86%



All Arlingclose Clients



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

Budgeted Income

The Council does not expect any losses from non-performance in relation to its investments by any of its counterparties. The UK Bank Rate had been maintained at 0.5% since March 2009 and until August 2016, when it was cut to 0.25%. It is now forecast to fall further towards zero but not go negative, as a consequence short-term money market rates have fallen and are expected to fall further following 'Brexit'. Investments in Money Market Funds and call accounts currently generated an average rate of 0.48%. Investments in bonds have performed better returning an average of 1.42% for the year to date. The average cash balances during the quarter was £88.9M (range between £105.2M to £61.7M); these are expected to fall as the incidence of government grant income and council tax income is skewed towards the earlier part of the year.

The Authority's investment income for the year is forecast at £0.9M. As reported previously the Authority continues to review investments in suitable longer term financial instruments which will generate a better return, as it is envisaged that there be sufficient cash balances over the medium term.

3. Compliance with Prudential Indicators

The Council can confirm that it has complied with its Prudential Indicators for 2016/17 approved by Full Council on 10 February 2016. Table 2 below summarises the Key Prudential Indicators and performance to date:

Table 2: Compliance with Prudential Indicators

Indicator	Limit	Actual at 30 September 2016
Authorised Limit for external debt £M	£863M	£335M
Operational Limit for external debt £M	£700M	£335M
Maximum external borrowing year to date		£249M
Limit of fixed interest debt %	100%	81%
Limit of variable interest debt %	50%	19%
Limit for Non-specified investments £M	£70M	£30M

5. Financial Advisor's (Arlingclose) Outlook for the remainder of 2016/17

The economic outlook for the UK has immeasurably altered following the popular vote to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to Single Market access.

The short to medium-term outlook has been more downbeat due to the uncertainty generated by the result and the forthcoming negotiations. Economic and political uncertainty will likely dampen or delay investment intentions, prompting lower activity levels and potentially a rise in unemployment. The downward trend in growth apparent on the run up to the referendum may continue through the second half of 2016, although some economic data has held up better than was initially expected, perhaps suggesting a less severe slowdown than feared.

Arlingclose has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by Bank of England policymakers. Arlingclose's central case is for Bank Rate to remain at 0.25%, but there is a 40% possibility of a drop to close to zero, with a small chance of a reduction below zero.

Gilt yields are forecast to be broadly flat from current levels, albeit experiencing short-term volatility.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.25												
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

Global interest rate expectations have been pared back considerably. There remains a possibility that the Federal Reserve will wait until after November's presidential election, and probably hike interest rates in in December 2016 but only if economic conditions warrant.

In addition, Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Authority's counterparty list have sufficient equity buffers to deal with any localised problems in the short term.

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to over spend by **£0.73M** at year-end, which represents a percentage over spend against budget of **1.0%**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Quarter 1 £M	%
Housing Revenue Account	0.73 A	1.0	0.11 A	0.2
Potential Carry Forward Requests	0.00			

A summary of the monthly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Qtr 2 £M	Forecast Variance Qtr 1 £M	Movement £M	Ref.
Supervision & Management	0.13 F	0.24 F	0.11 A	HRA 1
Interest & Capital Repayments	0.45 F	0.45 F	0.00	HRA 2
Housing Investment	0.13 A	0.13 A	0.00	HRA 3
Repairs	0.98 A	0.98 A	0.00	HRA 4
Tenant Service Charges	0.20 A	0.20 A	0.00	HRA 5
	0.73 A	0.62 A	0.11 A	

The CORPORATE issues for the Portfolio are:

HRA 1 – Supervision & Management (£0.13M favourable, £0.11 adverse movement since quarter 1)

There is a reduction in the required contribution to the bad debt provision.

The continuing downward trend in current tenant arrears has led to a reduction of £0.30M in the required yearly contribution to the bad debt provision.

A one-off savings proposal of £0.05M, which was to be generated by the removal of the cash collection facility at a Local Housing Office, cannot now be achieved.

There are employee-related pressures of £0.11M, as the lack of the usual staff turnover means that the vacancy factor in a number of areas will not be met, plus the mandatory pension auto-enrolment scheme that was introduced in June 2016, has led to increased employers contributions.

HRA 2 – Interest & Capital Repayments (£0.45M favourable, no movement)

There is a reduction in the borrowing requirement for funding of capital programme.

A re-evaluation of the capital programme from 2015-16 to 2016-17 has resulted in a reduction in the borrowing requirement. This short term movement in the borrowing requirement has therefore reduced the financing cost charged to revenue for 2016-17.

HRA 3 – Housing Investment (£0.13M adverse, no movement)

Some decoration work has been brought forward.

In order to maximise the efficiency of the resources used by the ECO project, it was agreed to bring forward the decorations work planned for Irving Road.

HRA 4 – Responsive Repairs (£0.98M adverse, no movement)

Not all expected efficiencies are to be realised this year.

Good progress has been made in restructuring the Housing Operations team across the four elements of trade staff and management restructuring, void efficiencies and reductions in fleet usage.

The reduced staffing structure was not fully implemented until June 2016 and currently there is a forecasted adverse variance of £0.98M. Management are working towards reducing this adverse variance through the year.

HRA 5 – Tenant Service Charges (£0.20M adverse, no movement)

A revised charging proposal is not deliverable.

A budget proposal to introduce a revised charging model for Community Alarm customers will not now be implemented due to Housing Benefit restrictions and future unknown changes in Supporting People income.

COUNCIL TAX COLLECTION FUND REVENUE ACCOUNT
FOR YEAR ENDED 31ST MARCH 2017

	Original Estimate 2016/17 £M	Forecast 2016/17 £M	Variance Adverse / (Favourable) 2016/17 £M
Council Tax			
<u>Income</u>			
Income due from Council Tax Payers	(97.27)	(97.24)	0.03
Transfers to General Fund - Hardship Fund	(0.20)	(0.20)	0.00
	(97.47)	(97.44)	0.03
<u>Expenditure</u>			
Southampton City Council Precept	81.01	81.01	0.00
Hampshire Police Authority Precept	9.70	9.70	0.00
Fire & Rescue Services Precept	3.79	3.79	0.00
Distribution of previous year's surplus	1.02	1.02	0.00
Provision for Bad Debts CT	2.97	2.00	(0.97)
	98.49	97.52	(0.97)
CT - Deficit / (Surplus) for the Year	1.02	0.08	(0.94)
CT - Deficit / (Surplus) Brought Forward	(1.02)	(2.15)	(1.13)
CT Deficit / (Surplus) Carried Forward	0.00	(2.07)	(2.07)
NDR			
<u>Income</u>			
Income from NDR Payers	(106.02)	(104.07)	1.95
<u>Apportionment of Previous Years Deficit</u>			
SCC	3.01	3.01	0.00
DCLG	3.07	3.07	0.00
Hampshire Fire & Rescue Authority	0.06	0.06	0.00
	(99.88)	(97.93)	1.95
<u>Expenditure</u>			
Payment to DCLG Transitional Arrangements	0.00	0.42	0.42
Payments to DCLG	48.45	48.45	0.00
SCC - NNDR Dist to General Fund	47.48	47.48	0.00
Hampshire Fire & Rescue NNDR Distrib.	0.97	0.97	0.00
Allowance to General Fund for NNDR Collection	0.32	0.32	0.00
Provision for Bad Debts NNDR	1.11	1.00	(0.11)
Appeals Provision 16/17	7.70	4.49	(3.21)
Appeals Provision Prior Years	0.00	(5.76)	(5.76)
	106.03	97.37	(8.66)
NDR Deficit / (Surplus) for the Year	6.15	(0.56)	(6.71)
NDR - Deficit / (Surplus) Brought Forward	(6.15)	(7.83)	(1.68)
NDR Deficit / (Surplus) Carried Forward	0.00	(8.39)	(8.39)
Total Deficit Deficit / (Surplus) Carried Forward	0.00	(10.46)	(10.46)
Council Tax (Surplus)/Deficit			
Contribution (to)/ from SCC		(2.29)	(1.78)
Contribution (to)/ from HPA		(0.27)	(0.21)
Contribution (to)/ from F&RS		(0.11)	(0.08)
Council Tax Collection Fund Balance c/f		(2.67)	(2.07)
NDR (Surplus)/Deficit			
Contribution (to)/ from SCC		(2.45)	(4.11)
Contribution (to)/ from DCLG		(2.50)	(4.19)
Contribution (to)/ from HF&R		(0.05)	(0.08)
NDR Collection Fund Balance c/f		(4.99)	(8.38)
Additional SCC Surplus		(4.74)	(5.89)

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DECISION-MAKER:	CABINET		
SUBJECT:	THE REVISED MEDIUM TERM FINANCIAL STRATEGY 2017/18 to 2020/21 INCLUDING THE GENERAL FUND REVENUE BUDGET		
DATE OF DECISION:	15 NOVEMBER 2016		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Sue Poynter	Tel: 023 8083 4153
	E-mail:	Sue.poynter@southampton.gov.uk	
Director	Name:	Mel Creighton Suki Sitaram	023 8083 4897 023 8083 2060
	E-mail:	Mel.creighton@southampton.gov.uk Suki.sitaram@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A
EXECUTIVE SUMMARY
<p>This report details the draft revised Medium Term Financial Strategy (MTFS) for the period 2017/18 to 2020/21. The objective of this Strategy is to provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's priority outcomes.</p> <p>The Strategy is based around 6 key aims:</p> <ul style="list-style-type: none"> • To provide financial parameters within which budget and service planning should take place • To ensure the Council sets a balanced budget • To focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources. Ensuring services are defined on the basis of a clear alignment between priority and affordability • To ensure the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area • To plan the level of fees, charges and taxation in line with levels that the Council regard as being necessary, acceptable and affordable to meet the Council's aims, objectives, policies and priorities whilst gradually reducing the Council's reliance on Central Government funding; and • To ensure that the Council's long term financial health and viability remain sound. <p>This report outlines the Cabinet's draft budget proposals for this period to deliver priority outcomes for residents in a financially sustainable way. For the first time the Council is aiming for a two year budget hence the report consists of detailed proposals for 2017/18 and 2018/19 totalling £31.6M. The MTFS also includes 'emerging' ideas for 2019/20.</p> <p>In moving forward with this we have focused on the following areas to target savings:</p> <ul style="list-style-type: none"> • Business as usual operational efficiencies; • Procurement savings – third party spend (General Fund) accounts for 65% of our total expenditure;

- Digital programme to change, transform and improve how we deliver services both within the Council and to citizens;
- Service deliver changes including organisational redesign, new delivery models, shared services, stopping, reducing and changing services.

These draft proposals will be used as the basis for consultation with a range of stakeholders. Analysis on consultation feedback will be considered by the Cabinet before they finalise their budget proposals that will be recommended to Council on 15 February 2017 when it will set the budget.

Since 2011/12 the Council has faced year on year reductions in grant funding from Government to support the General Fund Revenue Account. This source of funding is expected to come to an end in 2019/20. At this point the Government is proposing that the Council will retain the business rates collected within the city, however additional responsibilities will also be allocated to local government at this time. Therefore it is important we focus on facilitating economic growth and developing our approach to financial management that prepares the Council for a new way of budgeting from 2020/21. At the same time we face the uncertainties of Brexit and its impact on the national and local economy; the need to respond to changing behaviours in reducing demand; building resilient communities; accessing our services; taking steps to reduce our costs by managing services in more business like ways and working with our partners to improve outcomes for residents.

To date the Council has saved £92.4M over the last 5 years but to be sustainable in the future the Council will need to continue to stop, change, reduce and in some cases, develop new services. This report outlines a different approach to financial management being developed by the Council with the aim of aligning delivery of the Executive's key outcomes (described in the Council Strategy 2016-20) with affordability. This is to help the Council to invest its reducing resources in activities that have the greatest impact on the delivery of priority outcomes. The Council wants to achieve better outcomes for all residents by improving quality and performance, managing demand of its high cost services and becoming more commercial. Consequently financial plans have been drawn up on the basis of the four main outcomes and will support the commissioning and procuring of services more cost effectively to enable the Council to become a modern and sustainable organisation.

The budget proposals in this report include significant options for reducing the demand for high cost social care services for vulnerable children, young people and adults; further integration of services with health partners to provide better services at a lower cost; transformation of children's and adult's social care services, identification of different ways of delivering vital services and making savings in staff and process costs through effective use of digital technology. The Medium Term Financial Model assumes a Council Tax increase of 1.99% and 2% for the Adult Social Care Levy.

The main points in this report are:

- The MTFM and associated budget proposals seek to close the funding gap by 2018/19 of which nearly £6M will be funded by an increase in the volume of business rates and council tax, reflecting the continued projections of economic growth in the city.
- Cabinet wish to seek feedback on their draft proposals and their potential impact so that they can consider them when finalising the budget and setting the Council tax at Council in February 2017.

- The proposals reflect a commitment to support the most vulnerable, through different approaches whilst moving to digital access for information and to many of our services.
- Where possible proposals have focussed on reducing costs in operations (initially focussing on the back office) by driving efficiencies in processes and ways of working by using digital technology, requiring fewer staff in the future.
- A review of all third party expenditure has taken place which represents 65% of the Council's overall spend.
- Proposals include the continuation of the redesign of the Council through ongoing restructures across the organisation over the coming months. Whilst Cabinet members are committed to avoiding compulsory redundancies, they recognise this could be more and more challenging to achieve in the future and therefore will be offering voluntary solutions to staff as a way of reducing its workforce.
- The Council will continue to explore further integration of services both internally and with partners that will generate income, reduce costs and in many cases, will improve outcomes.
- The focus is on safely reducing costs in 2 specific areas: children's social care, by reducing the number of looked after children and in adult social care by providing care and support in different ways and to ensure individuals needs are regularly reviewed.
- Alternative ways of delivering key services are considered that will help the Council to reduce costs and generate income are also being explored
- The provision of some services are proposed to be stopped alongside introducing or increasing charges for Council services where fees are commensurate with the true cost of service provision and are out of line with charges for similar services provided by other authorities or the private sector
- Continued investment in roads and pavement is proposed which residents have identified as high priority.
- The Medium Term Financial Strategy has been reviewed and assumptions updated to reflect the Council's new outcomes and has been extended to include the financial year 2020/21.

The MTFS includes high level assumptions with regards to the Housing Revenue Account as there is no requirement for further savings to be made for 2017/18, having had a two year budget agreed at February 2016 Council meeting.

The MTFS also includes the impact of the latest capital programme and Capital Strategy. This will be further updated once the allocation of capital resources to Council Outcomes and Executive Commitments has been reviewed by the Council Capital Board.

The MTFS also includes the approved Efficiency Plan for the Council, enabling the Government's offer of a four year minimum funding guarantee to be accepted.

RECOMMENDATIONS:

	(i)	To note the revised Medium Term Financial Strategy 2017/18 to 2020/21 (attached as Appendix 2 - Summary and Appendix 4 – Full) is based on the best estimate at this time and will need to be kept under review.
	(ii)	To note the aims and objectives of the Medium Term Financial Strategy which will be presented to Council for approval in February 2017.

	(iii)	To note that the report contains draft proposals for reducing cost and generating income that amount to £21.3M in 2017/18 increasing to £31.6M in 2018/19.
	(iv)	To note that formal budget consultation will begin on 16 November 2016 for many proposals but that other proposals may be subject to different timescales when details are finalised. The proposals and methodology of this consultation are detailed in Appendix 6.
	(v)	To note that the Executive's initial budget proposals will impact on staffing and that consultation will be undertaken in line with legislation and the Councils agreed processes before proposals are implemented.
	(vi)	To note that the Executive's budget proposals for consultation are based on the assumptions detailed within the MTFs and that this includes a Council Tax increase of 3.99 %, 1.99% under general powers to increase Council Tax without a referendum and 2.00% Social Care Precept.
	(vii)	To delegate authority to the Service Director – Finance & Commercialisation (S151 Officer), following consultation with the Cabinet Member for Finance, to do anything necessary to give effect to the proposals contained in this report.

REASONS FOR REPORT RECOMMENDATIONS

1.	The Council is a large organisation managing the delivery of a vast range of businesses either directly or through/with others. Its core purpose is to improve the quality of life for residents and effective financial management is key to this. It is important that Members are aware of the major financial challenges and opportunities and that they make informed decisions. The Council regularly revises its Medium Term Financial Strategy (MTFS) so that the financial position is clear for budget proposals to be drawn up for the forthcoming year. However in light of the proposed changes to funding from Central Government by 2019/20, it is important for the Council to set out its budget proposals and emerging ideas for savings in the context of the MTFS over a four year period 2017/18 to 2020/21.
2.	The Cabinet wants to channel the decreasing resources towards agreed priority outcomes and to do this properly and transparently requires a different approach through focusing on Outcomes Based Planning and Budgeting (OBPB).
3.	Many of the proposals will have some impact on services users, residents, businesses, partners and staff and therefore it is important for the Council to start consultation with a range of stakeholders before presenting final proposals to Council in February 2017.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4.	Alternative options for revenue spending and MTFS assumptions form an integral part of the development of the overall MTFS that will be considered at the Council budget setting meeting on 15 February 2017. The current set of assumptions contained within this report will be reviewed on a regular basis but represent the most up to date information available at this time.
5.	The proposals presented in this report represent the Executive's draft budget for the period 2017/18 – 2020/21. Of these, many proposals for 2017/18 and 2018/19 are ready for consultation. The Cabinet have considered and rejected some proposals put forward by officers as they were not considered to align with the Executive Commitment. In addition there are a number of variables and alternative options that could be implemented as part of the budget.

6. Part of setting the General Fund Budget and Medium Term Financial Strategy and Model requires a view to be taken on the revenue cost of capital to the Authority and proposals are currently considered by the Council's Capital Board in order to ensure the most appropriate use of capital resources in meeting the Council's desired outcomes and the Executive commitments. A Capital Programme Update report is included elsewhere on the agenda, and the latest position is included in the MTF5 Model.

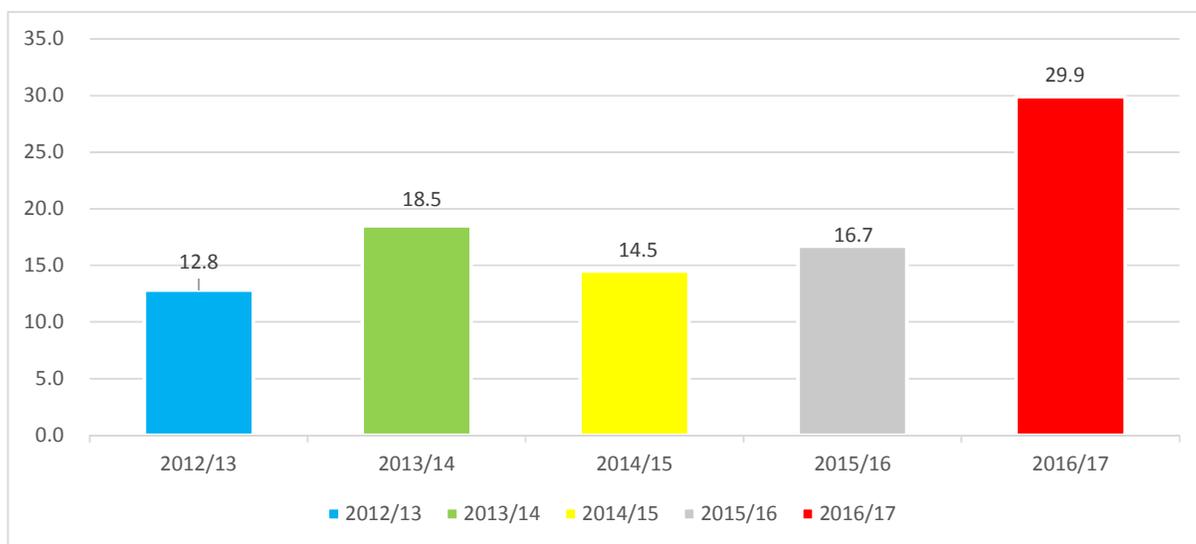
DETAIL (Including consultation carried out)

BACKGROUND

7. Since 2011/12 the Council has faced year on year reductions in government grants, of which the Revenue Support Grant (RSG) was a significant source of income. Under current Government central funding proposals, the intention is to radically change the way local authorities are funded by moving to full business rate retention and phasing out the Revenue Support Grant by 2020. Alongside this there will be additional responsibilities for local government to ensure the move is fiscally neutral to Central Government plans. Business Rates will then be the main source of income to fund General Fund Council services.

8. Therefore it is vitally important for the Council to focus on facilitating economic growth and developing the approach for financial management that prepares for a new way of funding services from 2020/21. At the same time we face the uncertainties of Brexit and its impact on the City and the Council; the need to respond to changing behaviours in reducing demand; building resilient communities; accessing our services; taking steps to reduce costs by managing services in more business like ways; and working with partners to improve outcomes for residents.

9. Over the last 5 years the Council has approved savings of £92.4M but to be sustainable in the future will require us to continue to stop, change, reduce and in some cases, develop new services.



10. This report outlines a different approach to financial management being developed by the Council with the aim of aligning delivery of the Executive's key outcomes (described in the Council Strategy 2016-20) with affordability. This is to help the Council to invest its reducing resources in activities that have the greatest impact on the delivery of priority outcomes. The Council also wants to achieve better outcomes for all residents by

	improving quality and performance, managing demand of its high cost services and becoming more commercial. Therefore financial plans have been drawn up on the basis of the four main outcomes and these are supported by an internal plan to enable the Council to become a modern and sustainable organisation.																																				
11.	<p>The Council's aims to make a difference and in doing so, has agreed its Council Strategy in September 2016 on the basis of the following priorities which were informed by feedback from residents:</p> <ul style="list-style-type: none"> • Southampton is a city with strong and sustainable economic growth; • Children and young people in Southampton get a good start in life; • People in Southampton live safe, healthy, independent lives; and • Southampton is a modern, attractive city where people are proud to live and work. 																																				
12.	The external changes that can have a major impact on how we change and transform in the future include proposals for Devolution (the Solent Deal); further integration with Health; changes in the role of councils in relation to Education; impact of Brexit on the national and local economy and on local people as well as indirectly, on the council's finances. However, we also have to continue to change as an organisation to become modern, agile and sustainable with have a high performing workforce to deliver these outcomes within reducing resources.																																				
13.	Local government has had to change significantly in response to ongoing changes in the city's profile, trends in customer behaviour driver by technology, national and local policies and the austerity challenges. For us this is accompanied by ongoing challenges in the shape of rising demand in adults and children's social care. The chart below shows how the government funding to the Council has reduced and the projection is that by 2020 the Government is expecting councils to become financially viable through business rates which will replace government grants as our main source of income. In response, the Council has approved savings of £92.4M over the same period, while making every effort to protect front line services where possible.																																				
	<table border="1"> <caption>Government Funding to the Council (£M)</caption> <thead> <tr> <th>Financial Year</th> <th>RSG</th> <th>New Home Bonus</th> <th>Improved Better Care Fund</th> <th>Non Specific Grants</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td>45</td> <td>5</td> <td>0</td> <td>5</td> <td>55</td> </tr> <tr> <td>2016/17</td> <td>35</td> <td>5</td> <td>0</td> <td>3</td> <td>43</td> </tr> <tr> <td>2017/18</td> <td>25</td> <td>5</td> <td>0</td> <td>3</td> <td>33</td> </tr> <tr> <td>2018/19</td> <td>18</td> <td>5</td> <td>0</td> <td>3</td> <td>26</td> </tr> <tr> <td>2019/20</td> <td>12</td> <td>5</td> <td>0</td> <td>3</td> <td>20</td> </tr> </tbody> </table>	Financial Year	RSG	New Home Bonus	Improved Better Care Fund	Non Specific Grants	Total	2015/16	45	5	0	5	55	2016/17	35	5	0	3	43	2017/18	25	5	0	3	33	2018/19	18	5	0	3	26	2019/20	12	5	0	3	20
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14.	In this context it is vital that as an organisation we plan for the next four years rather than just one year, which is what we have done to date. Therefore it is important to see the draft budget proposals as part of our revised MTFs since by the end of 2019/20, we must																																				

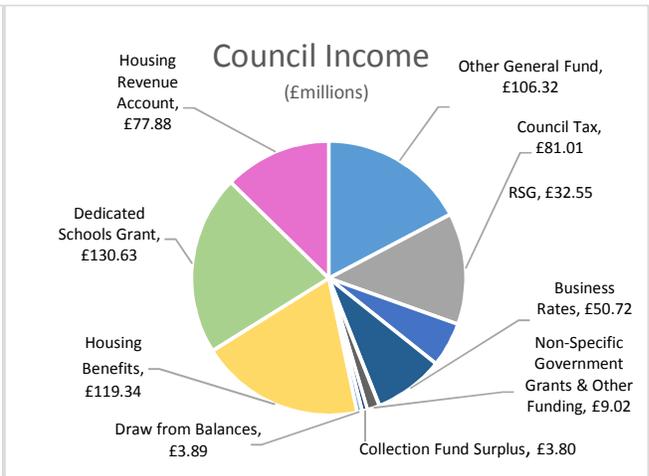
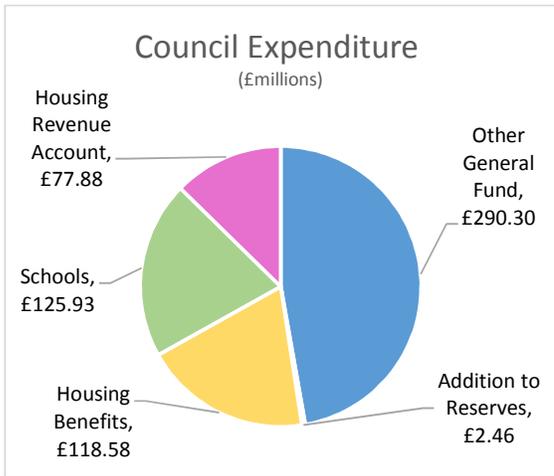
	assume that the Council will have lost virtually a 100% of Revenue Support Grant (RSG). This means we will need to be self-sustaining despite major pressures within social care and the wider economic uncertainties which impact on our investment plans.
15.	The budget proposals in this report include significant options for reducing the demand for high cost social care services for vulnerable children, young people and adults; further integration of services with health partners to provide better services at a lower cost; transformation of children's and adult's social care services, identification of different ways of delivering vital services and making savings in staff and process costs through effective use of digital technology.
16.	The proposals seek to increase Council Tax by 3.99% which (based on 2016/17) represents £1.01 per week for residents in a Band D property but will help the Council to continue to deliver services that matter most to residents.
	OUTCOMES BASED PLANNING AND BUDGETING (OBPB)
17.	OBPB is a method of budgeting in which funds are allocated according to a set of predefined outcomes or priorities. This model often is part of a more commissioning-based approach to service delivery. This approach is being developed and is expected to continue to be embedded over the next budget cycle so that Members can genuinely reshape and re-channel resources between the top outcomes and within each of the outcomes. The approach that has been undertaken with joint strategic working between Finance and Strategy so that there is a genuine alignment between resource allocation and outcomes and that decisions are increasingly based on evidence.
18.	The focus of OBPB is to determine what outcomes are being achieved from services provided and whether they are beneficial and make a difference to residents, customers and businesses. As this is a new approach to the Council's budget setting process, we acknowledge that there will be a period of transition towards a full OBPB process. In the first couple of years we will operate a hybrid approach of OBPB and identifying a list of savings proposals to identify ways to meet the budget gap with a full OBPB in place by 2018/19. Given the significant change to the budget process and the fact that many elements of the transformation programme are currently underway, it has not been possible to identify all savings for 2017/18 and 2018/19 via a pure OBPB process and some savings are more traditional operational savings.
19.	Outcomes are the end result – the 'why' we are doing an activity, rather than the 'what' of the activity (or output) itself. Planning and budgeting for outcomes means we focus on what we are trying to achieve, and the impacts on citizens and stakeholders, rather than products, systems or processes. This means that we move away from annual, salami sliced budgeting that is separate to strategy development and planning to an integrated, single process that focuses on outcomes, for a longer time frame. It also enables the Council to directly link its priorities to its resource allocation.



20. Appendix 1 details the outcomes, priorities and Executives commitments agreed by the Council in September, with the individual outcome plans attached at Appendix 3.

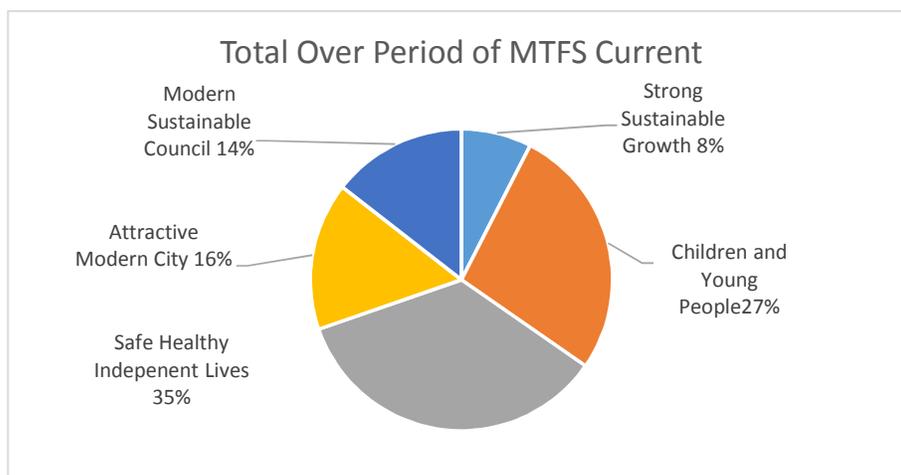
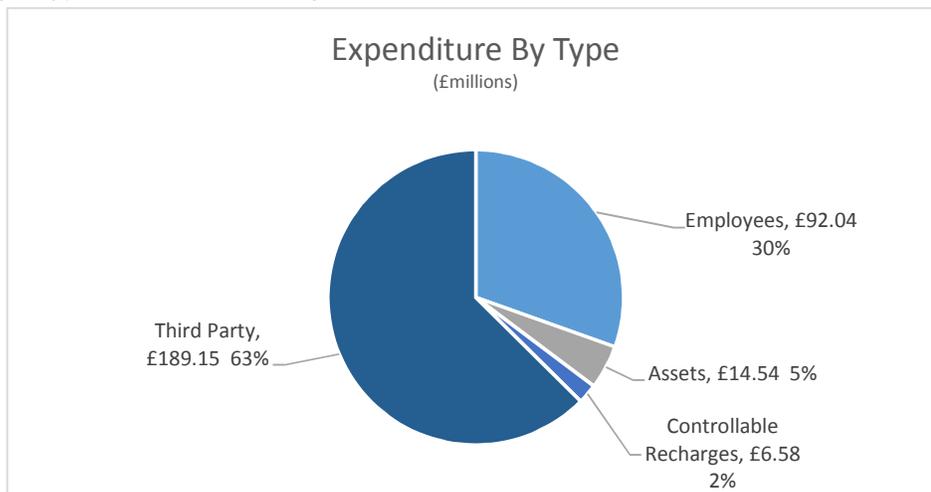
MEDIUM TERM FINANCIAL STRATEGY AND MODEL

21. The Council currently spends £615M delivering services and funds this from income from Central Government Grants, Council Tax, Business Rates, Rents, and other Fees and Charges. The pie chart shows four areas of expenditure: two are passed through directly to schools and for benefit payments. The Council needs to include 2 separate plans for the remaining two areas as one relates to ring fenced expenditure on Housing (within the Housing Revenue Account) of £78M and the other (General Fund) of £293M can be used to deliver the Council’s outcomes and priorities. In order to meet the financial challenges and service pressures we face, we have to save £42.3M from the General Fund budget by 2019/20 to be sustainable – this is a reduction of 15% on the total General Fund budget.



22.	<p>The revised MTFS is a level 1 strategy for the Council and is attached at Appendix 2 (plan on a page) and Appendix 4 (in full). This strategy sits alongside the Workforce Strategy approved in September 2016 and the Customer Strategy. Supporting all three key strategies is our transformation programme which is driving significant changes by facilitating the use of digital technology to improve process and productivity to reduce cost; exploring alternative delivery models; reducing third party expenditure through better procurement; vastly improving our expertise in managing programmes and projects and making the Council more commercial :</p> <div data-bbox="581 478 1104 898" data-label="Diagram"> <p>The diagram illustrates the relationship between the Council Strategy and its three key components. At the top is a blue rectangular box labeled 'Council Strategy'. Below it are three overlapping light blue circles. The top circle is labeled 'Customer Strategy', the bottom-left circle is labeled 'Medium Term Financial Strategy', and the bottom-right circle is labeled 'Workforce Strategy'. The circles overlap in the center, indicating that these three strategies are interconnected and support the overall Council Strategy.</p> </div>
23.	<p>The objective of the Council’s revised 4 year MTFS is to: Provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council’s priority outcomes.</p>
24.	<p>There are 6 key aims of the Strategy:</p> <ul style="list-style-type: none"> • To provide financial parameters within which budget and service planning should take place • To ensure the Council sets a balanced budget • To focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources. Ensuring services are defined on the basis of a clear alignment between priority and affordability • To ensure the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area • To plan the level of fees, charges and taxation in line with levels that the Council regard as being necessary, acceptable and affordable to meet the Council’s aims, objectives, policies and priority whilst gradually reducing the Council’s reliance on Central Government funding • To ensure that the Council’s long term financial health and viability remain sound.
25.	<p>The MTFS focuses on determining the financial position for the period up to and including 2020/21 and takes into account major issues affecting the Council’s finances, including international, national and regional economic influences as well as local factors and priorities. It identifies risks and looks to mitigate those risks through provisions within reserves and balances to ensure the council has adequate resources to cover the uncertainty and risk. It provides the framework and assumptions for developing the overall budget, taking into account any agreed, unavoidable service pressures. The MTFS recognises the key role that financial resources play in the future delivery of services, and enabling the effective planning, management and delivery of those services. The MTFS is therefore key to the effective delivery of the Council’s overall aims of achieving better outcomes for residents in a financially sustainable ways.</p>

26. The Council's current spend and how it is allocated across the main outcomes as well as across the main area of expenditure (assets, controllable recharges, employees and third party) are shown in the pie charts below:



27. In moving forward we have focused on the following areas to target savings:

- Business as usual operational efficiencies provided (current level of service provision unchanged but with efficiencies identified);
- Procurement savings – third party spend (general fund) accounts for 63% of our total expenditure;
- Digital programme to change, transform and improve how we deliver services both within the council and to citizens; and
- Service deliver changes including redesign, new delivery models, shared services, stopping, reducing and changing services.

28. The revised MTFS takes into account the:

- Current forecast outturn position for 2016/17 which currently projects overspends in key service areas primarily children and adult social care. This is currently forecast at £3.5M by March 2017 and there are 10 actions plans being implemented to bring these budgets under control so that the required savings are found within this financial year.
- Future demand pressures around social care which continue to be a challenge and work is underway to address this with support from the transformation programme;

	<ul style="list-style-type: none"> • Current levels of government funding which continue to be on a downward trajectory combined with uncertainty over future EU funding; • Pay and inflation assumptions that may have to be reviewed in light of the impact of Brexit on the economy and inflation. 																									
29.	<p>Based on the above strategy the forecast financial position for reducing the budget envelopes for all outcome plans over the 4 years to 2020/21 is set out in Table 1 below. The projected funding gap of £42.3M over the period was reported in the report to Council in February 2016.</p> <p><u>Table 1 Gap in funding</u></p> <table border="1"> <thead> <tr> <th></th> <th>2017/18 £M</th> <th>2018/19 £M</th> <th>2019/20 £M</th> <th>2020/21 £M</th> </tr> </thead> <tbody> <tr> <td>Net Revenue Expenditure</td> <td>190.4</td> <td>192.4</td> <td>200.4</td> <td>200.4</td> </tr> <tr> <td>Funding Available</td> <td>(165.8)</td> <td>(161.1)</td> <td>(158.1)</td> <td>(158.1)</td> </tr> <tr> <td>Net Saving Requirement</td> <td>24.6</td> <td>31.3</td> <td>42.3</td> <td>42.3</td> </tr> <tr> <td>Annual Saving Requirement</td> <td>24.6</td> <td>6.7</td> <td>11.0</td> <td>0.0</td> </tr> </tbody> </table>		2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Net Revenue Expenditure	190.4	192.4	200.4	200.4	Funding Available	(165.8)	(161.1)	(158.1)	(158.1)	Net Saving Requirement	24.6	31.3	42.3	42.3	Annual Saving Requirement	24.6	6.7	11.0	0.0
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	ISSUES THAT HAVE BEEN CONSIDERED																									
30.	<p>The MTFS has been reviewed to take into account the following:</p> <ul style="list-style-type: none"> • The current forecast outturn position for 2016/17 including potential ongoing non achievement of approved savings; • A review of pressures facing the Council such as further demographic and demand pressures, particularly in relation to social care; • Impact of the Triannual Pension Fund revaluation on both employer pension contributions and past service contributions; • A review of the phasing of transformation programme savings; • Additional savings that may be achievable from both the Procurement and Digital guarantees from the renegotiation of the Capita contract; and • A review of base budget assumptions such as pay and inflation assumptions. 																									

31.

Table 2 below identifies the changes to the Medium Term Financial Strategy Model:

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M
Original Savings Requirement	24.6	31.3	42.3	42.3
Pressures				
Shortfall on Phase 2 Operating Model Approved Saving Proposal	2.0	2.0	2.0	2.0
Children's Social Care Pressures Looked after Children	1.4	0.7	0.1	0.1
Phasing change of Children's agency staff saving	0.5	0.2	0.0	0.0
Non achievement of previously approved savings proposals (Adult Social Care)	0.8	0.8	0.8	0.8
Unaccompanied asylum seeking children	0.5	0.5	0.5	0.5
Allocation for Additional Demand on Universal Services due to increased number of new businesses and housing developments in the City.	0.3	0.3	0.3	0.3
Capita Reset – realignment of phasing of related saving.	2.8	1.1	0.0	(1.3)
Non achievement of previously approved savings (Business Operations and Digital)	0.5	0.5	0.5	0.5
Changes in Employer Pension Contributions	0.6	1.2	1.8	1.8
MTFS Amendments				
Reduction in centrally held allocations	(4.7)	(4.7)	(3.1)	(1.8)
Increase in Business Rates and Council Tax	(2.3)	(2.3)	(2.3)	(2.3)
Collection Fund Surplus 2015/16	(1.8)	0.0	0.0	0.0
Minimum Revenue Provision alternative funding source	(4.0)			
Amended Savings Requirement	21.3	31.6	42.9	42.9
Savings proposals requiring approval at November Cabinet	(21.3)	(31.6)	(36.0)	(36.0)
Remaining Savings Requirement	0.0	0.0	6.9	6.9

EXPLANATION OF ADJUSTMENTS TO THE REVISED MTFS	
	<u>Pressures</u>
32.	<ul style="list-style-type: none"> • <u>Phase 2 Operating Model</u> On reflection of the management capacity required to deliver the transformation change required the redesign of the second phase of the operating model did not produce the level of savings expected. • <u>Childrens Social Care – Looked After Children</u> The previously published MTFS included an allocation of pressures to childrens services for the increase in number and placement cost of Looked After Children. In allocating this pressure plans were made to reduce the pressure in future years which the MTFS took account of. The delivery of these plans has slipped therefore this is now reflected in current MTFS. • <u>Childrens Social Care phasing change of Agency Staff Saving</u> The number of agency staff required reflects the number of looked after children, so this has been rephased in line with the above. • Non Achievement of previously agreed saving (Adult Social Services). • <u>Unaccompanied Asylum Seeking Children</u> A provision has been put aside in expectation of receiving an allocation of children. • Additional Pressures for demand led services such as waste services due to increased number of new businesses and housing developments in the City. • <u>Capita Reset</u> Original saving profile was based on an assumption that the contract would be terminated. The result of implementing a reset of the contract is a change in the profile of the savings achieved. Over the life of the contract the assumed savings are expected to be more beneficial than termination. The expected level of savings include a number of assumptions re costs that have not yet been confirmed, particularly in respect of Pension implications. • Non Achievement of Digital and Business Operation staffing restructure savings. • <u>Changes in Employer Pension Contributions</u> The triannual actuarial review has now been undertaken and initial principles have been fed into the medium term financial forecast.
	<u>MTFS Adjustments</u>
33.	<ul style="list-style-type: none"> • <u>Reduction in Centrally Held Allocations</u> Held centrally are a number of allocations for inflation, increments, pension changes, redundancy and interest rate rises. This have been reviewed and due to the low level of inflation and interest over the past year some of this allocation has been released.
	<u>Funding Adjustments</u>
34.	<ul style="list-style-type: none"> • <u>Business Rates, Council Tax and the Collection Fund</u> In year assumed increase in Collection Fund Surplus which will be declared in 2016/17 and can therefore be utilised in 2017/18. • <u>2015/16 Collection Fund Surplus</u> Additional year end surplus on the Collection Fund over that assumed when setting the 2015/16 budget. This becomes available for allocation in 2017/18.
<u>PROPOSALS FOR ACHIEVING SMALLER BUDGET ENVELOPES FOR EACH OUTCOME PLAN BY THE END OF 2020/21</u>	

35.	In developing proposals, it has been difficult to avoid impacting on front line services because year on year reductions over the last few years have left very little flexibility. Despite this every effort has been made to improve customer experiences and in many cases this will be through different ways of accessing services and greater self-sufficiency and independence on part of residents. The Outcome Plans for the priority outcomes as well as the Outcome Plan for the Council to become a more modern, sustainable organisation are attached at Appendix 1. These provide a brief summary of the Outcome with a financial overview, performance analysis of key challenges and the main proposals to achieve the budget envelope by 2019/20.	
36.	For the first time, proposals have been identified for a three year period with greater details for the first 2 years (2017/18 & 2018/19) and emerging ideas for year 3 (2019/20). The proposals comprise the following:	
	Digital Savings	4%
	Business As Usual Savings	25%
	Service Delivery and Redesign Proposals	71%
<u>PUBLIC HEALTH GRANT REDUCTION</u>		
	The Public health grant, introduced in April 2013, has been the subject to a formula allocation method as well as an overall reduction in resources. The Assumed grant allocations going forward are: <ul style="list-style-type: none"> • 2016/17 £17.86M (confirmed) • 2017/18 £17.42M • 2018/19 £17.0M 	
	Appendix 5 shows the current and proposed allocation of the Public Health Grant, to reflect the reduced resources.	
<u>RESERVES AND BALANCES</u>		
37.	To ensure proposals are considered in a full financial picture, it is important to set out the expected position on earmarked reserves and the General Fund Balance.	
	<u>Earmarked Reserves</u>	
38.	The Council has a number of earmarked reserves that have been set aside for specific reasons. These reserves can be split into two categories: <ol style="list-style-type: none"> a. Those required to be kept by statute or accounting guidance. For example revenue grants reserve, School Balances. These reserves can only be utilised for the purpose for which they have been set aside. b. Those set aside for a future event that has a high probability of occurring. For example Transformation Reserve. 	
39.	The financial risks facing the Council in the medium term are assessed within the MTFs. This includes assessing the risk of continuing reductions in Central Government Funding. The subsequent budget shortfalls that the Council then faces and overall local and national economic factors which can affect the financial stability of the council.	
40.	In light of the increasing level of risk and uncertainty identified within the MTFs and the increased probability of resources being required to support its delivery, a full review of useable reserves and provisions has been undertaken. In closing the accounts for 2015/16 a view has been taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk resulting in the rationalisation of	

	reserves and provisions where possible and in some cases additional funding being set aside.
	<u>General Fund Balance</u>
41.	The General Fund Balance is forecast to be £8.9M at the end of 2016/17 providing the current year financial overspend is addressed, if not this balance will reduce to £5.4M. The required level of balance is determined by assessing the level of risk the Council faces. This is currently assessed at £5.5M.
42.	Obviously when the Council is facing significant cuts in funding, increasing demand alongside a major transformation programme the level of risk is heightened. The assessed minimum balance will be reviewed again for the MTFS update in February 2017, taking into consideration both risk and affordability.
	<u>BUDGET CONSULTATION</u>
43.	The draft budget proposals that have been put forward have been subject to consultation with the Council's Management Team (CMT) and the Cabinet. The Cabinet will undertake a public consultation process on their draft budget proposals following the consideration of this report. The Leader and the Cabinet are keen to listen to any new ideas on how to reduce costs, to receive feedback on the proposals and on any potential impact of the proposals. This is to finalise the Executive's budget which will be recommended to Full Council in February 2017.
44.	The aims of the public consultation are to: <ul style="list-style-type: none"> a. Communicate clearly and make residents aware of the financial pressures the council is facing; b. Ensure residents understand what is being proposed in the draft 2017/18 budget and are aware of what this will mean for them; c. Enable any resident, business or stakeholder who wishes to comment on the proposals the opportunity to do so, allowing them to raise any impacts the proposals may have; d. Ensure that the results are analysed in a meaningful, timely fashion, so that feedback is taken into account when final decisions are made; and e. Provide feedback on the results of the consultation and how these results have influenced the final decision.
45.	The process used for public consultation is improved each year based on feedback from previous consultations. As in previous years a consultation questionnaire (paper and online) will be supported by information that provides background to the budget, key information in themed information sheets and a set of frequently asked questions. Public consultation will be undertaken with service users or stakeholder organisations affected by the proposals as well as with residents at a wider level, to ensure all options have been considered. Throughout the consultation there will be regular communications via a range of channels to ensure a wide range of respondents.
46.	As a result of the identified budget proposals, there will be members of staff at potential risk of redundancy, this is difficult to quantify for some proposals as further work needs to be undertaken on alternative delivery options and emerging ideas. In all cases, we will undertake the minimum 45 day statutory consultation period to comply with our legal obligations. Where relevant, the staff consultation process will commence from 16 November 2016 and the process for each set of proposals will continue for a minimum of

	45 days. Where detailed proposals have not yet been developed, the 45 day staff consultation will begin after the proposals are ready.																																
47.	The public consultation on the draft budget proposals will run from 16 November 2016 to 24 January 2017, during which time responses to the consultation questionnaire can be made. The consultation period will continue until the point of the final decision on 15 February 2017; any feedback received during this period will be updated verbally at the Cabinet meeting on 14 February 2017 ahead of the final decision at Full Council on 15 February 2017.																																
<u>BUDGET AND CONSULTATION TIMETABLE</u>																																	
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STAFFING IMPLICATIONS																																	
48.	The City Council has on-going financial challenges. As a significant proportion of the Council's expenditure is on employee costs in the context of all outcomes being delivered within reducing envelopes, it is inevitable that the draft proposals will have an impact on staff cost and staff numbers.																																
49.	In light of this, the Council has agreed a clear framework for change management with the trade unions to implement a fair and transparent way of achieving the necessary reductions																																

	in employee numbers whilst working to reduce the potential for compulsory redundancies. Where any proposals have an impact on workforce numbers, employment status and/or terms and conditions of employment there will be meaningful consultation with due regard to statutory timeframes as a minimum.
50.	Through the consultation process the Cabinet are keen to explore all avenues with the Trade Unions and employees to identify wherever possible alternative options for delivering savings, in order that the level of any proposed workforce reductions and potential redundancies can be reduced. The Cabinet will also continue to ensure that impacted staff are aware of all the available options which can be used to avoid compulsory redundancies including: <ul style="list-style-type: none"> • Voluntary solutions • Early and Flexible retirement • Voluntary redundancy and proposals from employees such as • Reduced hours
<u>EQUALITY AND SAFETY IMPACT ASSESSMENTS</u>	
51.	The Equality Duty is a duty on public bodies which came into force on 5 April 2011. The Council will have due 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.
52.	While the Equality Duty does not impose a legal requirement to conduct an Equality Impact Assessment, 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. In addition, in light of the potential impact of the welfare reforms on some residents, the assessments also take into account the impact on poverty.
53.	Draft individual Equality and Safety Impact Assessments (ESIAs) have been completed by the Council's Management Team for those proposals contained in Appendix 3 that they identified require such an assessment, as they could have an adverse impact on a particular group or individuals. The draft individual ESIAs are available in Members' Rooms.
54.	The individual ESIAs will be analysed to consider the cumulative impacts the draft budget proposals may have on particular groups and the mitigating actions that could be considered. In order to give the right perspective to the draft budget proposals, the Cumulative Impact Assessment has to be considered in light of the available information on the City's profile, service user and non-user information and staffing profiles as well as the proportion of the Council's budget that is currently spent on targeted groups or communities. The first draft of the Cumulative Impact Assessment will be completed by a central team of officers within the Council, based on the initial ESIAs completed by service managers. This will be published on the Council's website.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
55.	The capital and revenue implications are fully detailed within the report.

<u>Property/Other</u>	
56.	None
LEGAL IMPLICATIONS	
57.	It is important that Members are fully aware of the full legal implications of the entire budget and Council Tax making process, when they consider any aspect of setting the Council's Budget. Formal and full advice to all Members of the Council protects Members, both in their official and personal capacity, as well as the Council. If Members have received the appropriate professional legal and financial advice and act reasonably, generally the courts will not interfere in their decisions.
58.	The first and overriding legal duty on Members is their fiduciary duty to weigh the needs of service users against the interests of local taxpayers. In planning the budget, Members are under a fiduciary duty to act prudently, responsibly, in a business-like manner and in their view of what constitutes the best interests of the general body of local taxpayers. In deciding upon expenditure, the Council must fairly hold a balance between recipients of the benefits of services provided by the Council and its local taxpayers. Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers.
59.	It is appropriate for Members to consider their own position as some Members may have expressed support publicly for policies that are not policies of the Council. Political documents do not represent a legal commitment on behalf of the Council. To treat any political document as a legal commitment by the Council would be illegal. Where there is a valid choice before Members, then, at that stage and only at that stage, Members may take political documents into account..
60.	The legal significance of the Annual Budget derives from the Council's duty under the Local Government Finance Act 1992 (the 1992 Act) to set a balanced budget. Failure to make a lawful Council Tax on or before 11 March 2017 could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a Council Tax. Information must be published and included in the Council Tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
61.	There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.
62.	Under Section 114 (2) and 114 (3) of the Local Government Finance Act 1988 , the Chief Financial Officer is required to make a report, if it appears to him/her that a decision or course of action the Council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.
63.	The Local Government Act 2000 provides a power for Councils to promote the economic, social and environmental well-being of their areas and develop community strategies and establishes an ethical framework.
64.	Section 25 of the Local Government Act 2003 imposes a specific duty on the CFO (Section 151 officer) to formally report to Council at the time the budget is considered and the Council Tax is set on the robustness of the budget estimates and the adequacy of financial

	reserves. This report will be brought forward alongside the Budget and Council Tax Setting Report to Full Council in February.
65.	Of particular importance to the Council Tax setting process and Budget Meeting of the Full Council is the Council's Budget and Policy Framework Procedure Rules set out in Part 4 of the City Council's Constitution. These provide a legal framework for the decision making process whereby the Budget of the City Council is determined, and the Council Tax is set. In addition, Members need to be aware that these Rules provide a route whereby the Leader may require the Full Council to reconsider their position if they do not accept the Executive's recommended budget without amendment.
<u>Other Legal Implications</u>	
66.	The financial forecasts contained in this report have been prepared and are submitted as part of the budget process set out in the Council's Constitution. As part of the review process by the Council's Management Team, the proposals contained in this report have been checked from a legal viewpoint.
POLICY FRAMEWORK IMPLICATIONS	
67.	The Medium Term Financial Strategy and the Budget are key parts of the Policy Framework of the Council and a Budget and Council Tax for 2017/18 must be proposed by the Cabinet for consideration by the Full Council under the Constitution.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1	Outcomes, Priorities and Executive Commitments
2.	Revised Medium Term Financial Strategy 2017/18 to 2020/21 (on a page)
3.	Outcome Plans
4.	Medium Term Financial Strategy 2017/18 to 2020/21
5.	Public Health Grant

Documents In Members' Rooms

1.	Individual Draft ESIA Documents
2.	
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact	No

Assessment (PIA) to be carried out.		
Other Background Documents		
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.		
2.		

OUTCOMES, PRIORITIES and EXECUTIVE COMMITMENTS

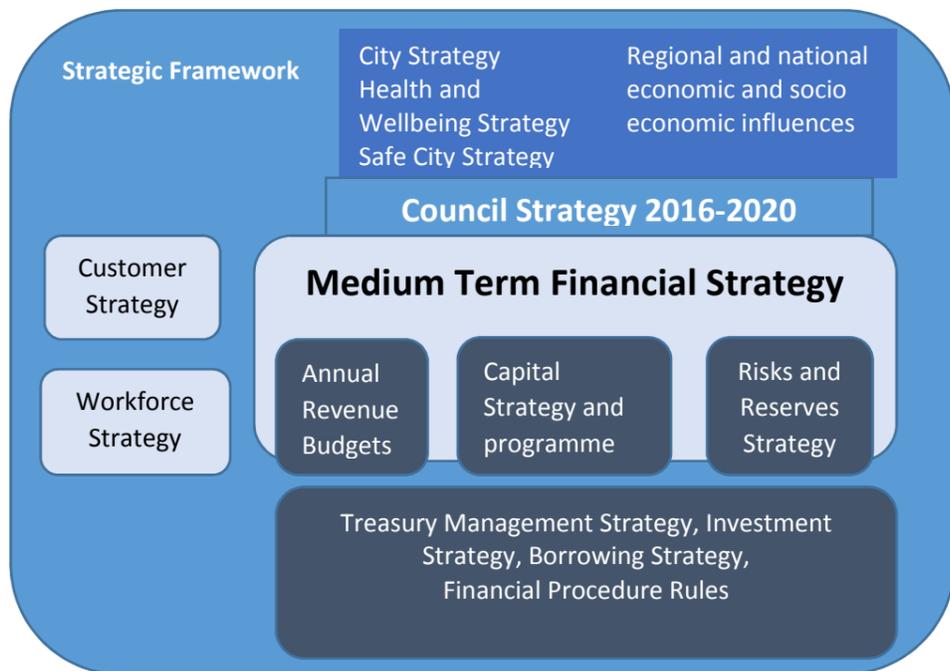
Outcome	Priority/ Obsession	Executive Commitments
Southampton is a city with strong and sustainable economic growth	We will increase the number, and improve the mix, of housing in the city	<ul style="list-style-type: none"> • Work with partners to build one affordable home in our city every day. • Develop council owned but empty buildings around the central station for starter homes, these homes to be sold at a discount to local young people who want to get on the housing ladder. • Change the planning rules so that new HMOs will be refused permission if 10% of houses in the area are already HMOs (AMC)
	We will ensure local people have opportunities to develop skills to make the best of employment opportunities	
	We will reduce the wage gap between residents and commuters into the city	
	We will increase investment into the city	<ul style="list-style-type: none"> • Support the growth of small businesses by providing low cost flexible start-up units in the city centre. • Work with other councils to deliver a devolution deal for our area • Set up a Business Improvement District in the city centre to generate extra resources to be spent on new services and events • Guarantee free parking at district centres and continue to freeze or reduce parking charges in the city centre
Children and young people in Southampton get a good start in life	We will improve early help services and support for children and families	<ul style="list-style-type: none"> • We believe in giving city children the best start in life so we will keep all Sure Start centres open and work with the NHS to provide more services from them. • Build three state of the art play areas at Southampton Common, Mayfield Park and the Veracity Ground
	We will increase educational attainment	<ul style="list-style-type: none"> • Continue to invest in Southampton schools, encouraging co-operation between them and promoting their achievements. • Keep all library buildings open and operating as libraries
	We will reduce the numbers of looked after children and children in need	

Outcome	Priority/ Obsession	Executive Commitments
	We will protect vulnerable children and young people	<ul style="list-style-type: none"> • Set up a council run letting agency as a 'fair deal' competitor to rip off commercial lettings agencies
People in Southampton live safe, healthy, independent lives	We will increase the proportion of social care service users receiving direct payments, so that service users have more choice and control	<ul style="list-style-type: none"> • Increase the number of older and vulnerable residents in receipt of a direct payment so they can have more choice and control over the care they receive.
	We will improve housing quality and reduce fuel poverty	<ul style="list-style-type: none"> • Invest in council homes to improve insulation and fit new heating systems, saving tenants hundreds of pounds a year. • Work with other local councils to launch our own power company; use it to offer cut priced electricity and gas to residents
	We will improve air quality	<ul style="list-style-type: none"> • Make Southampton a clean air city by getting old polluting Lorries and buses off our roads.
	We will support vulnerable people and enable more people to live independently	<ul style="list-style-type: none"> • Build Extra Care housing so that older people can live independent lives in a supported environment. • Use participatory budgeting principles to allocate money from our public health budget on local priorities • Support credit unions and advice services in our city • Launch a cross city 'Trust the Council' one stop shop for household services offer to include boiler servicing, gardening services, cleaning and maintenance services. • Confirm our three year rule on local people getting access to Council housing • Work with the local business community to build and run a state of the art set of public toilets in the city centre
Southampton is a modern, attractive city where people are proud to live and work	We will keep our city clean	
	We will ensure roads and pavements are maintained	<ul style="list-style-type: none"> • Continue with the policy of doubling the spend on road re-surfacing
	We will strengthen and develop community groups	<ul style="list-style-type: none"> • Continue to work with 'friends of' groups for our parks and common to invest in and improve on • Work with local campaigners like CAMRA to protect local community pubs from redevelopment by listing them as community assets
	We will increase pride in our city by ensuring there is a vibrant and diverse cultural, entertainment and	<ul style="list-style-type: none"> • Deliver family friendly events on no less than 25 weekends a year to bring city residents and visitors together • Guarantee Christmas lights in our city • Continue to invest in the city's heritage and cultural

Outcome	Priority/ Obsession	Executive Commitments
	leisure offer	life
		<ul style="list-style-type: none"> • Build a brand new public service hub in Bitterne precinct to include Health, Police, library and leisure services

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Medium Term Financial Strategy

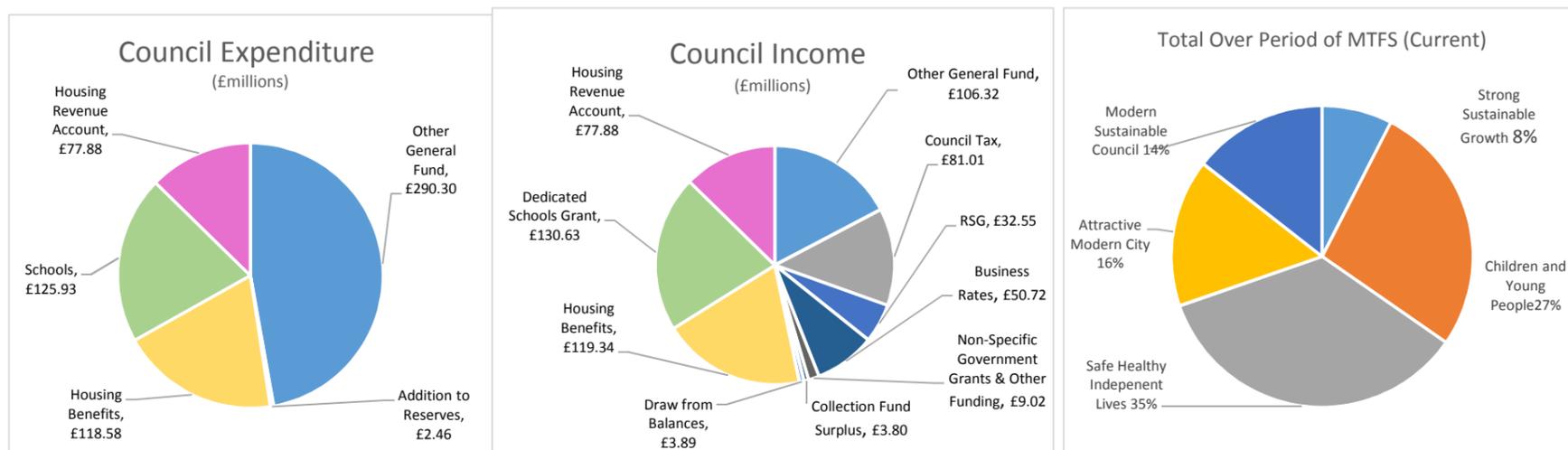


The Medium Term Financial Strategy (MTFS) is central to the delivery of the priority outcomes in the Council Strategy in an affordable and sustainable way over a 4 year period. It is a forward forecast of potential changes that could affect the Council's financial position and takes in account unavoidable service pressures, regional, national and international economic influences as well as local factors and priorities.

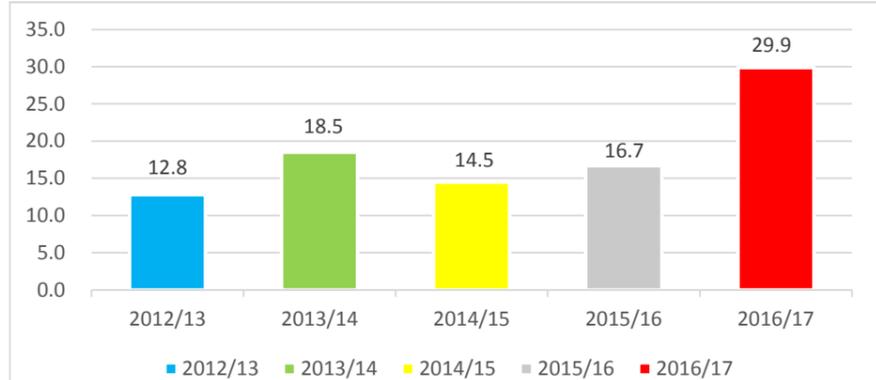


Key facts and figures

The Council currently spends £615M delivering services and funds this from income from Central Government Grants, Council Tax, Business Rates, Rents, and other Fees and Charges. The pie chart shows four areas of expenditure: two are passed through directly to schools and for benefit payments. The Council needs to include 2 separate plans for the remaining two areas as one relates to ring fenced expenditure on Housing (within the Housing Revenue Account) of £78M and the other (General Fund) of £293M can be used to deliver the Council's outcomes and priorities. In order to meet the financial challenges and service pressures we face, we have to save £42.3M from the General Fund budget by 2019/20 to be sustainable – this is a reduction of 15% on the total General Fund budget.



Over the last 5 years, we have saved £92.4M, but continued to deliver a vast range of front line services.



- Examples of what do we spend our money on**
- We maintain over **416** miles of highways and **49** parks
 - We run **6** libraries, **3** museums and support **5** community libraries
 - We provide **16,300** council houses
 - We recycle, compost and reuse **27,000** tonnes of waste every year
 - We processed over **1,000** planning applications last year
 - We provide long term support for over **3,000** adults
 - We work with and support **75** schools in the city
 - Over **15,000** children **under 5** use our city's children's centres and we look after approximately 600 children who are in our care

Challenges we face

Pressures

The financial gap

The financial problem we are facing

Council Tax only covers one quarter of our total council expenditure*

The main grant we receive from central government has been cut by 30% since 2012/13 and will continue to be cut over the next 5 years

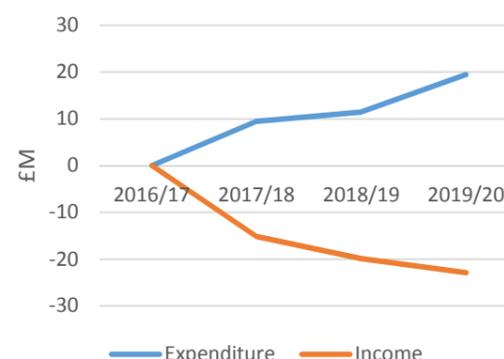
To meet the needs of our population on a decreasing budget, we have to make cuts and find significantly cheaper ways of delivering services

The rest of our funding is made up of government grants and funding we win through bids to central government and other funding bodies

At the same time our expenditure on social care for adults and children continues to go up year on year

*This figure excludes Housing Revenue Account expenditure and schools expenditure

	2016/17	2017/18	2018/19	2019/20
	£M	£M	£M	£M
Demographic	6.3	3.4	2.2	2.4
National/Policy	6.6	7.1	5.3	5.3
Socio- Economic	12.5	2.4	1.4	1.4
Physical- Environment	2.7	0.3	0.3	0.3
Total	28.1	13.2	9.2	9.4



<p>How much money do we think we will have over the next 4 years and what assumptions have we made?</p> <ul style="list-style-type: none"> • Our grant funding from central government will reduce by 55% (from 2015/16 – 2019/20) • Annual increases of 1.99% in Council Tax (just below the referendum threshold), 2% Adult Social Care precept and 1% Business Rates over the next 3 years • New Homes Bonus will significantly reduce each year and other grant funding will reduce significantly over this period • The Public Health grant will be phased out by 2019/20 • Pay award to staff will be by 1% each year but post Brexit economic impacts may affect inflation • Pension costs will increase by between 14.1% and 16.1% over this period • Housing Benefit will be phased out and replaced by Universal credit. • Changes in the Care Act 2014 will not come in until at least 2020 • Changing demographic profile an aging population • A new national funding formula for early years funding will be implemented in April 2017 	<p>Impacts and risks</p> <ul style="list-style-type: none"> • Changes in the economy, interest rates, legislation, new burdens and lack of certainty in future Government funding • Major impact on the financial position of the Council particularly around business rate income, and interest payments if the stable global financial position changes • Changes in functions, how services are funded and provided • Demographic changes and impact of Welfare Reforms • Unmanaged service pressure, unachieved savings, increases in demand • Projected income levels from fees and charges • Increasing costs due to level of future pay awards, general inflation assumptions and impact of National Living Wage • Treasury Management impact and interest rate changes • Degree of risk associated with radical transformation change as we seek to deliver significant change against a backdrop of constrained funding and resistance to behavioural change. • The single rate for all early years providers does not take into account higher running costs of maintained nursery schools and does not allow the Council to retain and cover any funding additional costs for them • The Government could impose a lower Council Tax referendum threshold
<p>Key commitments</p> <ul style="list-style-type: none"> • PFI Schools • Hampshire waste contract • Bupa Care • Strategic Services Partnership with Capita • Highways Service Partnership, City Watch and Street lighting PFI with Balfour Beatty • Leisure contracts: • Sports Development with Active Nation • Guildhall with Live Nation • Golf course with My Time Active 	<p>Other changes in the horizon</p> <ul style="list-style-type: none"> • Impact of Brexit on the national and local economy • Devolution and the Solent Deal • Further integration with Health • New funding formula for schools and early years providers from April 2017 • Changes to pensions • Restrictions on exit payments for public sector staff • National roll out of Welfare Reforms and the introduction of Universal Credit

Outcomes based planning and budgeting



This is a method of budgeting in which funds are allocated according to a set of predefined outcomes or priorities. Outcomes are the end result – the ‘why’ we are doing an activity, rather than the ‘what’ of the activity (or output) itself. Planning and budgeting for outcomes means we focus on what we are trying to achieve, and the impacts on citizens and stakeholders, rather than products, systems or processes. This means that we move away from annual, salami sliced budgeting that is separate to strategy development and planning to an integrated, single process that focuses on outcomes, for a longer time frame. It also enables the Council to directly link its priorities to its resource allocation.

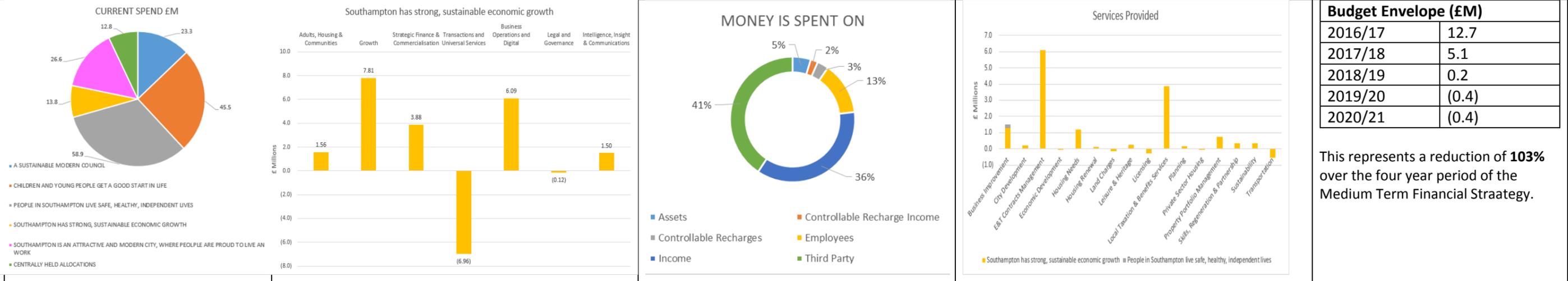
Bridging the gap

	2017/18	2018/19	2019/20	2020/21
Bridging The Gap	£M	£M	£M	£M
Original Savings Requirement	24.6	31.3	42.3	42.3
Pressures	9.5	7.3	6.0	4.7
Changes in Medium Term Financial Strategy Assumptions	(12.8)	(7.0)	(5.4)	(4.1)
Revised Budget Gap After Pressures & MTFS Amendments	21.3	31.6	42.9	42.9
Digital Savings	0.0	(1.4)	(1.4)	(1.4)
Business As Usual	(6.8)	(8.3)	(9.0)	(9.0)
Service Delivery & Redesign	(14.5)	(21.9)	(25.6)	(25.6)
Total Savings Identified	(21.3)	(31.6)	(36.0)	(36.0)
Budget Gap	0.0	0.0	6.9	6.9

Southampton is city with strong, sustainable economic growth

Our Goal We want to build on Southampton's unique sea city location and excellent transport links and continue to grow the local economy, bringing investment into the city and increasing employment opportunities for local people.

How do we spend our money at the moment?



What do we know

- Southampton has a population of 247,569 and by 2022 it is expected to grow by nearly 5% to 259,615.
- Southampton has two universities and around 40,000 students studying in the city.
- Southampton ranked 6th in the PwC's Good Growth for cities assessment in 2015.
- Every year, the city receives around 7 million day visitors, and sees 1.5 million cruise visitors passing through.
- The Council maintains over 416 miles of highways per year.
- The Council processes over 1,000 planning applications per year.
- We are taking a lead on developing and negotiating Devolution deal for the Solent region.
- Current Capital Assets property investments generate c£6.5M per year for the Council and we want to double this over 5 years through additional and improved investments.
- Annual turnover for the Economic Development and Skills Service is £4.8M and for every £1 the Council contributes, the service generates £10.
- Economic development, inward investment and business growth performance are impacted by economic factors, with current financial uncertainty influencing investment decisions, and will be affected by the uncertainties of leaving the EU. Replacement for EU funding is uncertain, therefore potentially reducing resource availability.
- Between 2008/9 and 2012/13, Southampton has become relatively more deprived – of the 326 Local Authorities in England, Southampton is now ranked 54th (previously 72nd) most deprived.

What do we do well?

- Over past 5 years:
 - Unemployment has been cut in half.
 - We have published an ambitious City Centre Master Plan and investors have committed £1.6 billion to the city.
 - 2,600 new homes have been built, with planning permission for an additional 4,133.
- We are continuing to identify and progress new development sites and opportunities across the city.
- The Council's Planning Service is widely recognized as a model of best practice, including by the Cabinet Office.
- We have national recognition for our achievements in the skills agenda, including comparatively lower levels of young people not in education, employment or training (NEETs) and a continuing downward trend.
- We have delivered or are near to completing a number of VIP sites in the City Centre Master Plan with a number of partners and investors, including; Arts Complex; Fruit and Vegetable Market; Watermark West Quay; Meridian Riverside; Solent University.
- We are working with private sector partners to develop 90,000sq M retail space by 2026 and up to 30,000sq M leisure and hospitality space.
- We are building our Property Investment Fund, and have secured three new property acquisitions in 2016, with combined deals worth £20.1M.

What feedback do we have?

Customer feedback

In the 2015 Priorities Survey the third, fourth and fifth highest ranked outcomes out of 14 were all contributors to strong and sustainable economic growth. These were:

- Southampton is a place with maintained roads and pavements, and accessible and affordable transport,
- Southampton is a city with good levels of skills, education and employment
- Southampton is a city with strong, sustainable economic growth.

The City Survey gathers feedback on some individual services. The overall satisfaction level for roads and pavement repairs is 25%.

Horizon Scanning

Regional

- Devolution/Solent Mayoral Combined Authority:
 - Providing new opportunities in economic, property and transport development for the city and region.
 - Transfer of significant decision making powers and funding to a local level from central government, so that we have more local control over local issues.
 - If agreed, investments of £900M over the next 30 years to improve infrastructure, transport and housing, provide training and skills and support for business.

National

- Potential impact of leaving the EU on the economy, and the effect on EU nationals working in the city.
- Apprenticeship policy and levy – drive for 3 million apprentices will drive partners to work together in this area.
- Welfare Benefit Changes (e.g. Universal Credit changes), and the Benefit Cap.

Local

- Closer working with universities, public and private sector organisations on their investment plans, and linking local development opportunities e.g. regeneration of waterfront and other areas.

Our Challenges

External

- Commuter/resident wage gap – gross weekly pay by residence is nearly £60 less than by workplace.
- Low levels of attainment at A levels with only 5.1% students achieving grades AAB or better at A level, of which at least two are in facilitating subjects and Southampton placed 148 of 150 councils.
- Low rates of graduate retention.
- Nearly a quarter of the city's children (23%) live in relative poverty and the Indices of Multiple Deprivation (IMD) indicate that Southampton is becoming relatively more deprived across all wards. There is a risk that the Welfare Reforms and other legislation will have an impact on families.
- The Fairness Commission report identified a number of inequalities around employment and living standards for residents. The report highlighted several recommendations that aim to help build a fairer Southampton.

Partnership/citywide

- Achieving housing targets, especially for affordable housing – unlocking difficult sites with developers can mean compromising on affordable housing.
- Student accommodation – balancing requirements for purpose built housing, freeing up stock, use of prime sites, residents' concerns and loss of council tax/affordable housing scope.
- City centre travel and parking – balancing commitments to make city and local centres accessible with sustainable travel and air quality concerns.
- Whilst the city is good at encouraging the 'birth' of new enterprises (above comparator groups) there is a poor business survival rate.

Council

- Making best use of our assets and estate regeneration.

Addressing the Challenges: We are

- Delivering inclusive growth - strong economic and business base, increased prosperity, job creation and productivity, whilst ensuring that residents of all ages, skills levels and employment status aspire and have access to skills and support to gain and progress in good quality jobs.
- Increasing efficiency, sustainability and income through shared services, contract re-negotiation, integration of services and leveraging private/public investment.
- Making the most of devolution/Solent Combined Mayoral Authority opportunities to secure substantial investment in infrastructure (development sites) to unlock sites and make business growth possible
- Expanding employment opportunities beyond retail and leisure alongside business growth to create more high income jobs, improve graduate retention and close the commuter/resident wage gap.
- Generating more income from property investments, combined with efficiencies to reduce the cost of managing the Capital Assets service and ensure a balanced and income generating investment portfolio.
- Implementing the Housing Strategy (2016-2025), which recognises that housing is about more than bricks and mortar. The Strategy sets out our vision, and how we will work together to achieve our priorities.
- Working towards a refresh of the Local Transport Plan to align with the emerging Local Plan.

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KEY MEASURE BY PRIORITY	Bench - mark	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		HOW ARE WE PERFORMING	HOW WILL WE PERFORM in
												2015/16 base	2019/20
We will increase the number, and improve the mix, of housing in the city Affordable homes delivered	247	353	196	300	422	204	365	365	365	365		204	365
We will ensure local people have opportunities to develop skills to make the best of employment opportunities No of apprenticeship starts	2,810	1,852	2,000	2,072	2,030	1,970	2,000	2,000	2,100	2,205		1,970	2,205
No of supported jobs and accredited vocational training delivered Employment and Skills Plans linked to major developments		228	133	219	177	181	775	560	641	720		181	720
We will reduce the wage gap between residents and commuters into the city % gap between average earning of people living in the city and people working in the city		17.5%	13.6%	13.9%	16.1%	10.4%	9.0%	8.0%	7.0%	6.00%		10.4%	6.00%
We will increase investment into the city No of businesses paying business rates		6,490	6,530	6,495	6,617	6,676	6,676	6,743	6,810	6,876		6,676	6,876

SOUTHAMPTON IS A CITY WITH STRONG, SUSTAINABLE ECONOMIC GROWTH

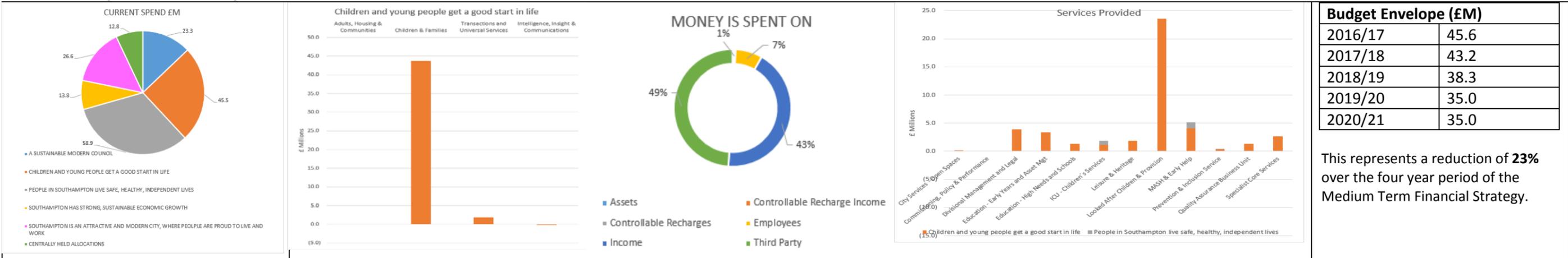
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Base Estimate 2016/17	12,669.7	12,669.7	12,669.7	12,669.7
Previously Agreed Savings & Pressures	(701.1)	(1,595.7)	(2,153.7)	(2,153.7)
New Pressures				
None	0.0	0.0	0.0	0.0
Identified Budget Savings Proposals				
Further Procurement Savings	0.0	0.0	0.0	0.0
Further Digital Savings	0.0	(2.0)	(2.0)	(2.0)
Business As Usual Savings	(1,565.0)	(1,598.0)	(1,616.0)	(1,616.0)
Service Delivery and Redesign Proposals	(5,291.0)	(9,293.0)	(9,293.0)	(9,293.0)
Current Budget Requirement Based on existing proposals				
	5,112.6	181.0	(395.0)	(395.0)

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Service Delivery and Redesign Proposals				
Economic Development & Skills				
1 Increasing capacity, efficiency and income of Economic Development Service through developing shared services.	0.0	(100.0)	(100.0)	(100.0)
Transport				
2 City wide transport review	(107.0)	(107.0)	(107.0)	(107.0)
Planning				
3 Changes to planning services to increase income and reduce staffing costs	(130.0)	(130.0)	(130.0)	(130.0)
Capital Assets				
4 Efficiencies through creation of new Capital Assets team, including reintegration of Capital Property Services and staffing restructures.	(500.0)	(500.0)	(500.0)	(500.0)
5 Increase investment into and income from Property Investment Fund	(1,000.0)	(1,000.0)	(1,000.0)	(1,000.0)
6 Growth in Business Rates	(2,354.0)	(5,856.0)	(5,856.0)	(5,856.0)
7 Growth in Council Tax	(1,200.0)	(1,600.0)	(1,600.0)	(1,600.0)
Total Service Delivery and Redesign Proposals	(5,291.0)	(9,293.0)	(9,293.0)	(9,293.0)

Children and Young People in Southampton get a Good Start in Life

Our Goal We want Southampton to be a city where parents, families, communities and services work together to make sure children and young people get a good start in life. This is crucial to enabling them to fulfil their potential and become successful adults who are engaged in their communities.

How do we spend our money at the moment?



What do we know?

- Southampton has a population of 247,569, of whom 25% are children and young people.
- 57,600 children and young people live in Southampton and by 2022 this is expected to rise by 5.4%.
- Between 2008/9 and 2012/13, Southampton has become relatively more deprived – of the 326 Local Authorities in England, Southampton is now ranked 54th (previously 72nd) most deprived. Nearly a quarter of the children in the city live in relative poverty.
- 32.3% of school children are from a Black and Minority Ethnic group and there are 172 different languages spoken in our schools.
- We support over 7,000 children with special educational needs or disabilities and there is a shortage of appropriate schools for them locally.
- We run six libraries and support five community libraries.
- There are high levels of obesity in the city, a one in 3 children being obese at year 6, and high levels of dental decay with 30% of children having experienced tooth decay by age 5.
- Southampton had 590 Looked After Children in 2016 at a rate of 120 per 10,000 children - double the England average of 60.
- Our main cost drivers are the number and costs associated with Looked After Children, temporary staff, and rising numbers of children with additional complex needs.

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What do we do well?

- 85% of primary schools and 75% of secondary schools are rated good or outstanding (April 2016).
- 89.7% of day nurseries are good or outstanding and 90% of preschools (Jan 2016).
- 66% of children reached a good level of development in Early Years Foundation Stage.
- 96% of parents received one of their top school place 3 choices at Year R.
- 62% reduction in the teenage pregnancy rate since 2006.
- Take up of personalised budgets for children with SEND is good with around 50 families receiving direct payments following assessment.
- Over 15,000 children under 5 use our Children's Centres – all of which are rated good or excellent by Ofsted
- We have delivered sustained improvements in the Youth Offending Service.
- We have relaunched the Youth Forum to give children and young people greater opportunities to have their say on services that affect them
- Early help is halting the rise in the proportion of overweight children at time of school reception.
- We successfully transitioned the management of five libraries, which are now run by the community.

What feedback do we have?

Customer feedback:

In the 2015 Priorities Survey, children and young people get the best start in life was the second highest ranked priority outcome. Providing help and support to keep vulnerable children safe was the highest ranked council service out of 21.

The City Survey gathers feedback on some individual services the overall satisfaction level for the services within this outcome are: Play parks/areas – 62%, Schools – 58%, Further Education colleges – 56% and Libraries – 53%.

At a Youth Forum meeting talking about Southampton, children and young people said the three best things about the city are: recreational facilities (things to do), education and shopping. The three things they felt needed most improvement were; even more activities, appearance of buildings and facilities and rubbish.

In the 2016 City Survey 53% of Southampton residents were either satisfied or very satisfied with libraries.

Horizon Scanning

Regional

- Devolution/Solent Mayoral Combined Authority provides an opportunity to jointly deliver services and develop regional solutions.
- Establishment of regional adoption agencies.

National

- National policy is driving an increase in academisation and support for grammar schools.
- Changes to the Schools National Funding Formula.
- Children's Social Work Bill – extending the offer to care leavers, and improving and regulating social work practice.
- Increasing numbers of Unaccompanied Asylum Seeking Children.

Our Challenges

External

- Child Poverty rate of 23%, compared to the South East average of 14%.
- Rising numbers of children with special educational needs or disabilities.
- Increasing numbers of Unaccompanied Asylum Seeking Children across the UK.

Partnership/citywide

- Poor educational attainment:
 - 50.9% young people achieved 5 or more GCSE's at grades A*-C including English and Maths in 2016.
 - Lower Progress 8 attainment schools than the England average - ranked 108th out of 151 Local Authorities.
 - Average Point Score per entry for all A-Level students in 2016 was 25.25 (equivalent of a C- grade) compared to national average 30.18, giving Southampton a ranking of 148th out of a possible 150 local authorities.
- Quality of school buildings requires investment.
- Poor Dental health in children under 5.
- High levels of obesity.
- 31.1 children per 100,000 are killed or seriously injured in road traffic accidents, compared 17.9 nationally.
- Southampton has nearly four times the national average of under 18 hospital admissions for alcohol specific conditions – 112 per 100,000 compared to 36.6 nationally.
- Higher than average under 18 hospital admissions for self-harm – 487.0 per 100,000 compared to 398.4 nationally.
- Significant impact of domestic abuse on children and young people reflected in 1,098 children lived in households with a parent/carer at high risk.

Council

- High cost of agency workers due to retention and recruitment problems.
- Consistently high numbers of looked after children.
- Below national average on the number of Education, Health and Care plans for children with SEND completed in 20 weeks.
- Only 68% of children in care are up to date on immunisations compared to 87.8 England average.

Addressing the challenges

- Our Children and Families transformation plan aims to achieve a reduction of £10M over the next 4 years based on reducing demand, having a stable workforce and system redesign.
- Support for a pilot by Safer Children to deliver early family support to demand in social care.
- Dedicated school improvement work.
- Improvements in practice supervision and effective workforce development supported by digital tools and processes.
- Actions to grow our own social workers, recruit new staff and link with universities to attract graduates.
- Focus on permanence through faster adoptions process to increase recruitment of foster carers and special guardians.
- Use of robust analysis and control of expenditure.
- Launch of the Edge of Care project, with use of government funding. This is a commissioned intensive therapeutic support service for children to prevent them from coming into care, and maintain and sustain them safely at home with their families.
- Improvements to enable access to services to ensure appropriate referrals are made and more families referred to early help.
- Establish locality based prevention and early help services for 0-19 to deliver a single integrated offer.
- Develop SEND provision across neighbouring authorities, improve pupil places planning for children with SEN and review transition process to adulthood.
- Review the way that the education service will be delivered in future in light of key changes to school improvement, funding and the academisation agenda.
- Improved commissioning of public health outcomes through further joined up working opportunities.

KEY MEASURE BY PRIORITY	Bench - mark (2015/ 16)										HOW ARE WE PERFORMING 2015/16 base	HOW WILL WE PERFORM in 2019/20	
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			
We will improve early help services and support for children and families													
Number of early help assessments undertaken					796	651		850	1040	1248	1497	651	1497
Number of families 'turned around' through the Families Matter phase 2 programme						6%		30%	53%	77%	100%	6%	100%
We will increase educational attainment													
% pupils in Early Years Foundation phase achieving good level of development	72%		56%	51%	62%	66%						66%	TBC
% pupils at Key Stage 2 attaining Level 4+ in reading, writing and maths	78%	65%	72%	77%	81%	80%						80%	TBC
% pupils attaining 5 or more 1-4 grades at GCSE, including English and Maths	53%	52%	54%	58%	51%	51%						51%	TBC
% 16-17 year olds in education, employment and training	91%		87%	86%	87%	89%		90%	90%	91%	91%	89%	91%
We will reduce the numbers of looked after children and children in need													
Number of Looked after Children	445	429	482	500	582	591		590	560	525	480	591	480
Number of children with active social care involvement	2,848	2,431	2,548	2,437	1,847	2,735		2,500	2,400	2,250	2,100	2735	2100
Average number of days between registration and approval for new prospective adopters						348		190	183	183	183	348	183
We will protect vulnerable children and young people													
% care leavers in contact and in suitable accommodation	78%				77%	79%		90%	92%	93%	94%	79%	94%
Number of hospital admissions caused by unintentional and deliberate injuries in children (aged 0-14 years)	110	155	130	135	136	-		-	131	129	128	136	128
Number of first time entrants into Youth Justice system (10-17 year olds)	486	931	1176	954	533	486		419	403	387	370	486	370

CHILDREN AND YOUNG PEOPLE GET A GOOD START IN LIFE

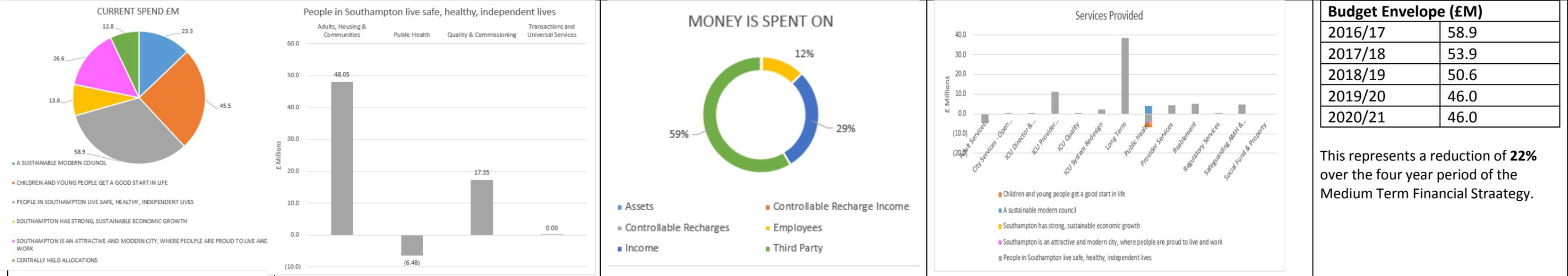
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Base Estimate 2016/17	45,638.6	45,638.6	45,638.6	45,638.6
Previously Agreed Savings & Pressures	(2,667.1)	(5,167.1)	(5,167.1)	(5,167.1)
New Pressures				
Unmet targets for reduction in numbers of Looked After Children	1,405.0	727.0	100.0	100.0
Unmet targets for reduction in agency staffing	540.0	190.0	0.0	0.0
Increased demand for Unaccompanied Asylum Seeking Children support services	500.0	500.0	500.0	500.0
Identified Budget Savings Proposals				
Further Procurement Savings	0.0	0.0	0.0	0.0
Further Digital Savings	0.0	(445.0)	(445.0)	(445.0)
Business As Usual Savings	(1,102.0)	(1,219.0)	(1,224.0)	(1,224.0)
Service Delivery and Redesign Proposals Identified	(1,126.0)	(1,890.0)	(4,390.0)	(4,390.0)
Current Budget Requirement Based on existing proposals	43,188.5	38,334.5	35,012.5	35,012.5

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Service Delivery and Redesign				
Children's Social Care				
1 Review and redesign of services including Early Help, Emergency Duty, Reduction in Looked After Children placement costs through transfer from Independent Fostering Agencies (IFAs) to in-house provision and promoting Special Guardianship Orders	(683.0)	(1,095.0)	(3,508.0)	(3,508.0)
2 Adoption Services to be moved out of Council to a Regional Adoption Agency	0.0	(111.0)	(111.0)	(111.0)
Education & Early Help				
3 Different Delivery Models for Educational Psychology, and Education Welfare	(50.0)	(100.0)	(150.0)	(150.0)
4 Review of short break provision for families with children with disabilities	(160.0)	(160.0)	(160.0)	(160.0)
5 Share arrangements with other authorities and partner organisations for virtual school, and other services, and deliver school improvement differently	(183.0)	(274.0)	(311.0)	(311.0)
6 Income generation for Children's Resource Service	0.0	(100.0)	(100.0)	(100.0)
Libraries				
7 Changes to Libraries Service to enable extended opening times with less staffing; redesign the book courier service; and developing a community hub in the central library.	(50.0)	(50.0)	(50.0)	(50.0)
Total Service Delivery and Redesign Proposals	(1,126.0)	(1,890.0)	(4,390.0)	(4,390.0)

People in Southampton live safe, healthy, independent lives

Our Goal We want Southampton to be a city that is recognised for its approach to preventing problems and intervening early. We want our residents to have the information and support they need to live safe, active, healthy lives and to be able to live independently for longer.

How do we spend our money at the moment?



This represents a reduction of **22%** over the four year period of the Medium Term Financial Strategy.

What do we know?

- By 2022 the city population in the city is expected to grow by nearly 5% and the population of those over the age of 65 are expected to grow by 12%.
- 20% of the population are Black and Minority Ethnic, with a further 13% of residents being white non-British.
- There are around 98,000 households in the city, with 51% owner occupiers and 25% living in privately rented homes.
- There are around 7,000 Houses in Multiple Occupancy (HMOs) in the city.
- We support around 3,000 adults with care needs.
- We have around 17,000 tenants and leaseholders, equating to about 65,000 individuals.
- We currently own 18 community buildings, including community centres.
- Life expectancy in the city is 83.1 years for women and 78.2 years for men – lower than the national average for men.
- Since 2012, the potential years of life lost due to premature mortality has fallen from 496.8 to 484.6 (2012-14).
- Mortality rates are generally falling in Southampton. However, although people are living longer, it is often with long term conditions and an extended period of poor health/disability.
- Between 2008/9 and 2012/13, Southampton has become relatively more deprived – of the 326 Local Authorities in England, Southampton is now ranked 54th (previously 72nd) most deprived.

What feedback do we have?

Customer feedback: According to the City Survey 2016:

- 74% of Southampton residents consider themselves in good health, compared to the national average of 81%
- 91% of residents feel safe in their local area during the day and 3% feel unsafe, while 62% feel safe and 22% feel unsafe after dark.
- 69% of residents feel they have a say in decisions that affect their own healthcare.

In the 2015 Priorities Survey the highest ranked outcome (out of 14) was 'People in Southampton are safe and protected from harm'. In the same survey, residents also ranked 'providing help and support services for older and disabled people was fifth highest.

In the Tenants Survey in 2014, 64% of council housing tenants were satisfied with the service provided to them by Southampton City Council.

What do we do well?

- The Council and Health have:
 - successfully implemented plans to offer integrated health and social care services through Better Care Southampton, pooling £60M of health and care budgets to deliver key outcomes.
 - integrated rehab and reablement services into an Integrated Community Independence Service, to help people retain or maintain their independence in their own homes.
- The Approved Mental Health Professional (AMHP) team has improved quality and reduced costs of the service.
- Since 2011 the council has delivered 1,475 new affordable and sustainable homes, including 73 properties designed specifically for wheelchair users.
- We have delivered improvements to reduce the impact of fuel poverty and increase energy efficiency to over 2,000 Council-owned homes since 2013.
- We have delivered new 'housing with care' properties at Erskine Court and Weston Court.
- We have delivered over 5,600 adaptations to homes since 2011.
- The Emergency Planning Team have been recognised nationally for their work integrating flood management and Public Health emergency planning into their work, making the city safe and more prepared.
- The 'In Case of Emergency' (ICE) bus provides a safe haven for people in need of help at on a night out – it was operational for 51 nights over 2015/16 and dealt with 244 clients.

Horizon Scanning

Regional

- If approved, Devolution/Solent Mayoral Combined Authority will provide an opportunity to jointly deliver services and develop regional solutions.
- Sustainability and Transformation Plan (STP) – work is underway on the Hampshire and Isle of Wight NHS 5 year plan.

National

- Department of Health/Social Care Institute for Excellent (SCIE) – Integration 2020: a local plan needs to be in place by 2017.
- 'Pay to Stay', Welfare Benefit Changes (e.g. Universal Credit changes), the Benefit Cap, Flexible Tenancies
- Joint Inspection focusing on domestic abuse

Local

- Development of a city Alcohol Strategy
- Unified approach to the council's investment in the voluntary sector

Our Challenges

External

- Increasing number of older people and changes in the population profile leading to increased demand on services.
- Increase in people living with multiple long term conditions.
- Poor air quality – Southampton was identified as exceeding annual limits for NO2 levels in 2013 and modelling suggests that this exceedance could persist beyond 2020.
- Community tensions across have risen across the UK in recent months, Black and Minority Ethnic and European communities have expressed concerns about hate crime following the decision to leave the EU.

Partnership/citywide

- Higher than national average levels of obesity, smoking and binge drinking.
- Domestic Violence and Abuse: second highest Multi Agency Risk Assessment Conference (MARAC) referral rate amongst comparator areas and over twice the national average.
- Developing capacity in the home care market.
- Over 9,000 households in the city were identified as living in fuel poverty in 2012.
- Over 8,000 households are on the Council’s Housing Register.
- 25% of Southampton residents live in privately rented accommodation – higher than the average for comparator cities at 18.2% and the England average of 17%.

Council

- Backlog of cases Adult Social Care assessments needing review.
- Low percentage take-up of direct payments.
- 7.98% of the Council’s housing stock is ‘non decent’ as a result of the aging profile of stock and the deteriorating condition of components.

Addressing the Challenges: We are

- Improving joint commissioning across health and Council services, with a focus on safety, quality, and prevention and early intervention.
- Taking action to manage and develop the market for provision of residential and domiciliary care to meet demand the match the needs of our residents.
- Supporting local communities to look after their neighbourhoods and become more resilient, helping to reduce demand and make services more sustainable.
- Increasing independence, moving away from residential and replacement care to ‘housing with care’.
- Making best use of care technology including increasing the number of telecare users and making use of emerging technology options that can help support people to stay independent in their own homes.
- Developing a new Clean Air Strategy and implementing a Clean Air Zone (CAZ).
- Working with Portsmouth City Council through a shared Director of Public Health (DPH) deliver joined up approaches across the two cities.
- We are working with with community, voluntary and faith organisations on community asset transfer resulting in sustainable community managed assets.

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KEY MEASURE BY PRIORITY	Performance						Targets				HOW ARE WE PERFORMING 2015/16 base	HOW WILL WE PERFORM in 2019/20
	Bench - mark (2015/16)	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		
We will increase the proportion of social care service users receiving direct payments, so that service users have more choice and control People using social care who receive direct payments	22.6%				17.2%	18.2%	22.6%	27.1%	32.5%	39.0%	18.2%	39.0%
We will improve housing quality and reduce fuel poverty % local Council housing stock that is decent No of households in receipt of ECO measures (per 1,000 households)	93.6%	97.0%	94.9%	93.5%	92.4%	92.0%	93.0%	94.0%	95.0%	97.0%	92%	97%
We will improve air quality Recorded levels of nitrogen dioxide in the city's Air Quality Management Areas (ug/m3)			39.1	41.6	39.5	35.5	35.1	34.9	34.8	34.7	35.5	34.7
We will protect vulnerable people and enable more people to live independently Number of 'extra care' homes built to provide housing for people with support needs No of Social Care service users receiving an element of technology enabled services as part of their care package			32	28	0	0	50	50	50	50	0	50
						0	1220	1272	1306	1330	0	1330

PEOPLE IN SOUTHAMPTON LEAD SAFE, HEALTHY, INDEPENDENT LIVES

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Base Estimate 2016/17	58,930.2	58,930.2	58,930.2	58,930.2
Previously Agreed Savings & Pressures	1,467.0	1,242.0	(1,498.0)	(1,498.0)
New Pressures				
Non Achievement of Adult Social Care Approved Savings Proposals	800.0	800.0	800.0	800.0
Identified Budget Savings Proposals				
Further Procurement Savings	0.0	0.0	0.0	0.0
Further Digital Savings	0.0	(313.0)	(313.0)	(313.0)
Business As Usual Savings	(1,091.0)	(1,523.0)	(2,193.0)	(2,193.0)
Service Delivery and Redesign Proposals	(6,213.4)	(8,522.4)	(9,731.4)	(9,731.4)
Current Budget Requirement Based on existing proposals	53,892.8	50,613.8	45,994.8	45,994.8

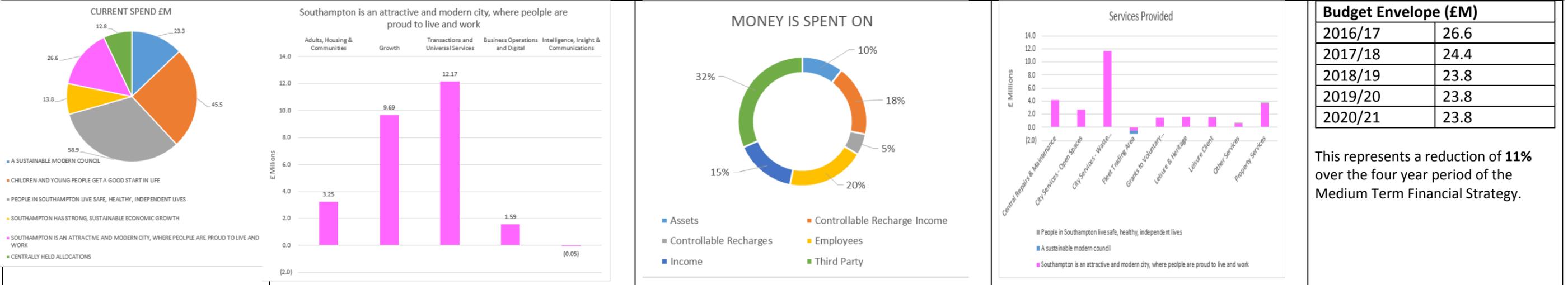
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Service Delivery and Redesign Proposals				
Adult Social Care				
1 Manage demand by offering alternatives to home care for new clients by providing advice and information, supporting self management and signposting to partner services	(270.0)	(400.0)	(540.0)	(540.0)
2 Changing the way that adult social work teams operate to ensure that the right processes are in place to assess people for the right care, in the right place, at the right time and making full use of community support, telecare and extra care housing to help people live independently.	(3,054.0)	(3,129.0)	(3,629.0)	(3,629.0)
3 Using less residential care and more extra care housing supporting people to be discharged home from hospital wherever possible before a decision about their long term care and support arrangements are made.	(300.0)	(700.0)	(1,420.0)	(1,420.0)
4 Increase benefits from integration of council and health learning disability teams; removing a subsidy from people who can afford to pay for their own care following a means test and a review of mental health services	(500.0)	(500.0)	(500.0)	(500.0)
5 Joint Prevention Service with Hampshire Fire & Rescue Service	0.0	(50.0)	(50.0)	(50.0)

6	Integration and development of community health and social care clusters. Developing local teams to reduce hospital admissions and reduce packages of care for clients with complex and multiple needs.	(200.0)	(500.0)	(1,250.0)	(1,250.0)
7	Integrate adults and housing services to maintain independent living for longer in supported housing	(780.0)	(1,560.0)	(780.0)	(780.0)
Quality & Commissioning					
8	Cease appropriate adult scheme and Positive Lives HIV/AIDS contract, and reduce alcohol specialist nurse service	(131.0)	(184.0)	(184.0)	(184.0)
9	Increase employment, skills, volunteering and other opportunities which promote and maintain independence as an alternative to day services	(400.0)	(1,000.0)	(1,000.0)	(1,000.0)
10	Review substance misuse provision (see also Public Health Grant Reduction Appendix 5) total saving £734k	(368.4)	(368.4)	(368.4)	(368.4)
Public Health					
11	Transfer responsibility for funding health services to the NHS	(200.0)	(121.0)	0.0	0.0
12	Cease contribution to Hepatology nurse	(10.0)	(10.0)	(10.0)	(10.0)
Total Service Delivery & Redesign Proposals		(6,213.4)	(8,522.4)	(9,731.4)	(9,731.4)

Southampton is an attractive and modern city where people are proud to live and work

Our Goal We want to build on Southampton's vibrant and diverse cultural offer to make our city a great place for businesses, visitors and residents. This means making sure that Southampton is green, attractive and easy to get about for our residents, visitors and investors.

How do we spend our money at the moment?



What do we know?

- The population of Southampton is currently 247,569, increasing by nearly 5% to 259,615 by 2022. Population and demographic changes will continue to increase demand on council services.
- We maintain over 416 miles of highways, 49 parks and 1,140 hectares of open space.
- We run 3 museums and managed other monuments and heritage sites across the city.
- We maintain 5 cemeteries and a crematorium, and deliver a registration service for births, deaths and marriages.
- We dealt with 6,070 incidents of fly tipping last year.
- We recycle, compost and reuse over 27,000 tonnes of waste every year - but, disposal costs are rising and income for recyclable goods is falling.
- Services that contribute to making Southampton an attractive and modern city also have a significant contribution to make to other outcomes and the prevention/early intervention agenda, e.g:
 - Leisure – contribution to health outcomes.
 - Trading Standards – protecting vulnerable adults from financial abuse, which is reported to Safeguarding Boards and mitigates demand in social care.
 - Environmental health – supporting people living in poor conditions and/or with mental health issues such as hoarding.
- The events programme attracted more than 250,000 people into the city and generated more than £173K for the Council in 2015/16.
- Between 2008/9 and 2012/13, Southampton has become relatively more deprived – of the 326 Local Authorities in England, Southampton is now ranked 54th (previously 72nd) most deprived.

What feedback do we have?

Customer feedback: According to the City Survey 2016:

- 81% of residents are satisfied with Southampton as a place to live, in line with the national average (82%).
 - 66% feel a sense of belonging to their local area and 68% agree that people from different backgrounds get on well together.
 - 39% feel that people in their local area pull together to improve things.
- Overall satisfaction level for services within this outcome are:
 Bin collections: 82%; Parks and green spaces: 82%; Recycling: 79%, Local tips: 68%; Sports and leisure facilities: 64%
 Street cleaning: 51%; Museums and galleries: 50%; keeping public land clear and free from litter: 49%.
- In the 2015 Priorities Survey, the sixth highest ranked outcome out of a total of 14 was 'Southampton is a clean, green and sustainable city'.

Our Challenges

What do we do well?

- Five of our parks and open spaces have received Green Flag awards.
- We have successfully implemented a licensing scheme for Houses of Multiple Occupations (HMOs) to improve standards for residents and neighbourhoods.
- We provide support to, and development of 'friends of' and community groups relating to parks, cemeteries and litter clearing.
- We have adopted early implementation of digital solutions in our front line services in this area.
- We have maintained service levels in a climate of reducing resources, through integration of services.
- We have delivered a successful events programme, attracting over 250,000 visitors to the city each year and boosting the local economy.
- We have secured funding for cultural services, including £450k recently awarded from the Art Council's Resilience Fund in 2016.
- Hundreds of events and activities have taken place across the city this year, attracting a broad audience from across the city and beyond.
- Our Sea City museum attracts 80,000 visitors per year.

Horizon Scanning

- Regional**
- Devolution/Solent Mayoral Combined Authority provides an opportunity to jointly deliver services and develop regional solutions.
- National**
- Leaving the EU – potential impacts, for example Port Health; food legislation also currently based on EU directives.
 - New legislation extending additional HMO licensing across the country – already adopted by Southampton City Council and providing opportunities for shared services.
- Local**
- Exploring partnership opportunities for tourism development with Portsmouth, New Forest and Isle of Wight
 - 'Mayflower 400' – 2020 will mark the 400th anniversary of the Mayflower ship setting sail from Southampton.

Addressing the Challenges: We are

<p>External</p> <ul style="list-style-type: none"> Managing increased costs a £0.5M overspend in Waste, linked to increased number of properties in the city – demand is likely to continue to rise in line with population. <p>Partnership/citywide</p> <ul style="list-style-type: none"> Increasing recycling rates in the city. Delivering a sustainable arts and heritage offer. Providing a modern and sustainable leisure offer, taking advantage of opportunities to reduce costs whilst improving quality. <p>Council</p> <ul style="list-style-type: none"> Becoming significantly more commercial in business dealings, cutting costs and delivering efficiencies up to April 2018, whilst assessing different delivery models for the future. Managing risk around the delivery of statutory services and requirements. Minimising impact of reductions in Port Health, including minimising the risks of losing business to others due to changes in the service. Achieving the numbers of visitors and income targets at our city attractions and events. 	<ul style="list-style-type: none"> Changing the way we work to deliver sustainable services and reduce costs. Commencing assessment of different delivery models for the future, working with public or private partners to further increase efficiency, reduce costs and increase income through commercialisation. Identifying opportunities for shared services, making the most of opportunities arising through devolution. Developing generic, multi-skilled roles in ‘job families’, through staffing restructures. Developing commercialisation proposals, by creating sales and marketing capacity. Transforming our services to deliver more services online, making services more efficient, more commercial, and improving customer satisfaction. <ul style="list-style-type: none"> Online reporting of missed bin collections. Online purchasing of memorials. Online quotes for Waste services Online booking for Pest Control services
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KEY MEASURE BY PRIORITY	Bench - mark		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	HOW ARE WE PERFORMING 2015/16 base	HOW WILL WE PERFORM in 2019/20
	(2015/16)	2011/12										
We will keep our city clean												
Number of requests for street cleaning and fly tipping clearance each year		4,419	5,139	6,208	5,796	4,987	5,250	4,750	4,250	3,750	4,987	3,750
We will ensure roads and pavements are maintained												
% Unclassified roads requiring urgent structural maintenance	17%	12%	14%	17%	18%		20%	20%	20%	20%	18%	20%
% A Roads requiring structural maintenance	5%	12%	10%	11%	6%	6%	13%	13%	13%	13%	6%	13%
We will strengthen and develop community groups												
Amount of additional external funding secured by voluntary and community organisations we support	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
We will increase pride in our city by ensuring there is a vibrant and diverse cultural, entertainment & leisure offer												
Number of family friendly events in the city each year							25	25	25	25	TBC	25

SOUTHAMPTON IS AN ATTRACTIVE AND MODERN CITY WHERE PEOPLE ARE PROUD TO LIVE AND WORK

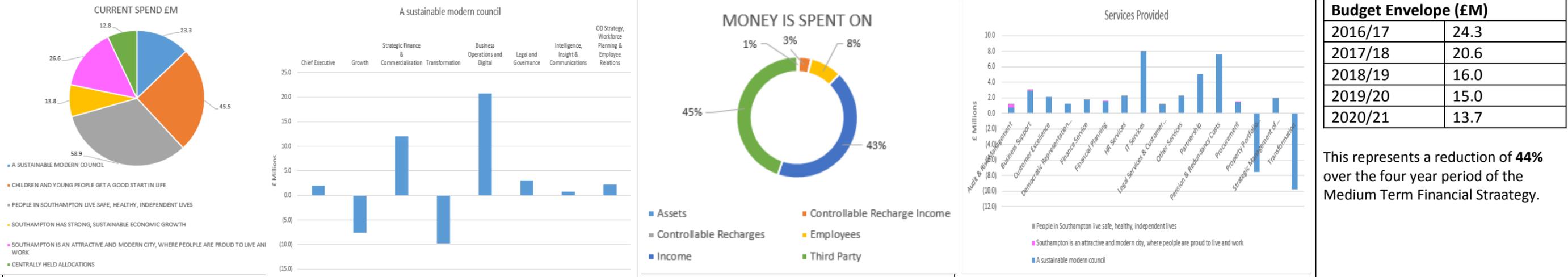
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Base Estimate 2016/17	26,645.8	26,645.8	26,645.8	26,645.8
Previously Agreed Savings & Pressures	(428.4)	(468.4)	(468.4)	(468.4)
New Pressures				
Additional Pressures for demand led services due to increase in number of new business and housing developments	320.0	320.0	320.0	320.0
Identified Budget Savings Proposals				
Further Procurement Savings	0.0	0.0	0.0	0.0
Further Digital Savings	0.0	(18.0)	(18.0)	(18.0)
Business As Usual Savings	(610.0)	(860.0)	(860.0)	(860.0)
Service Delivery and Redesign Proposals	(1,545.0)	(1,810.0)	(1,810.0)	(1,810.0)
Current Budget Requirement Based on existing proposals	24,382.4	23,809.4	23,809.4	23,809.4

Service Delivery and Redesign Proposals	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Environment, Street Scene & Health				
1 Review of the free parking period at district centre car parks	(70.0)	(70.0)	(70.0)	(70.0)
2 Reduce a number of Environmental Health Services (weekend/evening Port Health, shellfish sampling)	(55.0)	(55.0)	(55.0)	(55.0)
Parks & Open Spaces				
3 Joining together Parks, Open Spaces and some housing teams to work more efficiently	(300.0)	(300.0)	(300.0)	(300.0)
Waste, Fleet & Street Cleansing				
4 Introduce Alternate Weekly Collections (AWC) of recycling and residual waste collection.	(800.0)	0.0	0.0	0.0
5 Increase income from Waste charges	(320.0)	(385.0)	(385.0)	(385.0)
6 New Delivery Model for services	0.0	(1,000.0)	(1,000.0)	(1,000.0)
Total Service Delivery & Redesign Proposals	(1,545.0)	(1,810.0)	(1,810.0)	(1,810.0)

A Modern, Sustainable Council

Our Goal We want to be an efficient and effective organisation with robust financial planning, a commercial outlook, high performing workforce, evidence based decision making and excellent communications to support the delivery of customer focused outcomes.

How do we spend our money at the moment?



This represents a reduction of **44%** over the four year period of the Medium Term Financial Strategy.

What do we know?

- The way that councils are funded is changing and we are moving towards greater self-sufficiency, in an environment of increasing demand. The expectation is that councils will need to be self-sustaining by 2020.
- There are continuing technological advances and local councils have the challenge of keeping up with changing customer demands and competing with the private sector, including and investing as required.
- Digital:
 - 91% of people in Southampton currently use the internet and 80% use a smartphone.
 - 73% of face to face and 64% of telephone transactions are done by customers who would interact with us digitally if they could.
- Legal Services has been shared fully with Fareham BC under a 5 year SLA until 2021. A further SLA is held with Eastleigh BC for licensing advice/representation on a renewable 5 year SLA which has been in place since 2005.
- Instructions to Legal Services are increasing, primarily as a result of staffing reductions in other areas, as well as capital schemes etc.
- Analysis of communications work (in 2015) showed a ratio of reactive to proactive work of 80/20, influenced as result of unplanned, unknown, reactive work generated across council.
- We need to develop our workforce so that they have the right skills, competencies and behaviours to deliver services and manage businesses of the future.
- Development of commercial skills and expertise is essential to future sustainability.

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What do we do well?

- Financial reporting has improved, with monthly reporting to Directors, CMT and Cabinet Members.
- Improved the collection of council tax and business rates.
- Improved children and young people participation and engagement – ensuring voice of child informs service delivery.
- Achieved closing of accounts much earlier than in previous years, releasing staff time to focus on other priorities.
- Achieved SOCITM 4 star site status achieved in March 2016 for the Council's website.
- Developed the Service Excellence approach to improve practice and productivity.
- Developed Employee Account and MySouthampton account.
- Introduced online forms – parking permits, missed bins and certificate ordering.
- Streamlined strategy framework for the council.
- Achieved significant improvements to the quality and standard of strategic needs assessments such as the Community Safety Assessment.
- Completed major consultations, social and market research including People's Panel of 1,100 residents.
- Communications awards such as GovDelivery Digital Excellence Award, Public Sector Value for Money at national CIPR Pride Awards, Best Public Sector Campaign CIPR Pride Awards.
- The percentage of residents stating that they feel informed has risen from 55% in 2010 to 66% in 2016 (measured by the City Survey).

What feedback do we have?

Customer feedback: According to the City Survey 2016:

- 55% of residents are satisfied with the way the council runs things
- 43% feel the council provides value for money
- 66% feel informed about local public services
- 91% of residents have access to the internet with 77% using it every day.

Staff feedback: According to the 2015 Staff Survey, 43% of staff would say they are proud to work for Southampton City Council. 34% of staff would recommend Southampton City Council as an employer, while 71% are prepared to go above and beyond what is expected to help Southampton City Council succeed. However, the survey shows that some staff feel dissatisfied with working at the Council. To address this better measures of staff satisfaction and a range of staff engagement opportunities have been developed.

Horizon Scanning

Regional

- Proposals for Devolution/Combined Authority (Solent Deal).
- Opportunities for joint and partnership working across the city and wider region over the coming years, particularly in relation to devolution and integration with health.

National

- Proposals on retention of business rates.
- Link up with the universities to accredit learning for staff.
- Implications of leaving the EU.

Local

- Working with other sectors in the city on recruitment of staff.

<p>Our Challenges</p> <p>Council</p> <ul style="list-style-type: none"> Ensuring streamlined HR policies and processes, consistent good practice and compliance Developing functions and skills to support the council in commercialisation agenda – making transition from running services to running businesses. Ensuring value for money is obtained in all financial transactions; control's over expenditure. Ensuring risk management and assurance are embedded across the Council. Further developing web, digital and social media channels especially in terms of content. Low employee engagement and satisfaction – lowest scoring organisation in benchmarking exercise following Staff Survey 2015. Digital cultural shift – staff and customers. Managing demand and expectations on 'support' services, including business support. Sub 100k procurement function not delivering fit for purpose service. Staff recruitment and retention is an issue in some areas. Lack of a comprehensive learning and development programme for the Council, including a regular induction programme. 	<p>Addressing the Challenges: We are</p> <ul style="list-style-type: none"> Implementing the recently approved Workforce Strategy and Action Plan. Developing a comprehensive and regular induction programme for the Council. Creating opportunities to celebrate successes and share good news with staff. Implementing the digital transformation programme, including the roll-out of mobile working. Developing and implementing staffing restructures to deliver the agreed operating model. Migrating and streamlining all web systems to a new Customer Management System for efficiency. Developing an ongoing programme for leadership, management and staff development including, 'grow our own', talent management, succession planning, apprenticeships etc. Reviewing the provision of the Cash Office to support the digital agenda. Digital and business operations restructure. Increase employee self-service in relation to business support. Rolling rollout Service Excellence – seeking opportunities for income generation. Promoting and developing alternative delivery models. Developing the existing staff engagement group (PULSE) to engage with a greater number of staff from a wide range of services. Taking action to encourage local people to apply for council jobs and to recruit and retain staff in key areas where it is difficult to do so.
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KEY MEASURE BY PRIORITY	Bench - mark (2015/16)	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	HOW ARE WE PERFORMING 2015/16 base	HOW WILL WE PERFORM in 2019/20
							TBC	TBC	TBC	TBC	TBC	TBC
We will improve staff performance, practice, recruitment, retention and engagement Reduce sickness absence rates All employees have performance contracts, regular supervision and appraisals							TBC	TBC	TBC	TBC	TBC	TBC
We will reduce spend and increase income, including business rates Number of businesses paying business rates Number of activities/services that are self-funding or self-sustaining		6,490	6,530	6,495	6,617	6,676	6,676	6,743	6,810	6,876	6,676	6,876
We will deliver channel shift amongst staff and residents % of payment transactions completed using self-serve methods % satisfaction with digital customer journeys							TBC	TBC	TBC	TBC	TBC	TBC

A MODERN SUSTAINABLE COUNCIL

	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Base Estimate 2016/17	24,316.1	24,316.1	24,316.1	24,316.1
Previously Agreed Savings & Pressures	(5.7)	(7.3)	(7.3)	(7.3)
New Pressures				
Capita Reset Phasing	2,800.0	1,100.0	0.0	(1,300.0)
Shortfall on Phase 2 Operating Model Approved Saving	2,000.0	2,000.0	2,000.0	2,000.0
Identified Budget Savings Proposals				
Further Procurement Savings	0.0	0.0	0.0	0.0
Further Digital Savings	0.0	(640.0)	(640.0)	(640.0)
Business As Usual Savings	(2,438.0)	(3,090.0)	(3,090.0)	(3,090.0)
Service Delivery and Redesign Proposals	(368.0)	(368.0)	(368.0)	(368.0)
Current Budget Requirement Based on existing proposals	20,565.0	15,975.6	14,950.6	13,650.6

Service Delivery and Redesign Proposals	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Finance & Commercialisation				
1 Review of Cash Office and cash receipting system	(20.0)	(20.0)	(20.0)	(20.0)
Digital & Business Operations				
2 Citywatch 24 Hour Services - Expansion to cover the Housing Concierge Service and overall management of the Council's CCTV systems	(348.0)	(348.0)	(348.0)	(348.0)
Total Service Delivery & Redesign Proposals	(368.0)	(368.0)	(368.0)	(368.0)

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**SOUTHAMPTON CITY COUNCIL
MEDIUM TERM FINANCIAL STRATEGY
2016/17 TO 2020/21**

NOVEMBER 2016

MEDIUM TERM FINANCIAL STRATEGY 2016/17 to 2020/21

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INTRODUCTION

1. Background

The Medium Term Financial Strategy (MTFS) is a core part of the Council's strategic framework and plays a pivotal role in translating the city vision and Council's strategic plans and ambitions into actions.

The city vision is 'Southampton – City of opportunity where everyone thrives', with the goal of achieving prosperity for all.

Building on this the Council Strategy priorities are to deliver the following outcomes for residents:

- Southampton is a city with strong and sustainable economic growth
- Children and young people in Southampton get a good start in life
- People in Southampton live safe, healthy and independent lives
- Southampton is a modern attractive city where people are proud to work and live

In order to achieve this, we have to be a modern, sustainable organisation, which is the fifth outcome.

2. Aims and Purpose of the Medium Term Financial Strategy

The purpose of the Medium Term Financial Strategy (MTFS) is to provide the strategic framework and a forward looking approach to achieve long term sustainability. It is central to the delivery of priority outcomes in the Council Strategy in an affordable and sustainable way over a 5 year period. It aids robust and methodical planning as it forecasts the Council's financial position, taking into account known pressures, major issues affecting the Council's finances, including international, national, sub regional and the city's economic influences as well as local priorities and factors.

It helps the Council to respond, in a considered manner, to pressures and changes as a result of many internal and external influences. This is particularly important during a period when the Council will face unprecedented changes and challenges. The MTFS recognises the key role that financial resources play in the future delivery of outcomes and in enabling the effective planning, management and delivery of services that contribute to the outcomes in the Council Strategy 2016-2020. The strategy concentrates on the principles that will provide a strong direction for the medium term.

An overarching MTFS is not only good practice, but is required to provide the strategic financial framework for the authority at a time of considerable pressure and change, be this delivering key priorities and ongoing efficiency gains, closer budget scrutiny, the management of financial pressures, or political change.

The key overriding aim of the MTFS is therefore:

'To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's key strategic outcomes, priorities and sustainable services.'

The 6 key objectives of the MTFS are to:

- Provide financial parameters within which budget and service planning should take place;
- Ensure that the Council sets a balanced and sustainable budget;
- Focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources. Ensuring services are defined on the basis of clear alignment between priority and affordability;
- Ensure that the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area;
- Plan the level of fees, charges and taxation in line with levels that the Council regard as being necessary, acceptable and affordable to meet the Council's aims, objectives, policies and priorities whilst gradually reducing the Council's reliance on Central Government funding;
- Ensure that the Council's long term financial health and viability remain sound.

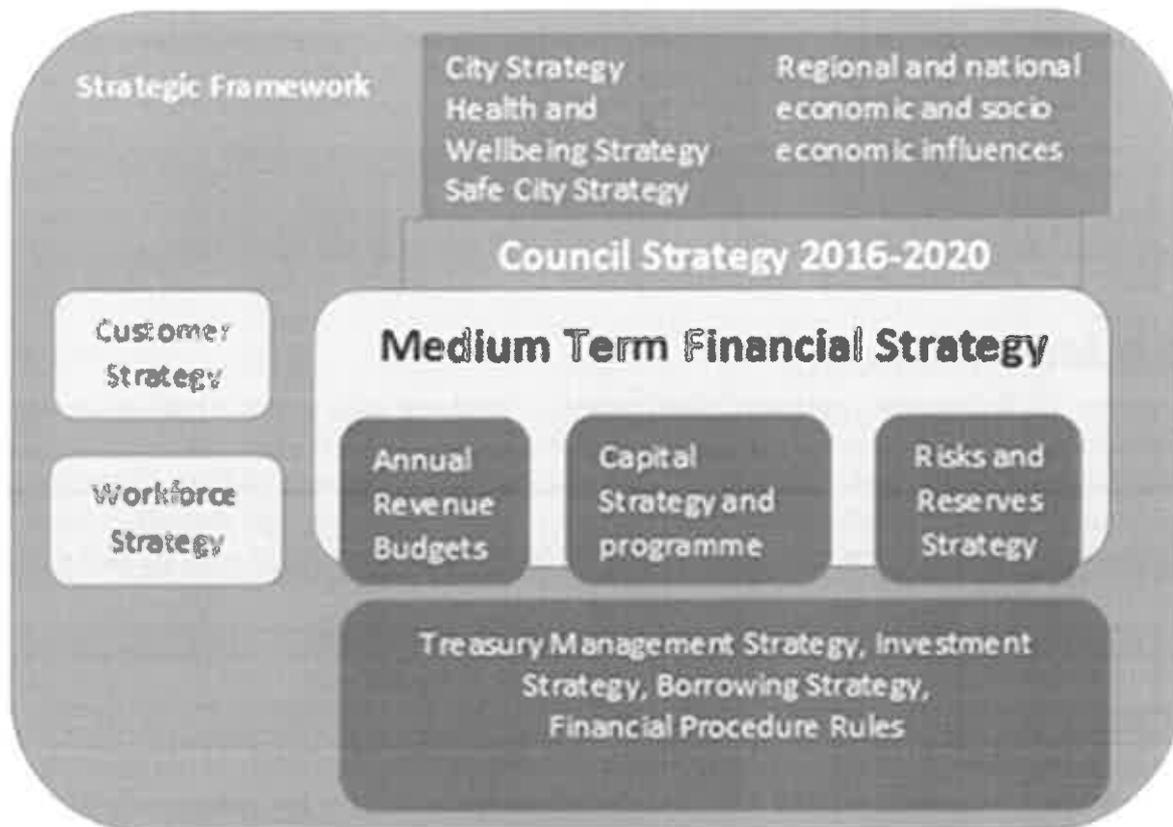
The MTFS enables the Council to move away from the historical position of setting annual budgets in isolation to future years, to integrated service and financial planning over the medium term, using an outcomes based planning and budgeting approach.

This approach will focus the planning process on the medium term facilitating a balanced budget by 2019/20, and the expected start of the new funding regime for local government, with full business rate retention.

The resulting Medium Term Financial Model provides the framework within which decisions relating to future service provision can be made. The detailed budget, taking account of constantly changing circumstances, will continue to be kept under review over the period and the Council will need to set the level of Council Tax on an annual basis.

3. **Strategic context**

There are a number of strategies, policies and plans which impact on the direction of the Council and the day to day operations therefore impacting on the MTFS. The following diagram puts the MTFS in this strategic context.



Setting the context: key strategies and plans

4. Southampton City Strategy 2015-25

The MTFs is framed by the City Strategy 2015-2025, and the City Vision, which has been developed by Southampton Connect, a partnership group consisting of representatives from business, the public, voluntary and education sectors and the City Council. The City Strategy identifies three key priorities:

- Economic Growth with social responsibility
- Skills and Employment
- Healthier and safer communities.

It also includes four cross cutting themes:

- Fostering City Pride and Community capacity
- Delivering whole place thinking and innovation
- Improving mental health
- Tackling poverty and inequality.

Southampton Connect works closely with the key city partnerships to deliver against the vision, priorities and themes. Partnerships include the Health and Wellbeing Board and the Safe City Partnership.

Southampton City Council Strategy 2016-2020

In September 2016, the Council approved the Southampton City Council Strategy 2016-20. The Strategy sets out the council's strategic vision until 2020 and has four key outcomes, which are:

- Southampton is a city with strong and sustainable economic growth
- Children and young people in Southampton get a good start in life
- People in Southampton live safe, healthy and independent lives
- Southampton is a modern attractive city where people are proud to work and live

5. **Workforce Strategy 2016 – 2020**

In September 2016 Council approved the Workforce Strategy setting out a high level vision, priorities and key outcomes to develop and nurture a motivated and effective workforce who will deliver the Council's priorities. The main outcomes delivered by the Workforce Strategy will be:

- A robust foundation which enables decision making, planning and delivery based on evidence - we will know understand and project workforce needs, issues and demands and plan accordingly;
- Southampton City Council will be an employer of choice; and
- Southampton City Council perceived as a great place to work

6. **Customer Strategy 2015 -2018**

The Council's vision is:

We want to put our customers at the heart of everything we do and we are working with our partners to make Southampton: a city of opportunity where everyone thrives.

The Customer Strategy sets out the following principles:

- First time resolution – getting things right first time and delivering joined up services with partners
- Easy as 1,2,3 – simple, efficient services designed around our customers' needs
- Assisted digital – digital services, with extra help for those who need it
- Empower customers, communities and employees – supporting customers and communities to become more self-reliant
- Informed by insight – involving customers in the design, development and review of services
- Value for money – delivering cost effective services, ensuring that we can continue to keep customers at the heart of what we do

7. **Other Major Strategies and Policies**

As well as the overarching City Strategy and the Southampton City Council Strategy, there are a range of other strategies and policies and work programmes which will influence the MTFS.

The two other key financial strategies are detailed below:

8. **Capital Strategy**

The Council's Capital Strategy details the priorities of the Council in terms of capital expenditure and provides a framework for the Council's capital plans to be agreed and delivered within.

The Capital Strategy and Capital Programme are approved each year in February by Council. Key issues and developments that are now incorporated in the strategy include:

- Recognition of the Devolution proposals, in which a key themes is accelerated housing delivery;
- Changes to the use of capital receipts, and implications on the use of this key funding source;
- Reviewing the alternative options for the disposal or development of land, notably the setting up of a Development Company and the use of our property partner;
- Recognition of the need for additional preventative Flood Defence schemes in the city;
- An update on the Council's Efficiency Strategy and transformation programme;
- The intention to set up a Property Investment Fund; and
- Clearer links to the outcomes, and executive commitments

9. **Treasury Management Strategy 2016/17 to 2018/19**

The Treasury Management Strategy is reviewed annually and provides the framework within which authority is delegated to the Service Director for Finance and Commercialisation to make decisions on the management of the City Council's debt and investment of surplus funds.

The City Council is able to borrow on a long term basis to finance capital and on a short term basis to manage cash flow fluctuations. The Council is also able to invest surplus funds.

The core elements of the 2016/17 Treasury Management strategy are :

- To continue to make use of short term variable rate debt to take advantage of the current market conditions of low interest rates:
- To constantly review longer term forecasts and to lock into 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; and
 - To approve borrowing limits that provide for debt restructuring opportunities and pursue debt restructuring where appropriate and within the Council's risk boundaries.

11. Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £61.72M and £108.5M. As at 30 September 2016, the authority had internal investments amounting to £62.5M with an average rate of return of 1.45%.

The current strategy is to continue to diversify into more secure and/or higher yielding asset classes in 2016/17 as there is increasing risk and low returns from short term unsecured bank investments.

Investment limits are set as part of the strategy to help mitigate and spread risk across a number of financial institutions. The Service Director for Finance and Commercialisation has delegated authority to review these in year and they will be updated quarterly as relevant in line with advice received from the Council's treasury management advisors, Arlingclose.

12. Borrowing Strategy

As at the 30 September 2016, the Council's overall outstanding long term borrowing was £235M, at an average rate of 3.33% and an average maturity of 23 years. This has fallen by £6M since 1 April 2016 due to maturing debt which has not yet been replaced. The total long term debt portfolio is made up of loans from the Public Works Loan Board (PWL) of £226M and market loans of £9M.

The Council's primary focus when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is secondary to this. This is key to managing borrowing costs within the overall financial constraints of the authority.

By doing this the Council is able to reduce net borrowing costs and reduce overall treasury risk. Details of borrowing options are included in full within the Prudential Limits and Treasury Management Strategy 2016/17 to 2018/19.

The budget for debt interest paid in 2016/17 is £14.5M based on an average debt portfolio of £400M at an average interest rate of 3.5%. Investment income for 2016/17 is budgeted at £0.4M based on an average portfolio of £65M at an average of 0.75%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondently different.

13. Other Strategies and plans that have an impact on the MTFS

Below is a sample of further strategies that have been considered in drawing up the MTFS:

- Solent Economic Plan 2014-20
- Health and Wellbeing Strategy
- Better Care Plan
- Safe City Strategy
- Local Transport Plan and Transport Asset Management Plan

- Housing Revenue Account Business Plan 2016/17 to 2045/46
- Corporate Property Strategy and Asset Management Plan

14 **National and External Factors**

The MTFs is set within the context of national economic and public expenditure plans, and takes into account the national legislation setting out the City Council's ability to borrow and to raise income from council tax and other sources.

15. **Comprehensive Spending Review 2015 (Autumn Spending Review)**

- **Business Rates Retention** - As part of the Autumn Spending Review the Government announced their intention was to radically change the way local authorities are funded by moving from 50% to 100% business rate retention (including other precepting authorities such as fire and police) and phasing out the Revenue Support Grant by 2020. Alongside this there will be additional responsibilities for local government to ensure the move was fiscally neutral to Central Government plans.
- **Uniform Business Rates** - The Government also reiterated its earlier proposal, made in October 2015, to abolish Uniform Business Rates by 2020, giving local authorities the power to cut rates to boost growth, and giving directly elected mayors for combined authorities the power to levy a business rates premium for local infrastructure projects with the support of local business.
- **Tops and Tariffs** - The current system of top ups and tariffs for redistributing revenues between local authorities will be retained, however how the formula for calculating this is still being determined
- **Capital Receipts Flexibility** - The announcement also included a new flexibility allowing local authorities to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Instead of holding assets that could be made surplus, councils will be able to sell them and reinvest in their services.
- **Social Care Precept** - In recognition of the increasing demand for local authority adult social care services, councils are able to levy a "social care precept" of up to 2% in council tax which must be spent exclusively on social care, with the potential to bring almost £2B more into the care system across the country. An announcement was also made that the Better Care Fund would be increased to support this and local authorities will be able to access an additional £1.5B by 2019-20.
- **Public Health Funding** - Alongside savings in the Public Health grant, the Government announced it will consult on transferring new powers and the responsibility for its funding and elements of the administration, to local authorities.
- **New Homes Bonus** - The Government have also consulted on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will included a preferred option for savings of at least £800M, which can be used for social care.

- Housing - The national housing budget will be doubled, to £2Bn, and 400,000 affordable homes will be built, both to rent and to buy; almost half of these will be starter homes, while 135,000 will be available for the Help to Buy: Shared Ownership scheme.
- Troubled Families - Funding for the Troubled Families programme will continue, with efficiencies found from central budgets and current levels of funding will be maintained for community integration programmes, which will be targeted at supporting the recommendations made in Louise Casey's review of opportunity and integration in isolated and deprived communities.
- Education for three and four year olds - The Chancellor confirmed that there will be 30 hours of free, funded early education for three and four year olds from 2017, for families working for more than 16 hours and whose incomes are below £100,000 per parent. Free childcare for the most disadvantaged two year olds will be maintained and funding for the sector will be increased by £300M to support more free places.
- Funding for Free School Meals - This will be maintained, rates for the pupil premium will be protected and there will be an increase in the cash for the Dedicated Schools Grant.
- Education in the Future - The Government has expressed the view that local authorities will no longer run local schools, creating a governmental saving of £600m, on the Education Services Grant. The Government will phase out current school funding regime and create a new national funding formula to address the current inequities in funding, especially for the most disadvantaged pupils.
- Apprenticeships - The Government reiterated its commitment to creating three million apprenticeships by 2020. It will also introduce an Apprenticeship Levy from 2017, set at 0.5% of employers' pay bill, in order to raise £3bn a year.

16. Devolution – Solent Mayoral Combined Authority

The City Council has worked with Portsmouth City Council and the Isle of Wight Council to submit a proposal for a Solent Deal based on a Mayoral Combined Authority (MCA). The Deal was submitted in March 2016, and includes:

- An allocation of £30M pa for 30 years (75% capital 25% revenue) for economic growth, that can also be capitalised;
- The retention of 100% of the business rates collected within the area earlier than the national roll-out in 2020 (currently 50% of all business rates collected are passed over to Central Government. The model assumes the proposal will be fiscally neutral to the Government;
- Funding and support for business growth and innovation;
- Control of Adult Education budgets to meet the needs of employers and local residents;
- A support programme to enable unemployed people to progress to work;
- Additional homes in the Solent area;
- New dedicated transport budgets and powers; and
- Measures to support public sector reforms.

The three Unitary Authorities have undertaken an eight week consultation over the Summer, which showed a favourable response to progressing with the MCA and devolved powers and funds. Further to the report being approved by the three Councils. A proposal was submitted to the Secretary of State to consider the establishment of an MCA in the Solent, with the expectation of an announcement in the Autumn. This would be followed by detailed negotiations and actions plans to take the various strands of the Deal forward, including all arrangements for governance, financial and risk management.

17. Housing

Local Plans for homes include delivery of 10,000 homes over the next 10 years including in the priority home categories of rural affordable, low-cost starter, council new-build and extra care, by making use of exception sites including redundant public land. A commitment has been made to develop at least 2,000 new starter homes within the city. This has been supported to date by additional government funding with the introduction of Help to Buy in 2013.

Help to Buy was created to ensure that working people who were doing the right thing and saving for a deposit could achieve their aspiration of buying their own home through Government support. Home ownership is a key part of the government's long term plan to provide economic security for working people across the UK. To date this has been facilitated through Equity Loans and Mortgage Guarantee Schemes with 80% of completions to date being made by first time buyers with just under 50% of the properties being new build. The government announced two further initiatives in the Comprehensive Spending Review on 25th November 2015 which will further encourage this agenda.

- a) Help to Buy ISA introduced from 1st December 2015 whereby under the scheme, first-time buyers can save up to £200 a month towards their first home and the government will boost their savings by 25%, or £50 for every £200, up to a £3,000 bonus.
- b) New streams of funding, such as for low-cost home ownership are intended to be available for councils as well as housing associations and private developers. Councils are encouraged to think creatively about the homes they could deliver by accessing some of the new grants.

It is anticipated that future disposal or development decisions within the Council will be mindful of the need to consider opportunities to fully utilise all available funding streams and to meet the low-cost starter home commitments.

18. Local Government Finance Settlement

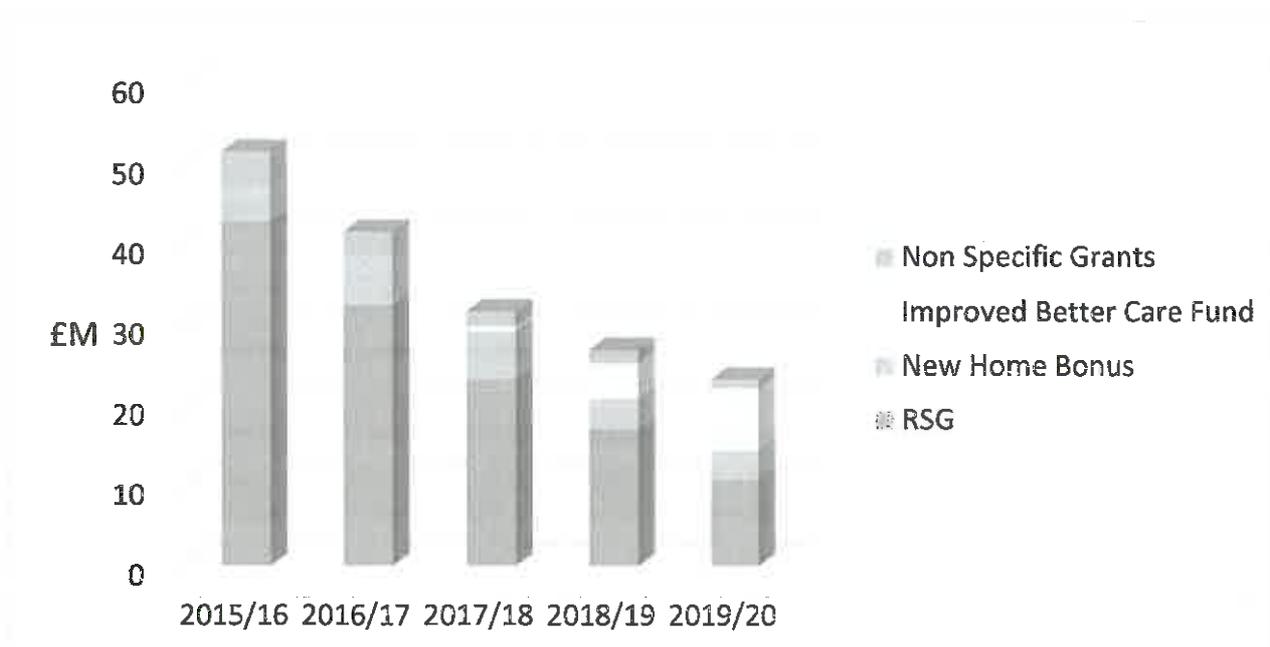
Following on from the Autumn Statement, the Government announced the Provisional Local Government Finance Settlement on the 17th December 2015 and confirmed the allocations in February 2016.

This gave local government funding figures for 2016/17 to 2019/20. It also came with the offer for local authorities to receive a four year funding settlement on the production of an Efficiency

Medium Term Financial Strategy 2016/17 to 2020/21

Strategy, and more detail regarding the flexible use of capital receipts. The settlement looked to redistribute funding to authorities that have social care responsibilities.

For Southampton the impact of the settlement in terms of grant funding can be seen in the graph below. This shows Southampton's grant funding reducing by 55% from 2015/16 to 2019/20



The financial impact of the Local Government Finance Settlement has been included in the Medium Term Financial Model attached in Annex 1 and the offer of the four year settlement has been taken up..

19. Key Assumptions

Local Authority budgeting is by its very nature difficult to forecast with absolute certainty since there are so many variables that need to be assessed.

Summary of Key Assumptions

Table 1 summarises the key assumptions contained within the Medium Term Financial Model from 2017/18, to arrive at the financial figures presented in Section 3. Figures in brackets represent a reduction.

Table 1 – Summary of Key Assumptions

<u>Item</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Business Rates	1.00%	1.00%	1.00%
Council Tax	3.99%	3.99%	3.99%
Revenue Support Grant	(28.6%)	(26.6%)	(36.7%)
New Homes Bonus	0	(36.2%)	(2.63%)
Other Grants	(38.9%)	(12.2%)	(36.6%)
Consumer Price Index (CPI)	1.0%	2.0%	3.0%
Retail Price Index	2.0%	3.0%	4.0%
Pay Award	1.0%	1.0%	1.0%
Superannuation	14.1%	15.1%	16.1%
Past Service Costs and Compulsory Added Years	8.8%	8.8%	8.8%

20. Business Rate Retention Scheme

The Business Rate Retention (BRR) Scheme was introduced in April 2013 and represented a major change in the way in which local government is funded. It is seen by the Government as providing a direct link between business rates growth and the amount of money local authorities have available to spend on local services.

Councils are able to retain a proportion of their growth in business rates and will also be taking the risk for reductions in business rates, although there are 'safety net' arrangements in place to protect against very large reductions. By the end of this Parliament it is expected there will be a 100% business rates retention alongside additional responsibilities to ensure fiscal neutrality for Central Government.

The scheme as it currently stands means whilst Southampton has no influence over the rateable value, rates charged or the percentage increase each year, it does retain almost half the risk from the volatile nature of the receipts. The one element that the local authority can influence is the economic growth within the region which may result in increased revenues from Business Rates.

The Valuations Office is undertaking a reset of rateable values from 2017/18, and initial consultation has started on the outcome. Southampton City Council would achieve an increase in Business Rate income however, it is expected that this will be adjusted for as part of the multiplier. Businesses can appeal against the rateable value given, and under the current scheme the Council carries approximately half the risk if values are reduced. Appeals can be backdated and as a consequence of this the Council has set aside a provision to deal with this element of the financial impact. In December 2014 the Government announced it was closing the appeals window and that appeals received on or after 1 April 2015 will only be backdated until this date.

During January 2016, a number of local authorities have received requests for 80% mandatory relief in respect of NHS trusts for a refund of rates paid back six years (in line with s9 Limitation Act 1980). In Southampton there are 34 business rated properties which are occupied by NHS

trusts, and a letter in respect of local trust has recently been received. If the agents are successful it would potentially result in up to £9.6M business rates being refunded to NHS trusts locally and a loss of £2.6M business rates pa in future years.

There has been an assumption built into the MTFs is for Business Rates growth, this is based on an assessment of the new property developments undertaken in conjunction with the Growth team,

21. Council Tax

The tax base for 2014/15 reflected the required adjustments as a result of the localisation of Council Tax Benefits and changes to associated funding which was implemented from 2013/14. A new Local Council Tax Scheme (LCTS) was introduced in 2013/14 which, as a result of the localisation of Council Tax Benefits, allows the Council to set its own criteria for offering reduced Council Tax for those eligible. The changes to discounts, exemptions and LCTS are now in place, and the LCTS administration grant has been confirmed and included in the forecast position. As set out in Table 1 above, the assumption is that Council Tax rises will be set at just below the 2% referendum limit in future years, at 1.99%. There remains a risk that the Government could impose a lower Council Tax referendum threshold.

There has been some council tax growth built into the MTFs, this has been calculated in conjunction with the growth team based on the current known levels of development.

22. Adult Social Care Precept

As set out in the Autumn Spending Review local authorities with adult social care responsibilities can now increase Council Tax by a further 2% adult social care precept. The MTFs assumes this precept will be taken in all years as the calculated increase in funding needed for adult social care far outweighs the income gained from this precept.

23. Revenue Support Grant Update Post Settlement

Historically a major source of funding for the Council has been the Revenue Support Grant (RSG), however since the austerity measures have been introduced this grant has been reduced drastically with the Council seeing a 28.5% reduction in 2015/16, and a 24.1% reduction in 2016/17. The MTFs reflects the allocations given in the PLGFS.

24. Housing Benefit Administration Subsidy

In addition to the changes resulting from the localisation of Council Tax Benefits, Housing Benefit is to be phased out and replaced by Universal Credit. As such there was an expectation that Housing Benefit Administration Subsidy, which is funding towards the cost of administering Housing Benefit, may cease from 2016/17.

Confirmation has now been received from the Department for Work & Pensions (DWP) that this funding will continue into 2016/17 whilst the delivery plans for the introduction of the Universal Credit are reviewed.

A further £1.2M of non-recurrent grant funding was therefore been assumed in setting the forecast position for 2016/17.

25. Public Health Grant

The Public Health Grant that was introduced in April 2013, will continue to be a ring-fenced grant to Local Authorities into 2016/17 and 2017/18. The allocation will be subject to a new formula and

will incorporate the transfer of funding for Children’s 0-5 Public Health services. The final allocation of Public Health grant for 2016/17 is £17.86M. As part of the spending review it was announced that there would be further reductions in the grant, in addition to the £200M announced for 2015/16, through to 2020/21, as outlined in Table 2 below.

Table 2 – Public Health Grant Reductions

	2016/17	2017/18	2018/19	2019/20
Percentage reduction in total grant from 2015/16 baseline	2.2%	2.5%	2.6%	2.6%

The Council is committed to identifying savings from within the total Public Health programme, comprising the delivery of internal and external services, in order to achieve the level of savings required.

In 2016/17 the cumulative Public Health grant reduction was £1.47M of which £0.28M is still to be identified going into 2017/18. The rise in the grant reduction in the forthcoming year is £0.44M, which leaves a total of £0.72M to be achieved in 2017/18.

26. Care Act

The Care Act 2014 deals with the reform of adult social care and support legislation. The introduction of the Act was to be phased over two years. Changes including the rights of Carers, a national eligibility criteria and universal Deferred Payments which came into force on 1 April 2015. However the changes programmed to come into force from 1 April 2016, including the funding reforms, have now been postponed until at least 2020. This decision was taken nationally in recognition of the overwhelming pressure, across the country, within Adult Social Care services. In recognition of this the government have announced the flexibility for local authorities to increase the Council Tax by a further 2% as an Adult Social Care precept above the 1.99% referendum limit.

It is currently viewed that the additional burdens introduced from April 2015 have been met within the additional funding provided during 2015/16. It was also assumed for 2016/17 that the continued contribution from the Better Care Fund and funding levels announced within the settlement, although no longer subject to a specific grant, would be sufficient to meet the cost of these responsibilities in 2016/17. However, whilst costs have increased it is not possible to specify that this is solely in relation to the Care Act burdens.

27. New Homes Bonus

To encourage an increase in the number of homes available in the UK, in 2011 the Government brought in a grant payable to local authorities referred to as the New Homes Bonus. This grant was calculated based on the amount of extra council tax revenue raised for new build homes, conversions and long term empty homes brought into use, with an additional payment for affordable homes. This grant was payable for 6 years.

The LGFS provided a further update on the scheme with funding confirmed up to and including 2019/20. The funding for 2016/17 will be allocated on the basis of the current methodology, however, consultation has been undertaken to seek views on how the funding should be allocated

from 2017/18. However, the results of the consultation have not yet been published. Additional funding assumptions have been included in the medium term financial forecast but due to the uncertainty around methodology, has been included per the allocations provided for within the PLGFS. These are shown in Table 3 below:

Table 3 – New Homes Bonus Allocations

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M
New Homes Bonus Assumption	5.96	5.96	3.80	3.70
Returned Funding	0.14	0.00	0.00	0.00
Total	6.10	5.96	3.80	3.70

28. Education Services Grant

The Education Services Grant (ESG) is paid to local authorities and academies according to 2 national per pupil rates. The general funding rate (£77 per pupil in 2016-17) is paid to both academies and local authorities to fund duties that academies are responsible for delivering for their pupils, and that local authorities deliver for maintained school pupils. The retained duties rate (£15 per pupil in 2016-17) is paid only to local authorities to fund the duties that local authorities deliver for all pupils.

The 2015 Spending Review announced a £600 million cut in the Education Services Grant (ESG) and the Government's intention to end the statutory council role in school improvement. The paragraphs below reflect current understanding of the proposals outlined in Stage 1 of Fair Funding consultation and may change when we have further clarity about the future of the ESG in stage 2 of consultation.

ESG grant allocation for SCC is £2.2M (£1.7M general funding and £0.5M for retained duties) in 2016/17. DfE have proposed that the general funding rate will be removed from 2017/18 and the retained element will be combined into DSG Central Schools Block. This means DSG central block will include centrally retained DSG and council statutory duties from the ESG.

DfE expects that local authorities will use the 2016-17 financial year to plan for reforming their services, alongside the manageable efficiencies that council's need to make in that year. DfE have proposed to pay a reduced ESG general funding rate for the first 5 months of the 2017-18 financial year to maximise the time that local authorities have to plan. The general funding rate would then be removed completely for both academies and maintained schools from September 2017.

In SCC response to consultation we raised concerns that the proposals breach the principle of fairness by giving academies preferential treatment with tapering protection until 2020, while cutting off local authority ESG by summer 2017. This is too short a timescale to expect local authorities to restructure their services. The impact of this would be in the region of £0.5M per annum.

29. National Fairer Funding Schools

In March 2016, the Department for Education (DfE) opened the first of two major consultations on further funding reform, proposing a National School Funding Formula to include a basic per-pupil amount and factors reflecting pupil characteristics, school and areas costs. The precise composition of the formula and weighting given to the different factors is expected to be the subject of a further consultation later in 2016. The response to the first stage of the consultation on the formula is expected in the autumn and a second consultation on the proposed detail of the policy would be

launched later in the year. The implementation of the new national funding formula has been pushed back to 2018-19. The government is no longer intending to put the policy in place in 2017-18. For the 2017-18 academic year, schools will still be funded through the local formula set by their local authority. Councils have been reassured that they won't see a reduction in the schools or high needs block of the dedicated schools grant next year, and that the current minimum funding guarantee for schools will be retained in 2017-18. The final allocations for schools and high needs blocks would follow in December on the basis of pupil numbers recorded in the October census.

DfE published a national review on the cost of providing childcare in November 2015. A new national funding formula for early years funding will be implemented from April 2017. DfE is planning to introduce 30 hours of free early education and childcare to working parents from September 2017.

A consultation on the national funding formula started in August. The consultation outlined changes to the way local authorities fund early years providers in their area and how children with special educational needs or disabilities receive the extra funding they need. The new funding formula will apply to the current 15 hour early education entitlement from April 2017 and it will apply to all 30 hours in September 2017 when the extended entitlement is rolled out.

The new formula proposes that councils pay all early years providers regardless of the type of setting the same hourly base rate calculated using a national formula and LAs will be duty bound to pass on 95% of funding directly to providers.

There is a significant impact of the EYNFF is the impact nationally on maintained nursery schools because the new formula has set one rate for all early years providers the impact on maintained nursery schools will be greater. This is because they are currently funded at a higher rate that acknowledges the higher running costs of a maintained nursery school. The new EYNFF does not allow local authorities to retain and cover any additional costs for maintained nursery schools.

30. Other grants

The Council receives a variety of other grants from Government and the MTFs assumes these will decline over the life of the forecast to circa £0.3M, as per the PLGFS.

The result of these assumptions is that the Council will receive minimal levels of funding from Central Government by the end of the term of the MTFs. This is in line with the PLGFS and the Government's Autumn Statement.

31. Pay Inflation

Assumptions have been made in the forecast about the likely level of pay inflation that will apply from April 2016. As a large proportion of the Council's expenditure is pay related, this can have a significant impact if actual rates are much higher than predicated.

The previous MTFs model was based on a pay award of 2% per annum, however following the Government's announcement in the summer budget to cap public sector pay awards at 1% this assumption has now been amended to 1% over the medium term.

32. National Living Wage

The Government's July 2015 budget announcement introduced a new premium for those aged 25 and over leading to a new National Living Wage (NLW) of £7.20 in April 2016. The Government's

ambition is for the NLW to increase to 60% of the median earnings by 2020, and it will ask the Low Pay Commission to recommend the premium rate in light of this ambition going forward. Based on Office of Budget Responsibility forecasts, this means the NLW is expected to reach over £9 by 2020.

The Council has adopted the National Living Wage Foundation's recommended living wage, which is currently £8.25 (set in November 2015 but implemented by the Council from 1st April 2016), for payment of SCC employees, and this rate is presently higher than the initial NLW.

The Council is mindful of the impact of the NLW on its suppliers, in particular on social care providers, but at present does not intend to alter any of its existing contracts to take account of NLW.

33. Ending of Contracted out Pensions Schemes

Provision has also been made for the financial impact of changes made to the national pension arrangements which no longer allow National Insurance Rate reductions to public sector employees who opt out of SERPS from 2016/17. This has been based on the assumption the current staffing levels will continue.

34. General Inflation

Assumptions have been made in the forecast about the likely level of general inflation that will apply from April 2016. If inflation were to increase at a higher rate than anticipated then this would have an impact on the Council, not least because the Council's major outsourced/partnership contracts are uplifted by indexation linked to inflation on an annual basis.

Current indications are that in the short term an increase is unlikely. However, the risk has been mitigated by the inclusion of amounts in the Risk Fund to cover key elements of inflation, for example in relation to fuel and energy costs, which can be volatile.

Beyond this provision, it is likely that this would be managed as an 'in year' issue and that services would be expected to absorb the difference.

35. Pension Fund – Past Service Pension Cost and Compulsory Added Years

Employer contributions to the Hampshire Local Government Pension scheme have been reviewed as part of the 2017 triennial revaluation process, with any resulting change in rates applying from April 2017. This is likely to give rise to an additional cost of £1.8M by 2019/20. It has been confirmed that the position for past service costs and compulsory added years has not changed and has been included within the forecast for 2017/18 to 2019/20, the using the current valuation from Hampshire County Council an 8.8% per annum increase for the six year period 2014/15 to 2019/20 is assumed within the MTFS Model.

36. Public Sector Employment – Restrictions on Exit Payments

The Enterprise Bill for 2015 sets up new restrictions on public sector exit payments through the introduction of a £95,000 cap on such payments. The Government's response to the consultation paper was published on 26th September 2016 and sets out the expectation that Government departments will put forward proposals for reform within three months of this date, with consultation on proposals to follow the normal process of discussions and negotiations with Trade Unions and other workforce representatives in order to seek agreement to their reform proposals. The government expects this discussion process to be concluded, agreement reached and the necessary changes made to compensation schemes and other arrangements within nine months.

Within the overall cap / package to limit exit payments the government will consider proposals appropriate to each workforce to include:

- A maximum tariff and base salary on which redundancy payments are calculated;
- A cap on the value of employer funded pension 'top-ups';
- An increase in the minimum age at which an employee is able to receive an employer funded top-up;
- Other general limits on most employer-funded payments made in relation to leaving employment; and
- Consideration of any case for protection during the transition period for those with exit agreements formally agreed on terms that pre-date the new exit compensation arrangements coming into effect.

In addition to the above new regulations came into force from April 2016 on the requirement to repay exit payments for up to 12 months after exit payment if further employment is undertaken within the public sector during that time for employees earning over £100,000 per annum. The necessary changes to the leavers' process and paperwork have been introduced and are being communicated as necessary to affected employees.

The financial impact of these changes will be considered in due course and built into future updates of the medium term financial forecast.

KEY RISKS

37. There is a significant degree of risk and uncertainty, arising from both internal and external factors, which could have a significant impact on the key assumptions made within the MTFs. The macro financial systems within which the Council operates is complex and highly sensitive to a range of variables. It is therefore important that those key risks, that could have a material effect on the financial position of the Council, are identified and understood in terms of the potential impact (positive or negative) and the likelihood of occurrence. The foregoing recognises that it is vital to have adequate mechanisms to manage risks if financial stability is to be achieved. These risks are reflected in the assessment and adequacy of detailed estimates and reserves.

Factors that can have a material effect on the financial position of the Council include:

- The lack of certainty in Government funding for future years including grants;
- Changes in function;
- Changes in how services are funded;
- Changes in the economy;
- Changes in Members' priorities;
- Unmanaged service pressures and increases in demand;
- Council tax policy;
- Changes in legislation;
- Level of future pay awards and general inflation assumptions;
- Adequacy of the Risk Fund in any one period;
- Business Rate Volatility and Business Rate Retention;
- Treasury Management and interest rate changes;

Medium Term Financial Strategy 2016/17 to 2020/21

- Projected income levels from fees & charges;
- Non achievement of savings;
- Impact of National Living Wage;
- Level of provision for insurances;
- New burdens;
- Welfare reforms;
- Demographic changes; and
- Impact of Brexit, both nationally and locally.

Risks to the MTFs can clearly therefore arise from both external and internal factors, and it is therefore vital to have adequate mechanisms to manage risks if financial stability is to be achieved.

It is important to note that the revised forecast represents the most realistic forecast position moving forward. However, there are a number of risks associated with these revised forecasts, the main risks being as follows:

1. **Financial Risk** – the majority of the future years' strategy and model is based on a series of assumptions, the further into the future you look the higher the risk that these assumptions are inaccurate.
2. **Political Risk** – The Government are providing more certainty and transparency over central government funding levels for the term to 2019/20. Details to move to 100% Business Rate Retention and the impact of any new burdens that will be imposed on the local authority as a result of that will need to be considered in due course once further clarity and guidance is given.
3. **Treasury Risk** - the MTFs is based on a stable global financial position going forward with early indications of a recession in the last year of the strategy being taken into account. If this changes it may have a major impact on the financial position of the Council particularly around business rate income, and interest payments. Whilst the Treasury Management Strategy sets the parameters in which borrowing is undertaken a treasury risk reserve of £2M was established to address any transitional costs if it were necessary to undertake a major debt restructuring exercise. However, with longer term forecasts for low interest rates this risk is currently viewed as less significant than other risks faced by the council. Therefore the reserve has been closed with funds transferred to those reserves specifically earmarked to support the highest areas of risk. Further, a taxation reserve of £2M is held to meet one off shortfall in business rate income as this funding position becomes more reliant on this source of funding.
4. **Transformational Change** – It is essential that the Council undergoes radical transformation to ensure the organisation is fit for future and is sustainable. There is a degree of risk associated with this type of change, particularly as the management capacity to drive this change through reduces, and as we seek to deliver significant change against a backdrop of constrained funding.

HORIZON SCANNING

38. Key issues affecting council services and finances are detailed below as they can have a major impact on the Council's budget in the short and medium term. There are demographic and system

wide social-economic factors which undoubtedly impact the residents of Southampton and have an impact on the services which the council and its partners deliver across the city. Table 6 sets out the financial resources included in the Medium Term Financial Forecast to address the factors detailed below, where it has been possible to make a financial assessment at this time. The financial consequences of these items will be reassessed during the MTFs update in September 2017.

39. **Demographics**

Population forecasts for Southampton and nationally show that more people are living longer and as a consequence average life expectancy is increasing. The fastest growing sector of the population is that aged 75 years and over. Forecasts made using known residential development plans predict the over 75s will rise by 20.3% between 2015 and 2022 whilst the number of people over 85 years is forecast to grow from 5,100 to 6,000, an increase of 17.6%. Longer term projections, based on past trends, predict a 45% increase in over 65s in Southampton between 2014 and 2039 with the number of residents in the city aged over 90 reaching 4,300 by 2019.

The increasing proportion of older people creates challenges for individuals and policy makers alike, and it increases pressures on social care resources and other public services. Medical advances mean that people who previously might have died at a young age are living longer, often into adulthood, but do so frequently with long-term conditions and needs which require support to help them live as independently as possible. Likewise, with old age being extended, demands for social care and support are increasing. At the same time, the proportion of the working age population is only due to increase by about 11% between 2014 and 2039, and this may affect availability of informal and community care.

As more people live longer the number of people living with dementia will continue to rise. It is anticipated that as techniques for diagnosing dementia improve, this will add to the total number of individuals requiring support. In 2014/15, there were 1,697 Southampton residents recorded on GP registers as having dementia; this has increased from 1,451 in 2013/14. This increase represents increasing prevalence and the ageing of the population as well as increased diagnosis and recording by GPs.

National and Local Policy

40. **Devolution**

The council is an active partner in the Solent Deal devolution bid, alongside Portsmouth City Council, and the Isle of Wight Council further details on these the proposals are highlighted earlier in this strategy.

41 **Brexit**

The decision of UK citizens to leave the European Union in the referendum on 23 June 2016 is likely to have a significant impact not only local government but both UK citizens and EU citizens who live and work here.

Whilst the details of how the UK will leave the EU are still unknown, the government have released the following information:

- Article 50 of the Lisbon Treaty will be triggered by the end of March 2017, which will lead to formal negotiations regarding the departure of the UK from the EU and how their new relationship will work.
- Details around the negotiating strategy will not necessarily be made public ahead of the event.

- The rights of EU citizens here will be respected, so long as Britons in Europe are treated the same way, evidenced by the EU Citizens Resident in the UK (Right to Stay) Bill, which is currently going through Parliament; this is due to have its second reading on 21 October 2016.
- The government is clear that the UK must be able to control immigration, although detail about how this is to be achieved has not yet been released.
- The government is currently reviewing the options for trading with Europe, maintaining the freest possible trade between the UK and the EU.
- There will be wide consultation on the plans with Parliament and the devolved administrations
- The Great Repeal Bill will be introduced to repeal the European Communities Act of 1972, which places European law above UK law. To ensure continuity, EU law will be transposed into domestic law, wherever practical, on the day we leave the EU. Elected politicians will then make the changes which reflect the outcome of our negotiation and exit.
- Workers' rights will be protected –The Workers' Rights (Maintenance of EU Standards) Bill is going through Parliament now and is due its second reading on 18 November 2016.
- Other related bills currently going through the parliamentary process include the Terms of Withdrawal from the EU Bill and the European Environmental Protection (Maintenance of EU Standards).

43. Welfare Reforms and introduction of Universal Credit (UC)

Southampton will be in the first tranche of the national roll out of Universal Credit. Once Universal Credit is fully implemented, Local Authorities will be asked to provide 3 main services, mainly to the most vulnerable claimants who have complex support needs. These are:

- Supported on-line access, where claimants need one-to-one support to access the UC claimant portal on gov.uk website or to complete the UC on-line application or both.
- Personal Budgeting Support, where the UC claimant needs support to manage financial affairs on a monthly basis.
- Support for the UC Service Centre for administering the housing element of UC. This includes queries about Housing Benefit and the more complex housing issues that may arise.

'Universal Services – Delivered Locally' will provide the 'partnership framework agreement' for this. Although there have been a range of pilots and projects linked to Universal Credit, it is difficult to predict the direct and indirect impacts locally at this time.

The withdrawal of Central Government funding for Local Welfare Provision will also have an impact on the support the Council and other key services in the city can provide for individuals and household in crisis and for crisis prevention.

There is an ongoing timetable of national welfare reforms affecting both in-work and out-of-work claimants. In November 2016, the Government plans to further reduce the Benefit Cap in Autumn 2016 from £500 to £385 a week for couples (with or without children) and single parents with dependent children – and from £350 to £258 a week for a single adult.

Further proposed changes from April 2017 include:

- **Tax Credits:** Support for children through Tax Credits and Universal Credit will be limited to two children from April 2017. People starting a family after April 2017 will no longer be eligible for the Family Element in tax credits. The equivalent in Universal Credit, known as the first child premium, will also not be available for new claims.
- **Employment Support Allowance:** New ESA claimants who are placed in the Work-Related Activity Group will receive the same rate of payment as those claiming Jobseeker's Allowance and the equivalent in Universal Credit
- **Universal Credit (Youth Obligation):** 18-21 year olds who are on Universal Credit will have to either apply for training/ apprenticeships or attend a work placements from six month after the start of their claim, apart from certain exempt groups (those considered to be vulnerable).
- **Universal Credit (Housing Support):** Reform to housing and housing support proposed- including removing the entitlement to housing support in Universal Credit for those aged 21 or under.
- **Housing Benefit:** New or renewed tenancies for supported accommodation in the social sector will be subject to a cap on Housing Benefit in line with Local Housing Allowance rates.

The Government also has plans to require social tenants on higher incomes (over £40,000 in London and over £30,000 outside London) to pay higher (market rate or near market rate) rents.

44. Better Care Fund

The Better Care Fund commenced 1 April 2015 and is framed within a formal contract with Southampton City Clinical Commissioning Group for a pooled budget under S75 of the National Health Service Act 2006. The purpose of this Fund is to ensure closer integration between health and social care.

The Southampton Better Care Fund pools funding for a significantly greater number of services than the minimum required which is consistent with the ambition locally to integrate and pool resources at a scale to significantly transform its health and care services. To further meet this aim, plans are being developed to increase the pool and the services provided during 2016/17.

In 2016/17 the combined Better Care Fund budget is £100.6M and is broken down as follows:

	NHS Southampton City CCG	Southampton City Council	Total
	£M	£M	£M
Carers	1.24	0.13	1.37
Clusters	32.67	1.43	34.09
Rehab & Reablement	23.46	5.72	29.18
Telecare	0	0.26	0.26
Learning Disability Packages	10.13	18.64	28.77
Prevention & Early Intervention	0	6.95	6.95
Total	67.49	33.12	100.61

The Southampton Better Care Plan has identified key areas where greater integration between Health and Social Care will make system wide efficiencies that will benefit both organisations. For the Council these efficiencies have been included within the medium term financial forecast.

In addition to the flexibility given to local authorities to raise Council Tax by 2% above the referendum threshold the government have also provided £1.5 billion additional funding for local authorities to spend on adult social care by 2019-20, to be included in an improved Better Care Fund. Taken together, it is estimated that this will provide £3.5BN by 2019/20 to address the demographic pressures facing the social care system. The impact on Southampton of the additional funding through the improved Better Care Fund is shown in the Table 4 below:

The allocation of the additional funding is currently out to consultation. The proposal is to base the amounts paid to each Local Authority on a calculation taking into account the amount that they can achieve in raising Council Tax by 2%, and then shared out using the 2013 adult social care relative needs formula.

Table 4 Additional Better Care funding to be received by Southampton 2016/17 to 2019/20.

2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M
0.00	0.60	4.40	7.70

45. Forthcoming Parliamentary bills

There are a number of parliamentary bills in the pipeline which are likely to have an impact on local government finances. Whilst the full impact at this point is unclear, it is worth highlighting that the following bills are currently progressing through Parliament:

- Air Quality (Diesel emissions in Urban centres)
- Children and Social Work
- Homelessness Reduction
- Neighbourhood and Planning

In addition, there were a number of bills that were mentioned in the Queen's Speech in May 2016 but have not yet gone to Parliament. These include bills on education and local growth and jobs. There are also a range of White Papers that are yet to be published by the Government. Once more details become available, council officers will keep the Executive informed.

Socio- Economic Factors

46. Children Looked After

There has been an on-going increase in the referrals of children and young people at risk of abuse or neglect over the past few years. Over the period 2010 to 2015, the rate of Children looked after (per 10,000 children aged under 18) has increased by 42.9% in Southampton compared to a 5.3% increase nationally (England average). In the year ending March 2016, the council carried out 287.9 Section 47 Child Protection investigations for every 10,000 children compared with 138.2 per 10,000 nationally ¹ and the city had 96.8 children subject to an initial child protection conference compared with 61.6 per 10,000 nationally.

These high rates in Southampton reflect both the level of need in the city and children's service provision. To ensure that children's needs are met at the earliest stage, a children's services

¹ Please note national comparator figures are for 2014/15.

transformation programme is underway. Historically, economic hardship has been linked to pressure on families and increased demand for safeguarding services so there is a very real risk of a worsening situation as the global economic recession and national welfare reforms start to impact. The financial implications for the city of the number of children in care has continued to be an issue. Since April 2015, the average monthly number of children looked after in the city has been 612, when over 2014-15, the figure was 558 on average. The number peaked at 636 in August 2015, although dipped to 591 and 592 in March and April 2016. Over the last 6 months the average number has been 606 with the latest published figure for September 2016 also being 606. This continues to present significant financial challenges. The percentage of fostering placements made with independent fostering agencies, (IFA) from April 2014 to December 2015 is approx. 30% (average). The cost of an IFA is, on average two to three times more expensive than an internal placement. This has created and continues to create a significant pressure on the Children Services budget.

In order to address this we are reviewing our contracts with commissioned IFAs to standardise service provision and pricing structures, allowing us to better predict and manage the future costs of IFA placements. We are also increasing the numbers of 'in-house' foster carers through targeted recruitment, providing more options for in-house placements where appropriate.

The medium term financial forecast incorporates the impact of a reduction in cost of the number of looked after children over the next three years. For 2016/17 the planned trajectory of fostering placement numbers is shown in the Table 5 below.

Table 5 - LAC trajectory 2016/17

Placement/Allowance Type	April 2016	April 2017
In-house Fostering	298	297
IFA	183	166
Residential	26	24
New Independent Living Provision	9	9

Physical-environmental factors

47. Housing

In Southampton 25% of residents live in privately rented accommodation, which is higher than the average for comparator cities at 18% and the England average of 17%. There are around 7,000 are HMOs in the city. Nearly a quarter of all homes are in the social rented sector with 16,500 managed by the Council with 14,000 households on its housing waiting list. The council has a responsibility to ensure that its properties meet minimum decency standards. In April 2019, the council reported that just under 8% of stock was non decent as a result of the aging profile of stock and the deteriorating condition of components. The cost of housing has increased significantly and there is an affordability issue (house cost-to-average pay ratio). The council recognises that the number of new affordable homes available needs to be increased, and the Executive has made a commitment to build 365 new homes per year.

Wider Partnership Working

48. Community Budgeting

Southampton has trialled a Community Budgeting approach across skills, employment and criminal justice agencies to meet defined collective outcomes on a PBR basis, and the mechanism is still in place to respond to opportunities. The City Deal employment programmes will also be delivered through this route. However, Combined Authority/devolution outcomes are more likely to provide the governance and processes for Community Budgeting in the future.

49. Social Impact Bonds

As part of The Big Lottery, funding can be secured for projects to improve service provision. One of these approaches is provision of services via a Social Impact Bond (SIB). A SIB involves an investor providing funding to a provider for a services with payment by the Local Authority being made when successful, normally though a preferred option of payments by results.

The benefit of this is that revenue savings can be achieved for the Local Authority and the investor look to receive between 6 & 8% return on their investment. If a successful bid is made to the Big Lottery they can provide up to 15% of the total cost of a SIB scheme.

Children's & Families have investigated the potential for developing a service to provide a rapid and intensive service to prevent children and young people coming into care, receiving a development grant from the Big Lottery to look at options of a SIB for 'Edge of Care'.

Following a tendering process, a consultancy firm ATQ were appointed to develop the feasibility study of having an Edge of Care SIB. This was finalised in May 2016.

A successful bid was then made for Big Lottery funding in July 2016. The agreement is in principle at this stage and are offering to meet up to 17% of payments to the provider up to a maximum of £0.77M over the 5 year programme. Tenders will be sought from the 28th October 2016 with a view to the provider being in place in the Spring of 2017. The Edge of Care SIB is expected to assist as an extension of the Councils early intervention offer.

50. One Public Estate

Southampton has been involved in the One Public Estate programme that looks to reduce accommodation costs through joint work with other public sector partners as part of the One Public Estate programme. This includes a coordinated redevelopment project involving two health sites, which will achieve considerable estate rationalisation with the opportunity for reduced running costs and land release.

Other key achievements in relation to property rationalisation and partnership working included:

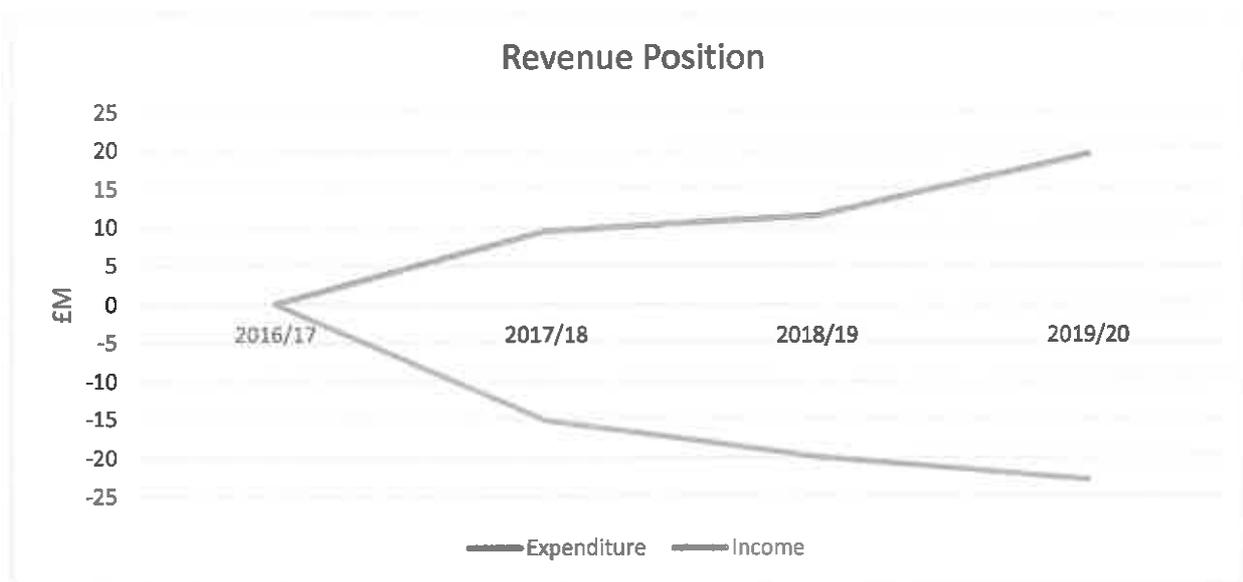
- The partial vacation of the One Guildhall Square building and leasing it to Southampton University from January 2015 which provides an annual income of £0.9M,
- Saving of £0.1M per year from Castle Way,
- A capital receipt of £1.8M from Marlands House.

THE FINANCIAL CHALLENGE

51 Forecast Financial Position 2016/17 – 2020/21

The Council’s original forecast financial position is detailed below and includes the implications of the LGFS, implementation of the transformation agenda, and will be reviewed each year of budget setting to reflect any new pressures and any revision to the Council Strategy.

Where possible factors described in the preceding sections have been built into the financial modelling to ascertain the forecast financial position. The graph below demonstrates the funding gap to 2019/20.



The current model shows the Council is required to make £42.3M savings over the period to 2019/20. Table 6 below shows the summary position, with the detail being included in Appendix 2

Table 6 – Summary of Savings Requirements

	2016/17	2017/18	2018/19	2019/20	2020/21
	£M	£M	£M	£M	£M
Net Expenditure	180.9	190.4	192.4	200.4	200.4
Baseline Funding	(180.9)	(165.8)	(161.1)	(158.1)	(158.1)
Savings Requirement	0	24.6	31.3	42.3	42.3

52. Pressures

Table 7 summarises the pressures included in the forecast approved by Council February 2016 from the issues described in the preceding sections as well as pressures that have been identified via the individual service areas through regular financial monitoring and budget setting.

Table 7 – Summary of Pressures

	2016/17	2017/18	2018/19	2019/20
	£M	£M	£M	£M
Demographic	6.3	3.4	2.2	2.4
National/Policy/Local	6.6	7.1	5.3	5.3
Socio- Economic	12.5	2.4	1.4	1.4
Physical-Environment	2.7	0.3	0.3	0.3
Total	28.1	13.2	9.2	9.4

53. **New Pressures**

Additional pressures have been identified and included in the latest medium term financial forecast as set in in annex 1. These total £9.5M in 2017/18 and £7.5 in 2018/19.

54. **New Initiatives**

As well as experiencing pressures the Council have also identified a number of new initiatives that it wishes to undertake to help stimulate the economy. In the main these are being achieved by capital and third party investment in the city for example Cultural Quarter and Watermark.

55. **Income Generation**

The Council's approach regarding income generation is to maximise opportunities where possible and income generation forms a key strand of the Transformation programme therefore once proposals are more certain the income generation assumptions contained within the Medium Term Financial Model will be revised.

56. **Key Financial Commitments**

The council has in previous years entered into a number of strategic contracts which have resulted in ongoing financial commitment. Whilst these contracts can be monitored and performance managed to ensure they deliver value for money, it can be lengthy and more difficult to renegotiate these contracts to reduce expenditure.

The current commitments are

A) PFI Schools

A PFI contract was approved by the Government to significantly improve the quality of the buildings in three of the City's secondary schools and to provide additional places in two of them. The contract with Pyramid Schools (Southampton) Ltd started on the 29 October 2001 and will terminate on 31 August 2031. The annual fee (Unitary Charge) is £6.426M supported by an income stream (PFI credits from Government) of £3.856M. The DfE have supported the Council in reviewing the PFI contracts with the aim of driving out savings. A significant amount of savings have already been achieved for both the benefit of the schools and the council. A tranche of further savings have been identified and are currently subject to negotiations with Pyramid Schools (Southampton). It is envisaged that these will

be finalised during 2016/17, with further savings opportunities being explored in partnership with schools for potential implementation in 2017-18.

B) Hampshire Waste Contract

In 1996 the Council entered into a tri-partite arrangement with Hampshire County Council and Portsmouth City Council, in respect of Waste Management Services from Veolia Environment Services. The contract involved the building and running of three Energy Recovery Facilities, two Material Recycling Facilities and the provision of waste management services. The original contract was for a 25 year period until 2025, but it has recently been extended to 2030. The Council is delivering savings in the contract, which has a net value of £7.6M per annum, from 2015/16 onwards due to the agreed contract extension.

C) BUPA Care Homes (Northlands, and Oak Lodge Nursing Homes) Public Private Partnership

The Council has agreed to lease the land, on which the nursing homes have been built, to BUPA for an annual £1 peppercorn rent for 50 years, and has block contracts for 25 years, Northlands until July 2030, and Oak Lodge until 2035.

D) Strategic Services Partnership (SSP)

The Council has outsourced Customer Services, Local Taxation and Benefits, Procurement, Information Technology, Printing, Health and Safety and Human Resources operations to Capita via the SSP, which commenced on 1 October 2007. The SSP is scheduled to run until 30 September 2022, following an exercise in December 2013 of an option to extend it by five years. The contract has been reset during 2016/17 to drive out further efficiencies and financial savings to the Council. The current cost to the Council is circa £20M p.a. for the core fixed contract charges.

E) Highways Service Partnership (HSP)

The HSP with Balfour Beatty commenced on 4 October 2010 and is due to run until 3 October 2020 with options to extend by up to five further years subject to Service Provider performance against Key Strategic Indicators and at the Council's sole discretion. The services covered include highway maintenance, scheme delivery, network management, and winter gritting and asset management.

The annual Lump Sum is currently £2.7M. Current capital and miscellaneous variable spend through the contract is around £10M p.a.

F) Citywatch

The Citywatch contract commenced on 1 October 2012 for a duration of ten years, with extension options of up to five further years at the Council's discretion. The services provided include public safety CCTV cameras and their monitoring, Intelligent Traffic Systems, asset management, Housing

Concierge and asset investment and routine repairs.

The annual Lump sum payment for the services is £1.2M.

G) Street Lighting PFI

The Street Lighting PFI is designed to support significant investment in the city's street lighting estate during its first five years of 'Core Investment'. The Government awarded the Council £28M of PFI Credits to replace approximately 16,500 lighting columns and convert 10,250 lantern to create new energy efficient lighting, white light output and install Remote Monitoring and Central Management Systems. The contract commenced on 1 April 2010 and is for a duration of 25 years. The Service Provider is Tay Valley Lighting (Southampton) who sub contract day-to-day management and operations to SSE.

H) Leisure Services

Sports and recreation services are outsourced to Places for People who sub contract operational and day-to-day management to Active Nation. The contract commenced on 1 September 2010 and the term is fifteen years. There is a three year extension option built into the contract. The scope of the contract covers the management of leisure facilities including Bitterne Leisure Centre, The Quays, Chamberlayne Leisure Centre, Woodmill, Southampton Water Activities Centre, the Outdoor Sports Centre, Ski Centre and seven outlying sports pitches. The contract includes provision for the Provider to invest £4.5M of capital expenditure over the contract term through a lifecycle budget. The current annual expenditure for the Management Fee is £1.2M.

I) Southampton Guildhall

The Council entered into a contract on 10 February 2003 with Live Nation to manage Southampton Guildhall. The initial term was ten years, extendable by agreement to twenty five years i.e. until 2028. The Council then elected to extend the contract in 2013 for a further ten years and retained the option to extend by a further five years. The net cost of the contract is £0.3M p.a. which consists of a management fee or subsidy of £0.5M less service and energy charges.

J) Sports Development

Sports Development services have been provided under contract by Southampton Solent University (SSU) under the banner of Sport Solent. The contract commenced on 5 December 2011 with a ten year term and is being terminated on 31st March 2017

57. **Collection Fund**

The assumptions made around Council Tax and NDR are reflected initially in the Collection Fund Account, which is a statutory account that records the collection and distribution of taxation.

Following from the assumptions detailed in Key Assumptions, the forecast position for the Collection Fund is shown in Table 8 below along with the Southampton City Council share.

Table 8 – Collection Fund Assumptions

	2016/17	2017/18	2018/19	2019/20	2020/21
	£M	£M	£M	£M	£M
Southampton City Council, Council tax Precept	79.43	84.20	86.15	87.78	89.49
Council Tax Adult Social Care Precept	1.58	3.22	4.99	6.82	8.72
Business Rates Draw	47.48	50.60	54.57	55.05	105.22

58. **Housing Revenue Account**

The national self-financing regime for the Housing Revenue Account (HRA) was introduced in April 2012. A 30 year HRA Business Plan, covering both capital and revenue expenditure projections, has been prepared using the planning principles agreed by Council in November 2011 and amended by subsequent budget reports.

The main points to note are:

- All HRA debt can be repaid over the 30 year life of the Plan.
- The capital spending plans include provision to maintain and improve all existing dwellings and feature an increase in the level of planned expenditure in the early years.
- This investment can be achieved within the Government's borrowing limit of £199.6M, also known as the 'debt cap'. Additionally, a reserve of at least £6M borrowing headroom is retained throughout.
- A provision of £130M is set aside for stock replacement, which will support the renewal of any of the existing dwellings that may be required over the next 30 years. This provision has been phased between year 9 and year 30 of the Plan.
- The revenue budget meets the minimum balances of £2M over the life of the Plan.

The HRA Business Plan has consistently shown revenue balances that increase above minimum levels within the 30 year period. This remains the case, although in the proposed updated plan for 2016/17 onwards the year 30 projected revenue balance will be reduced to £18.8M compared to the equivalent figure of £80.6M in the previous approved Plan. The change is principally due to the impact of a 1% per annum reduction in rents charged to tenants for a 4 year period from 2016 to 2020. This rent reduction is to be imposed by Government in proposals contained within the

Welfare Reform and Work Bill 2015/16. The predicted revenue surpluses do not now begin to significantly exceed minimum levels until 2026/27, rather than 2022/23 in the previous plan.

The following table shows the impact on the HRA position on the 1% reduction per annum in rents.

	Income Loss				
	2016/17	2017/18	2018/19	2019/20	2020/21
	£M	£M	£M	£M	£M
Rental Income Reduction	3.26	6.56	9.86	13.45	13.59
Savings proposals & ongoing budget changes	(4.27)	(5.56)	(6.28)	(6.02)	(5.98)
Budget gap	(1.01)	1.00	3.58	7.43	7.61

For 2018/19, there is a budget gap of £3.57M and increasing to £7.43M (a further £3.86M) in 2019/20. Savings proposals were agreed by Council in Feb 2016 to close the gap in 2016/17 and 2017/18. Further work is being undertaken to identify further proposals to address the budget gap from 2018/19.

The main risk to the long term plan remains that, if building inflation was to exceed general inflation over a prolonged period, this would have a significant adverse impact on HRA balances. Therefore the surpluses are liable to change annually, either favourably or not, and will reflect the annual review of stock investment needs and estimated unit rates.

In addition, the Housing and Planning Bill 2015/16 sets out a number of proposed changes to Housing legislation which will impact on the current delivery of services to tenants and the resources required to do so. In summary, the main proposals likely to affect the

HRA Business Plan are as follows:

- Extension of the Right To Buy Scheme for Housing Association Tenants (Voluntary Basis);
- Sale of Higher Value Vacant Council Homes;
- High Income Social Tenants; Mandatory Rents (Pay to Stay);
- Lifetime Tenancies; and
- The roll out of Universal Credit.

It has not yet been possible to quantify the impact of the Sale of Higher Value Vacant Council Homes and the Pay to Stay issues. As further guidance is released this will be factored into the HRA Business Plan.

60. Capital

Planned Capital Expenditure and the associated financing is detailed within the Capital Programme report that was approved by Council in February 2016. The impact of the detailed revenue saving proposals for 2017/18 and 2018/19 and the Executive Commitments on the Capital Programme are currently being considered by the Council's Capital Board and will be an integral element of setting the Capital Programme for future years to be reported to Council in February 2017. It will consider the most appropriate use of Capital Resources in supporting the programme and meeting the Executive Commitments and the desired Outcomes for the City. All the revenue implications of the capital projects are built into both the General Fund Estimates and Housing Revenue Account Business Plan.

61. **Reserves and Balances**

In accordance with the best practice guidance issued by CIPFA, the minimum level of General Fund balances should be reviewed and risk assessed on an annual basis.

The CFO recommends that the minimum level of the General Fund Balances should be £5.5M. This is derived by taking a risk-based approach to assessing the overall General Fund Revenue Account, including reviewing income volatility, interest rate exposure, new contracts, potential overspends in demand led areas such as social care and safeguarding for both adults and children and any other potential issues which may need to be taken into consideration.

Balances should only be used to fund one-off revenue expenditure; any one-off draw from balances should be prudent, and subject to agreement by the Chief Financial officer. Appendix 2 details the expected level of General Fund Balance going forward after contributions have been made to fund the capital programme and to support the revenue programme. The balance is forecast to be £8.9M at the end of the medium term financial forecast period.

62. **EARMARKED RESERVES**

As well as maintaining a risk based General Fund balance the Council can also set aside Earmarked Reserves (for these purposes earmarked reserves excludes school balances) for specific items.

The financial risks facing the Council in the medium term are assessed within the MTFS. This includes assessing the risk of continuing reductions in Central Government Funding; the subsequent budget shortfalls that the Council then faces and overall local and national economic factors which can affect the financial stability of the council.

In light of the increasing level of risk and uncertainty identified with the MTFS and the increased probability of resources being required to support its delivery, a full review of useable reserves and provisions has been undertaken. In closing the accounts for 2015/16 a view was taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk resulting in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside. The most significant risk reserves are listed below:

Organisational Design Reserve

The reserve holds monies to meet the financial cost of redundancies as a result of organisation design changes for the period of the MTFS.

Medium Term Financial Risk Reserve

Following on from the compilation of the Council's MTFS, and the identification of the risks that are currently in the funding system, demand pressures and the potential for savings to be delayed as the Council goes through a period of major change, monies have been set aside to mitigate these risks on a non-recurrent basis.

Taxation Reserve

Due to the volatile nature of business rates, the predicted recession in 2019/20 and the intended move to 100% Business Rate Retention by 2019/20, monies have been set to mitigate against any loss of income from both this and council tax, to enable a smoothing of the impact.

Capital Funding Risk Reserve

The Council now has a number of options available for the use of capital receipts to meet the cost of both revenue and capital projects. Monies have been put aside to meet the potential shortfall in or timing of receipt of capital funding to mitigate the impact on the general fund revenue account.

Transformation Reserve

To ensure the Council can continue to transform and innovate in order to reduce costs whilst improving outcomes, a reserve is set aside to pump prime this transformation.

Bearing in mind the current pressures detailed in the report the following reserves prioritisation is recommended should any underspends or additional monies become available during each financial year they are applied to the key risk reserves identified in paragraph 88 in the order listed.

A further review of reserves and balances will be undertaken each year as part of the budget setting and final accounts process to ensure the council has adequate resources to cover the uncertainty and risk.

63. Efficiency Plan

As part of the Local Government Finance Settlement announced in December 2015 the Government gave local authorities the offer of a 4 year settlement and additional flexibility regarding the use of capital receipts, providing the Council publish an Efficiency Plan. Full Council gave approval to the Efficiency Plan and to accept the 4 year funding settlement at its meeting in September 2016. The DLCG was informed of the acceptance of this offer on the 14th October 2016. It should be noted that this is a minimum funding guarantee.

The full efficiency plan is contained in Annex 2 of this strategy. However the Efficiency Strategy is included within the next section.

Efficiency Strategy

Considering the continued financial challenge facing the Council there is an increased need for fundamental, transformational change across the organisation, in both the services it delivers and how it delivers them. This programme is the main driver to ensuring the council has a balanced and sustainable set of services.

The Efficiency Strategy has been developed into a number of streams:

Operating Model

The concept of which was presented to and approved by Council in February 2015 and involved the implementation of a new organisation structure to support outcome based budgeting and reduce budget envelopes. This will be achieved by reducing the top layers of the Council so the Council's structure reflects a smaller number of management layers with broader spans of control. As the Council, is in main, a people driven organisation, a large proportion of our expenditure is linked to staff costs. As such, it is inevitable that the restructuring in support of the new operating model will need to extend beyond the management tiers mentioned above. Further phases of staff consultation will need to be rolled out in the next financial year and beyond. These will be informed by other transformation initiatives such as those described below and further joined up working and integration of services with partner organisations.

Digital

A fundamental review of the Council's use of technology, with the objective of positioning this not merely as an essential tool for the delivery of services, but rather an intrinsic part of the Council's future 'DNA'. The Council aims for its customers to have an increased and better ability to self-serve, online, at a time that suits them, while ensuring that the requisite support is available for customers who do not have the skills or means to interact with us digitally. The 'Digital' programme will be pursued in two elements. The first will initially focus on 'digitising' high volume, high cost services in order to drive efficiencies through the automation of process and enhanced levels of integrated workflow solutions. The second element will build on this fundamental step to position the Council as a 'digital' organisation by facilitating better integration of services across departments, ensuring better and more seamless customer journeys. These initiatives will enable the Council to operate a leaner structure, whilst also delivering savings in third party spend (with contractors and suppliers) and assets (such as property and office accommodation). These will be through enabled reductions in facility requirements, customer contact structures, consolidation of back office and corporate service functions and retirement of old IT legacy.

Service Excellence

An 'organisational development' programme that looks to address the need for efficiencies through the deployment of performance management and improvement processes aimed at freeing up staffing capacity as well as service standards, through a planned and better focus on service objective setting, KPI management and measurement, workflow, and agile team based working.

HR policies and procedures

Various efficiency improvement initiatives relating to staffing considerations, including vacancy management, the management of temporary and agency staff, sickness and absence management, and exit process.

Activity Analysis

Reviewing the various service activity to ensure efficient and effective delivery of services.

Service Cost Recovery

Cost reduction, minimisation or avoidance activities whose main focus is ensuring that discretionary services provided by the Council are delivered on a basis that either enables the relevant service to recover all of the fixed and variable costs and overheads incurred in the provision of those services, and/or generate the appropriate level of income that is commensurate with the market value of the service being delivered.

Procurement & Contract Management

A review of the Council's expenditure on third party service provision, including the re-procurement of services to secure better market rates, as well as a more fundamental look and consideration of the actual need for future services and the introduction of measures that can help suppress demand in the first place. As part of this workstream, negotiations are ongoing with the Council's strategic service delivery partners to deliver further contract efficiencies and savings.

Commercialisation

Investigating all opportunities for generating income to the council to replace reducing Government funding.

Prevention and Early Intervention Approach

The Council has also embarked on a programme of reshaping its resources to invest in prevent and early intervention to achieve better outcomes for residents and reduce costs in the longer term. The first areas of focus are social care services for children and adults.

This programme will not be without cost and where it is financially sound to do so the Council will be looking to utilise the new flexibility around capital receipts (Further information regarding this flexibility is contained within the Capital Strategy 2015/16 to 2019/20).

64. **Outcomes Based Planning and Budgeting**

The Council is in the process of moving to an outcomes based planning and budgeting approach to determine the best way of delivering services. The Council has reviewed its current expenditure on an outcomes basis and from this baseline point is now determining what the appropriate level of spend needs to be to deliver on its agreed priorities, within the financial envelope available.

This is a very different approach to the previous one whereby individual services develop savings proposals for consideration by Cabinet and the Council's Management Team, as reflected in the 2015/16 budget report. The sheer scale of the financial challenge ahead will make the current incremental method of finding efficiencies unlikely to identify the level of savings required. Nor will it target resources allocation to the priority outcomes in the most effective way.

Implementing an outcome based budgeting approach will not be a quick process, The timing and approach taken to implement this fundamental review of services will be critical. The outcome based planning and budgeting needs to:

- Frame the right commissioning question regarding outcomes to determine the service design principals;
- Be integrated with the service design gateway process, so that the options appraisals and business cases prepared for services as part of the service design process are consistent with the objectives of this bottom-up review and the commissioning approach (i.e. the fundamental needs and outcomes for the services must be reviewed in addition to scope and delivery model options);
- Not be constrained by the current scope of services and the way things are traditionally done;
- Not be constrained by pre-determined views from within the Council or from models elsewhere;
- Be open to innovation, new ideas and technology and to challenging thinking in relation to how services are scoped, structured and delivered;
- Have political buy-in and be owned at the top level of the Council; and embed the new Operating Model's commissioning principles and approach within the organisation.

65. **Addressing the Budget Gap**

For the first time the Council is aiming to set a two year budget for 2017/18 and 2018/19.

The focus has been on the following areas to target savings:

- Business as usual operational efficiencies;

- Procurement savings – third party spend (General Fund) accounts for 65% of our total expenditure;
- Digital programme to change, transform and improve how we deliver services both within the Council and to citizens; and
- Service deliver changes including organisational redesign, new delivery models, shared services, stopping, reducing and changing services.

Additionally the Council has a number of 'emerging' ideas to address the remaining budget gap from 2019/20 onwards. These will need to be fully worked up over the coming year. and are based around increasing income where possible; utilising partner contracts to further drive efficiencies; reducing demand for services by further and better use of IT and digital.

66. Managing Budgets and Forecasting

In setting the annual budget and the MTFs the Council will ensure potential risks are assessed and managed so that their impact is minimised or accounted for either via the Risk Fund, Balances or Earmarked Reserves as is necessary.

Risk Based Budget Monitoring

In year, the Council will monitor its revenue and capital budgets (including the HRA) on a monthly basis and report on a quarterly basis. Budgets will be monitored using a Risk Based approach to budget monitoring using the following principles.

- The focus of Risk Based Budget Monitoring will be on the forecast outturn i.e. forward looking, focused on large high risk or volatile budgets, and will be reported to Cabinet and the Council's Management Team.
- If the in-year budget monitoring gives rise to significant forecast under or overspends, the underlying issues will be considered in terms of likely impact on future year's budgets, and the future year forecasts will be adjusted accordingly as appropriate. The operation of the Risk Fund itself is of course a key factor in monitoring and managing the finances of the Council.

Accountability and Responsibility

Whilst the responsibility lies with Finance for reporting to Cabinet the financial position, the responsibility and accountability for the financial position of the services lies with the budget holder.

All budget holders are responsible for ensuring external income is maximised for their service and for seeking out new opportunities to generate income.

If the budget holder cannot resolve issues within their own service area budgets these should be dealt by Service Directors and Chief Officers. Action plans have been agreed and implemented in 2016/17 which look to address in year pressures and identify ongoing pressures that may need to be addressed as part of setting the budgets over the medium term.

Finance Business Partnering

In order to support Service Directors and Managers in the financial management of their services the Finance Service is undertaking a review of the way in which it provides its services with a view to moving to a Finance Business Partnering model. It is expected that by the beginning of

2017/18 the model will have been developed and substantially implemented. The main focus of the Finance Business partner in supporting services is to:

- Look at a specific business problem and propose solutions based on research and insight;
- Perform and analyse benchmarking against other areas and services to drive business decision making;
- Work with business intelligence to understand activity and cost drivers;
- Support services to look at the totality of investment against objectives;
- Support Services to focus on being sustainable;
- Support Services in developing business cases;
- Work to better understand, manipulate and extract better outcomes from contracts – improving deliverables and forward planning procurement exercises;
- Perform sensitivity analysis across whole systems to understand links between variables and support to make optimal interventions; and
- Support with project managing change through greater involvement in strategic decision making.

67. **Governance Framework for Updating and Monitoring the Medium Term Financial Model**

The Medium Term Financial model is a dynamic model and as such will be changing constantly. It is anticipated that this model will be updated on a quarterly basis via the Quarterly Financial Monitoring Reports. A major review will be undertaken each year and a revised MTFs will be published at the same time. A further review will need to be undertaken each year following the announcement of the Council's settlement funding, when a review of the financial model and assumptions will need to be undertaken.

Both revisions will need to be agreed by Full Council.

CONCLUSION

68. This MTFs marks a significant change in the way the Council operates the financial processes with a move to a two year budget and a strong focus on the medium term. The current forecast position is still very challenging. The Council will have seen a reduction in its grant funding of 55% between 2015/16 and 2019/20 alongside increasing demand for services and funding reducing at an unprecedented rate. This has, however, given the opportunity for the Council to reshape how it currently operates and interact with its customers and to develop the Outcomes and Priorities for the Council in the provision of services to the City.

MEDIUM TERM FINANCIAL MODEL

Annex 1

GENERAL FUND REVENUE ACCOUNT

	2016/17		2017/18		2018/19		2019/20		2020/21	
	Budget	Forecast	Budget	Forecast	Budget	Forecast	Budget	Forecast	Budget	Forecast
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
Southampton is a city with Strong Sustainable Growth	12.67	(4.00)	8.67	(1.03)	7.64	(0.58)	7.06	0.00	7.06	0.00
Children and Young People in Southampton Get a Good Start In Life	45.64	(2.45)	43.19	(4.85)	38.33	(3.32)	35.01	0.00	35.01	0.00
People in Southampton live safe, healthy, independent lives	58.93	(5.04)	53.89	(3.28)	50.61	(4.62)	45.99	0.00	45.99	0.00
Southampton is an attractive modern city where people are proud to live and work	26.65	(2.26)	24.38	(0.57)	23.81	0.00	23.81	0.00	23.81	0.00
A Modern Sustainable Council	24.32	(3.75)	20.57	(4.59)	15.98	(1.03)	14.95	(1.30)	13.65	(1.30)
Other Inflationary Pressures	0.00	6.80	6.80	6.80	13.60	6.80	20.40	6.80	27.20	6.80
Outcome Expenditure	168.20	(10.71)	157.50	(7.53)	149.97	(2.74)	147.23	5.50	152.73	5.50
Capital Asset Management	4.84	4.25	9.09	6.30	15.39	2.30	17.69	2.30	19.99	2.30
Levies & Contributions	0.63		0.63		0.63		0.63		0.63	
Other Expenditure & Income & Centrally Held Allocations	7.31	(1.05)	6.26	(1.41)	4.85	4.36	9.21	2.76	11.97	2.76
Transfer to Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Responsibilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43.24	43.24	43.24
Net Revenue Expenditure	180.98	(7.51)	173.48	(2.64)	170.84	3.92	174.76	53.80	228.55	53.80
Funding										
Draw From Balances	(3.89)	3.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Government Grants	(2.92)	1.05	(1.87)	0.22	(1.65)	0.61	(1.04)	0.00	(1.04)	0.00
Revenue Support Grant	(32.55)	9.30	(23.25)	6.19	(17.06)	6.27	(10.79)	0.00	(10.79)	0.00
New Homes Bonus	(5.96)	0.00	(5.96)	2.16	(3.80)	0.10	(3.70)	0.00	(3.70)	0.00
New Homes Bonus Returned Funding	(0.14)	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Top Up Grant	(1.62)	(0.03)	(1.65)	(0.05)	(1.70)	(0.06)	(1.76)	0.00	(1.76)	0.00
S31 Business Rates Grants	(0.88)	0.68	(0.20)	0.00	(0.20)	0.00	(0.20)	0.00	(0.20)	0.00
Other Business Rates Relief Grants	(0.74)	0.01	(0.73)	0.00	(0.73)	0.00	(0.73)	0.00	(0.73)	0.00

Collection Fund Account									
Business Rates									
Southampton is a city with Strong Sustainable Growth - Business Rates Growth	(47.48)	(0.77)	(48.24)	(0.47)	(48.72)	(0.48)	(49.19)	(50.18)	(99.37)
Council Tax	(79.43)	(2.35)	(83.00)	(3.50)	(84.55)	(1.63)	(86.18)	(87.89)	(87.89)
Adult Social Care Council Tax Levy	(1.58)	(1.64)	(3.22)	(1.76)	(4.99)	(1.83)	(6.82)	(8.72)	(8.72)
Southampton is a city with Strong Sustainable Growth - Council Tax Growth	(3.80)	(1.20)	(1.20)	(0.40)	(1.60)	0.00	(1.60)	0.00	(1.60)
Collection Fund Surplus		3.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Collection Fund Additional Surplus		(1.80)	(1.80)	1.80	0.00	0.00	0.00	0.00	0.00
Total Funding	(180.98)	7.51	(173.47)	2.63	(170.84)	2.98	(167.86)	(53.79)	(221.65)
Savings Requirement	0.00	0.00	0.00	0.00	0.00	6.90	6.90	0.00	6.90

HOUSING REVENUE ACCOUNT				
	2016/17	2017/18	2018/19	2019/20
	Budget	Budget	Budget	Budget
	£M	£M	£M	£M
Net rent income	(72.19)	(71.47)	(70.95)	(71.70)
Service charges & other income	(3.00)	(3.14)	(3.22)	(3.30)
Misc. Adjustments	(0.21)	(0.21)	(0.21)	0.02
RTB Admin	(0.13)	(0.13)	(0.13)	(0.10)
Total Income	(75.53)	(74.95)	(74.51)	(75.08)
Management	20.02	20.53	21.05	21.59
Contribution to Depreciation Reserve	19.89	20.33	20.71	21.29
Responsive & Cyclical Repairs	12.99	13.39	13.78	14.16
Other Revenue spend	0.10	0.41	0.43	0.44
HRA Cost of Rent Rebates	-	-	-	-
Total service expenses	53.00	54.66	55.98	57.48
Capital Charges	6.72	7.07	7.02	7.00
Repayment of loans	5.42	5.42	5.42	16.53
Revenue Contribution to capital spending	9.38	8.80	9.66	1.50
Total Expenditure	74.52	75.95	78.08	82.51
Savings Requirement	-	-	(3.6)	(7.43)
(Surplus) /Deficit for the Year	(1.01)	1.00	(0.00)	(0.00)

RESERVES AND BALANCES

	2016/17 Budget £M	Forecast Changes £M	2017/18 Budget £M	Forecast Changes £M	2018/19 Budget £M	Forecast Changes £M	2019/20 Budget £M	Forecast Changes £M	2020/21 Budget £M
General Fund Balance	(12.8)	3.9	(8.9)	0.0	(8.9)	0.0	(8.9)	0.0	(8.9)
HRA Balance	(2.0)	(1.0)	(3.1)	1.0	(2.1)	(0.0)	(2.1)	0.0	(2.1)
Earmarked Reserves - School Balances	(7.7)	0.0	(7.7)	0.0	(7.7)	0.0	(7.7)	0.0	(7.7)
Earmarked Reserves - Revenue Grants	(9.5)	0.0	(9.5)	0.0	(9.5)	0.0	(9.5)	0.0	(9.5)
Earmarked Reserves - Revenue Account	(55.2)	(5.0)	(60.2)	(5.0)	(65.2)	(5.0)	(70.2)	(5.0)	(75.2)
Earmarked Reserves - Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Reserves & Balances	(87.2)	(2.1)	(89.3)	(4.0)	(93.3)	(5.0)	(98.3)	(5.0)	(103.3)

CAPITAL PROGRAMME - 2016/17 TO 2020/21

Programme	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M
City Services	1.71	1.07	0.00	0.00	0.00	2.78
Communities, Culture & Leisure	1.12	0.09	0.00	0.00	0.00	1.21
Education & Children's Social Care	13.13	17.37	1.17	0.00	0.00	31.67
Finance	0.89	0.38	0.03	0.27	0.30	1.87
Health & Adult Social Care	0.63	0.00	0.00	0.00	0.00	0.63
Housing & Sustainability	4.47	1.09	0.00	0.00	0.00	5.56
Leaders	56.55	26.88	0.10	0.00	0.00	83.53
Transformation	3.71	0.00	0.00	0.00	0.00	3.71
Transport	16.62	3.89	0.17	0.10	0.00	20.78
Total General Fund Programme	98.83	50.77	1.47	0.37	0.30	151.74
Housing Revenue Account	81.76	38.84	25.43	27.13	40.78	213.94
TOTAL CAPITAL PROGRAMME	180.59	89.61	26.90	27.50	41.08	365.68
Capital Programme Financing						
Council Resources	114.95	44.61	4.02	4.44	10.16	178.18
Contributions	6.09	2.47	1.38	0.00	0.00	9.94
Capital Grants	29.35	12.26	0.00	0.00	0.00	41.61
MRA	19.89	20.29	16.24	21.29	19.39	97.10
Direct Revenue Financing (Portfolios)	10.31	9.98	5.26	1.77	11.54	38.86
TOTAL PROGRAMME FINANCING	180.59	89.61	26.90	27.50	41.08	365.68

SOUTHAMPTON CITY COUNCIL EFFICIENCY PLAN 2017/18 TO 2020/21

Background

The Council's City Efficiency Plan for the period 2017/18 to 2020/21 incorporates the detail contained within the Medium Term Financial Strategy (MTFS) and its Capital Strategy. These are framed by the overarching City Vision and Council Strategy.

The four key outcomes for the Council are:

- Southampton is an attractive and modern city where people are proud to live and work;
- Children and Young People in Southampton get a good start in life;
- Southampton is a city with strong sustainable economic growth; and
- People in Southampton live safe, healthy independent lives.

The Council Strategy summaries these Outcomes and the priorities of the Council, how we expect to deliver the services that support those priorities, and who the Council will work in partnership with to deliver those services.

Medium Term Financial Strategy

The MTFS focuses on determining the financial position for the period up to and including 2019/20 and takes into account major issues affecting the Council's finances, including international, national and regional economic influences as well as local factors and priorities. It identifies risks and looks to mitigate those risks through provisions within reserves and balances to ensure the council has adequate resources to cover the uncertainty and risk.

This MTFS forms part of the base assumptions for developing the overall budget, together with unavoidable service pressures agreed by the Cabinet and the Council's Management Team (CMT) that need to be taken into account in the overall budget deliberations.

The MTFS recognises the key role that financial resources play in the future delivery of services, and enabling the effective planning, management and delivery of those services. A sustainable MTFS is therefore key to the effective delivery of the Council's overall aims of achieving better outcomes for residents.

Addressing the Budget Gap

The Council has a current budget gap of £42.3M up to the end of 2019/20. The approach to addressing this gap can be broadly seen within three work programmes;

- Business as usual monitoring and budget reviews throughout the year;

- Progressing the Transformation Programme providing regular updates to members; and
- The implementation of outcome based budgeting to clearly link business planning and budgeting and focus on service outcomes.

Efficiency Strategy

Considering the continued financial challenge facing the Council there is an increased need for fundamental, transformational change across the organisation, in both the services it delivers and how it delivers them. This programme is the main driver to ensuring the council has a balanced and sustainable set of services. The Efficiency Strategy has been developed into a number of streams:

Operating Model

The concept of which was presented to and approved by Council in February 2015 and involved the implementation of a new organisation structure to support outcome based budgeting and reduce budget envelopes. This will be achieved by reducing the top layers of the Council so the Council's structure reflects a smaller number of management layers with broader spans of control. As the Council, is in main, a people driven organisation, a large proportion of our expenditure is linked to staff costs. As such, it is inevitable that the restructuring in support of the new operating model will need to extend beyond the management tiers mentioned above. Further phases of staff consultation will need to be rolled out in the next financial year and beyond. These will be informed by other transformation initiatives such as those described below and further joined up working and integration of services with partner organisations.

Digital

A fundamental review of the Council's use of technology, with the objective of positioning this not merely as an essential tool for the delivery of services, but rather an intrinsic part of the Council's future 'DNA'. The Council aims for its customers to have an increased and better ability to self-serve, online, at a time that suits them, while ensuring that the requisite support is available for customers who do not have the skills or means to interact with us digitally. The 'Digital' programme will be pursued in two elements. The first will initially focus on 'digitising' high volume, high cost services in order to drive efficiencies through the automation of process and enhanced levels of integrated workflow solutions. The second element will build on this fundamental step to position the Council as a 'digital' organisation by facilitating better integration of services across departments, ensuring better and more seamless customer journeys. These initiatives will enable the Council to operate a leaner structure, whilst also delivering savings in third party spend (with contractors and suppliers) and assets (such as property and office accommodation). These will be through enabled reductions in facility requirements, customer contact structures, consolidation of back office and corporate service functions and retirement of old IT legacy.

Service Excellence

An 'organisational development' programme' that looks to address the need for efficiencies through the deployment of performance management and improvement processes aimed at freeing up staffing capacity as well as service standards, through a planned and better focus on service objective setting, KPI management and measurement, workflow, and agile team based working.

HR policies and procedures

Various efficiency improvement initiatives relating to staffing considerations, including vacancy management, the management of temporary and agency staff, sickness and absence management, and exit process.

Activity Analysis

Reviewing the various service activity to ensure efficient and effective delivery of services.

Service Cost Recovery

Cost reduction, minimisation or avoidance activities whose main focus is ensuring that discretionary services provided by the Council are delivered on a basis that either enables the relevant service to recover all of the fixed and variable costs and overheads incurred in the provision of those services, and/or generate the appropriate level of income that is commensurate with the market value of the service being delivered.

Procurement & Contract Management

A review of the Council's expenditure on third party service provision, including the re-procurement of services to secure better market rates, as well as a more fundamental look and consideration of the actual need for future services and the introduction of measures that can help suppress demand in the first place. As part of this workstream, negotiations are ongoing with the Council's strategic service delivery partners to deliver further contract efficiencies and savings.

Commercialisation

Investigating all opportunities for generating income to the council to replace reducing Government funding.

Prevention and Early Intervention Approach

The Council has also embarked on a programme of reshaping its resources to invest in prevent and early intervention to achieve better outcomes for residents and reduce costs in the longer term. The first areas of focus are social care services for children and adults.

This programme will not be without cost and where it is financially sound to do so the Council will be looking to utilise the new flexibility around capital receipts (Further information regarding this flexibility is contained within the Capital Strategy 2015/16 to 2019/20).

Outcomes Based Budgeting

The Council is in the process of moving to an outcomes based planning and budgeting approach to determine the best way of delivering services. The Council has reviewed its current expenditure on an outcomes basis and from this baseline point is now determining what the appropriate level of spend needs to be to deliver on its agreed priorities, within the financial envelope available.

This is a very different approach to the previous one whereby individual services develop savings proposals for consideration by Cabinet and the Council's Management Team, as reflected in the 2015/16 budget report. The sheer scale of the financial challenge ahead will make the current incremental method of finding efficiencies unlikely to identify the level of savings required. Nor will it target resources allocation to the priority outcomes in the most effective way.

Implementing an outcome based budgeting approach will not be a quick process, The timing and approach taken to implement this fundamental review of services will be critical. The outcome based planning and budgeting needs to:

- Frame the right commissioning question regarding outcomes to determine the service design principals;
- Be integrated with the service design gateway process, so that the options appraisals and business cases prepared for services as part of the service design process are consistent with the objectives of this bottom-up review and the commissioning approach (i.e. the fundamental needs and outcomes for the services must be reviewed in addition to scope and delivery model options);
- Not be constrained by the current scope of services and the way things are traditionally done;
- Not be constrained by pre-determined views from within the Council or from models elsewhere;
- Be open to innovation, new ideas and technology and to challenging thinking in relation to how services are scoped, structured and delivered;
- Have political buy-in and be owned at the top level of the Council; and embed the new Operating Model's commissioning principles and approach within the organisation.

Earmarked Reserves

We aim to identify, within the MTFS, the financial risks facing the Council in the medium term. This includes assessing the risk of continuing reductions in Central Government Funding. The subsequent budget shortfalls that the Council then faces and overall local and national economic factors which can affect the financial stability of the council.

In light of the increasing level of risk and uncertainty identified with the MTFS and the increased probability of resources being required to support its delivery, a full review of useable reserves and provisions has been undertaken. In closing the accounts for 2015/16 a view was taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk resulting in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside. The most significant risk reserves are listed below:

Capital Funding Risk Reserve

The Council now has a number of options available for the use of capital receipts to meet the cost of both revenue and capital projects. Monies have been put aside to meet the potential shortfall in or timing of receipt of capital funding to mitigate the impact on the general fund revenue account.

Organisational Design Reserve

The reserve holds monies to meet the financial cost of redundancies as a result of organisation design changes for the period of the MTFS.

Medium term financial risk reserve

Following on from the compilation of the Council's MTFS, and the identification of the risks that are currently in the funding system, demand pressures and the potential for savings to be delayed as the Council goes through a period of major change, monies have been set aside to mitigate these risks on a non-recurrent basis.

Taxation Reserve

Due to the volatile nature of business rates, the predicted recession in 2019/20 and the intended move to 100% Business Rate Retention by 2019/20, monies have been set to mitigate against any loss of income from both this and council tax, to enable a smoothing of the impact.

Transformation Reserve

To ensure the Council can continue to transform and innovate in order to reduce costs whilst improving outcomes, a reserve is set aside to pump prime this transformation.

Agenda Item 9

Appendix 5

Public Health Grant reduction 2017/18 to 2019/20

	2017/18	2018/19	2019/20
Cumulative Grant reduction	1,910,500	2,383,600	2,856,700
Inflation and Payaward Pressure	64,200	63,100	72,700
<u>Savings Already Achieved</u>			
Health Improvement	(304,700)	(304,700)	(304,700)
Health Protection and Surveillance	(880,400)	(880,400)	(880,400)
Population Healthcare	(8,400)	(8,400)	(8,400)
	(1,193,500)	(1,193,500)	(1,193,500)
Remaining Savings Requirement	781,200	1,253,200	1,735,900
<u>Proposed savings</u>			
Reduction in Behaviour Change provisions	(13,200)	(29,200)	(66,200)
Reduction in Substance Misuse provisions	(365,900)	(365,900)	(365,900)
Reduced contract from Tuberculosis as vaccinations to form part of Maternity Services	(15,000)	(15,000)	(15,000)
2% annual reduction in Sexual Health Service contract	(46,000)	(90,000)	(134,000)
Transfer responsibility for funding health services to the NHS - initial years saving included in outcome plans	0	(318,000)	(639,000)
Tier 3 weight management	(100,000)	(100,000)	(100,000)
Introduce spending controls to combat the the high levels of LARC prescribing.	(20,000)	(20,000)	(20,000)
Sport Development Contract ceasing end of March 2017	(131,000)	(131,000)	(131,000)
Emergency Contraception	(30,000)	(30,000)	(30,000)
Solent University PhD students	0	(30,000)	(30,000)
Other Savings and Staffng amendments	(60,100)	(124,100)	(204,800)
	(781,200)	(1,253,200)	(1,735,900)

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DECISION-MAKER:	CABINET		
SUBJECT:	THE GENERAL FUND CAPITAL PROGRAMME 2016/17 TO 2020/21		
DATE OF DECISION:	15 NOVEMBER 2016		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Sue Poynter	Tel: 023 8083 4153
	E-mail:	Sue.Poynter@southampton.gov.uk	
Director	Name:	Mel Creighton	Tel: 023 8083 4897
	E-mail:	Mel.Creighton@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

Appendix 6 is confidential, the confidentiality of which is based on category 3 of paragraph 10.4 of Councils Access to Information Procedure Rules. It is not in the public interest to disclose this because doing so would prejudice the authority's ability to achieve best consideration in financing the programme.

BRIEF SUMMARY

The purpose of this report is to inform Cabinet of any major changes in the overall General Fund Capital Programme for the period of 2016/17 to 2020/21, highlighting the changes in the programme since the last reported position to Cabinet in August 2016.

The net result of the changes since the previous report is that the current overall programme has increased by £6.32M.

RECOMMENDATIONS:

It is recommended that Cabinet:

- (i) Approve the revised General Fund Capital Programme, which totals £151.74M (as detailed in paragraph 4) and the associated use of resources.
- (ii) Notes that £0.37M has been added to the General Fund overall programme, with approval to spend in 2016/17, under delegated powers. These additions are detailed in paragraph 6 and Appendix 2.
- (iii) Approve the addition of a total of £5.98M to the General Fund programme and approval to spend £5.98M as detailed in paragraphs 10 - 18, Appendices 1, 2 and 3. Approval to spend is requested subject to any variations from the spend detailed in the report being reviewed and approved by the Council Capital Board and not exceeding the amounts identified within this programme.
- (iv) Notes that £0.04M has been removed from the overall General Fund programme, as detailed in paragraph 6 and Appendix 2.
- (v) Notes that £0.04M has been re-phased from 2017/18 to 2016/17 within the Transport portfolio, as detailed in paragraph 19 and Appendix 3.
- (vi) Notes that the revised General Fund Capital Programme is based on

- prudent assumptions of future Government Grants to be received.
- (vii) Notes the changes to the General Fund programme, as summarised in Appendix 2 and described in detail in Appendix 3.
 - (viii) Approve the slippage and re-phasing as set out in paragraph 20 and as described in detail in Appendix 3.
 - (ix) Notes that the General Fund forecast position at Quarter 2 is £153.39M, resulting in a potential overspend of £1.65M, as detailed in paragraph 22, Appendix 5 and confidential Appendix 6.
 - (x) Notes the position on the Housing Revenue Account Capital Programme as detailed in paragraphs 39 to 42 and in appendices 7 and 8.

REASONS FOR REPORT RECOMMENDATIONS

1. The Capital Programme is now reviewed on a quarterly basis in accordance with the Council's Capital Strategy. The forecast position is reported to the Council Capital Board with any required programme update reported to Cabinet and Council for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The update of the Capital Programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of the budget setting process in the light of the funding available and the overall financial position.

DETAIL (Including consultation carried out)

CONSULTATION

3. The General Fund Capital Programme update summarises additions to the capital programme since the last approved programme set in the Quarter 1 monitoring report in August 2016. Each addition to the capital programme has been subject to the relevant consultation process which now reflects the role played by Council Capital Board. The content of this report has been subject to consultation with Finance support for each portfolio.

THE FORWARD CAPITAL PROGRAMME

4. Table 1 below shows a comparison of the latest approved capital expenditure for the period 2016/17 to 2020/21 compared to the previously reported programme.

Table 1 – Programme Comparison

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Latest Programme	98.83	50.77	1.47	0.37	0.30	151.74
Previous Programme	129.97	13.91	1.44	0.10	0.00	145.42
Variance	(31.14)	36.86	0.03	0.27	0.30	6.32

5. The above table shows that the General Fund Capital Programme has increased

by £6.32M. Appendix 1 provides details of each portfolios latest programme and the financing of that programme.

6. There was an overall increase in the programme of £6.32M. This includes a decrease of £0.04M, within the Education & Children’s Social Care programme, which is offset by an increase of £0.37M relating to additions to the programme approved under delegated powers, all phased in 2016/17 and the addition of £5.98M which is seeking approval within this report. These changes are summarised in Appendix 2 and detailed in Appendix 3.

CHANGES TO THE OVERALL PROGRAMME

7. The change in individual portfolios’ capital programmes is shown in Table 2.

Table 2 – Changes in Portfolio Programmes

	Latest Programme £M	Previous Programme £M	Total Change £M
City Services	2.78	1.91	0.87
Communities, Culture & Leisure	1.21	1.21	0.00
Education & Childrens Social Care	31.67	31.70	(0.03)
Finance	1.87	1.27	0.60
Health & Adult Social Care	0.63	0.13	0.50
Housing & Sustainability	5.56	3.65	1.91
Leaders	83.53	82.38	1.15
Transformation	3.71	3.71	0.00
Transport	20.78	19.46	1.32
Total GF Capital Programme	151.74	145.42	6.32

8. Appendix 3 details the changes by individual portfolio programmes. This includes new schemes and changes to existing schemes where approval has been previously given by Council, Cabinet or made under delegated authority to amend the programme.
9. Funding for the Councils capital programme is a scarce resource therefore additions need to be considered in terms of the priorities and desired outcomes of the Council.
10. The proposed programme includes the following additions, totalling £5.98M.
City Services
11. A review of the City Services Programme has identified a number of new projects to improve the City’s parks and play areas, as detailed in Appendix 3. Approval is sought for the addition £0.86M to the City Services Programme and for approval to spend this sum, to be phased £0.48M in 2016/17 and £0.38M in 2017/18. These projects will be funded by S106 contributions (£0.39M), Grants (£0.04M), DRF (£0.02M) and Council Resources (£0.42M).

Education & Children’s Social Care

12. In order to manage known budget variations a number of virements, as set out in Appendix 3, are requested for approval. There is no net effect to the programme.

Health & Adult Social Care

13. As part of the Centenary Quay Development, £0.22M was awarded in S106 contributions to provide increased healthcare provision. A new project is required to allow the Council to support existing healthcare providers cope with increased demand due to the development. Approval is sought for £0.22M to be added to the Health and Adults Social Care Programme and approval to spend, in 2016/17 to be fully funded from specific S106 funding. As detailed in Appendix 3.

Housing & Sustainability

14. In 2016/17 £1.70M was received via the Better Care Fund to fund Disabled Facilities Grant. This is an increase of £0.80M on the previous year, as it is intended to offset the removal of the Adults Social Care Budget. It is the intention of the service to increase the level of mandatory Disabled Facilities Grants to the full value of the grant. Approval is sought for the addition of £1.70M to the Housing & Sustainability Programme and for approval to spend this sum, phased £1.00M in 2016/17 and £0.70M in 2017/18, to be fully funded from the Government grant. As detailed in Appendix 3.
15. In order to support this increased scheme there will be additional supports costs totalling £0.21M. Approval is sought for the addition £0.21M to the Housing & Sustainability Programme in 2016/17 and for approval to spend this sum, to be funded by Right-to-Buy receipts. As detailed in Appendix 3.

Leaders

16. As part of the final stages of the Watermark West Quay project, there is an obligation to pay the developer the final Regional Growth Fund payment. Approval is sought for the addition of £1.06M to the Leaders Programme and approval to spend, to be funded by specific S106 contributions in 2016/17. As detailed in Appendix 3.

Transport

17. The Cleaner Bus Transport Fund project's original proposals are no longer feasible, so the service has negotiated with DfT to secure the use of the funding for "fast-track implementation of 'off the shelf' electric vehicle technology and complementary promotional and behaviour change measure to reduce road journeys and alleviate air pollution in the city". If this project does not proceed the funding would need to be returned to DfT. Approval is therefore sought to vire £0.78M and an additional £0.46M within the Transport Programme, and approval to spend £1.24M. It will be fully funded by Government Grant, as detailed in Appendix 3.
18. A need has been identified to resurface Bitterne Precinct in 2016/17. Approval is sought for the addition of £0.86M to the Transport Programme, and approval to spend, to be funded by capital contributions. As detailed in Appendix 3.

SLIPPAGE AND REPHASING

19. The programme identifies £0.04M of rephasing from 2017/18 into 2016/17 within the Transport programme, to fund the Bus Corridor Minor Works project. This was approved under delegated powers and is detailed in Appendix 3.

20. The proposed programme identifies £36.06M of net slippage and rephasing from 2016/17 into future years as detailed in Table 3 below. This is a significant sum (26.7% of the 2016/17 programme) and supports the recommendation that capital expenditure should be regularly reviewed and the profile of spend considered in more depth. It is also important to understand the profile of spend when updating our Treasury Management assumptions, in particular the implications for the need to borrow. Major items of slippage are detailed in Appendix 4, with further explanations detailed in Appendix 3.

Table 3 – Slippage and Rephasing by Portfolio

	Slippage/ Rephasing £M
City Services	(0.69)
Communities, Culture & Leisure	(0.09)
Education & Children’s Social Care	(4.72)
Finance	(0.10)
Health & Adult Social Care	0.00
Housing & Sustainability	(1.07)
Leaders	(26.53)
Transformation	0.00
Transport	(2.86)
Total Slippage/Rephasing	(36.06)

UNDER AND OVERSPENDS

21. The capital programme is now being monitored on a monthly basis. Identified under and overspends are reported to the Council Capital Board. Programme changes for these will not be made until the outturn position is known and will be reported as part of the outturn report in June 2017, with approval to update the programme for these being sought at that time.
22. After accounting for slippage, the programme is currently forecast to be overspent by £1.65M in 2016/17. The reasons for this are detailed in Appendix 3 and summarised in Appendix 5.
23. Table 4 below shows the forecast underspend by portfolio which have an overall variance:

Table 4 – Overall Programme Forecast Variance

	Latest Programme	Forecast Programme	Forecast Variance
	£M	£M	£M
Communities, Culture & Leisure	1.21	1.25	0.04
Housing & Sustainability	5.56	5.18	(0.38)
Leaders	83.53	85.52	1.99
Total Forecast (Under)/Overspend	90.30	91.95	1.65

CAPITAL RESOURCES

24. The resources which can be used to fund the capital programme are as follows:
- Council Resources - Borrowing
 - Council Resources - Capital Receipts from the sale of HRA assets
 - Council Resources - Capital Receipts from the sale of General Fund assets
 - Contributions from third parties
 - Central Government Grants and from other bodies
 - Direct Revenue Financing (DRF)
25. Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes within the Housing & Sustainability Portfolio.

CHANGES IN AVAILABLE RESOURCES

26. The additional spending within the Capital programme must be met from additional sources of finance. Table 5 shows the resource changes that have taken place.

Table 5 – Changes in Resource Requirements

	£M
Council Resources	1.10
Contributions	2.93
Capital Grants	2.16
Direct Revenue Financing (DRF)	0.13
Total Change in Available Resources	6.32

27. It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future Government Grants to be received. The majority of these grants relate to funding for schools and transport and are unringfenced. However in 2016/17 these grants have been passported to these areas.
28. It can be seen that a significant proportion of the increase in resources relates to Contributions, which are predominately project specific.

29. Table 6 shows the current level of available resources.

Table 6 – Available Capital Funding

Resource	Balance B/Fwd £M	Received to Date 2016/17 £M	Allocated To Current Programme £M	Available Funding £M	Anticipated Receipts 2016/17 £M
Capital Receipts	(2.67)	(3.48)	3.40	(2.75)	(12.32)
CIL	(3.03)	(1.58)	1.35	(3.26)	(0.77)
S106	(9.78)	(0.38)	6.05	(4.11)	0.00
Misc Grants	(1.70)	0.00	1.70	0.00	0.00
	(17.18)	(5.45)	12.50	(10.12)	(13.09)

30. The table shows that the largest resource currently available is Section 106 (S106) funding. A review is underway of all S106 and Community Infrastructure Levy (CIL) monies to ensure that programmes of work are matched to the appropriate funding and to potentially identify areas where business cases could be commissioned for new projects.

OVERALL CAPITAL PROGRAMME (GF ONLY)

31. Table 7 and 8 show capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme up to and including 2020/21.

Table 7 – Capital Expenditure by Programme

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
City Services	1.71	1.07	0.00	0.00	0.00	2.78
Communities, Culture & Leisure	1.12	0.09	0.00	0.00	0.00	1.21
Education & Children's Social Care	13.13	17.37	1.17	0.00	0.00	31.67
Finance	0.89	0.38	0.03	0.27	0.30	1.87
Health & Adult Social Care	0.63	0.00	0.00	0.00	0.00	0.63
Housing & Sustainability	4.47	1.09	0.00	0.00	0.00	5.56
Leaders	56.55	26.88	0.10	0.00	0.00	83.53
Transformation	3.71	0.00	0.00	0.00	0.00	3.71
Transport	16.62	3.89	0.17	0.10	0.00	20.78
Total General Fund Programme	98.83	50.77	1.47	0.37	0.30	151.74

Table 8 – Use of Resources

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Council Resources	63.20	34.86	1.26	0.10	0.00	99.42
Contributions	6.09	2.47	0.08	0.00	0.00	8.64
Capital Grants	28.00	12.26	0.00	0.00	0.00	40.26
DRF from Portfolios	1.54	1.18	0.13	0.27	0.30	3.42
Total Financing	98.83	50.77	1.47	0.37	0.30	151.74

32. It can be seen from Table 7 that the significant programme spend relates to Leaders Portfolio (Property Investment Fund); Education and Children’s Social Care Portfolio (Schools Programme) and Transport Portfolio (Roads Programme). It should be noted that 2016/17 capital grant assumptions have now been built in where relevant.
33. Table 8 demonstrates that after allowing for Capital Grants, which primarily relate to the Basic Needs grants for schools, a significant amount of funding is provided by Council Resources. In this financial year this will be mainly through borrowing.

CAPITAL RECEIPTS

34. Capital receipts funding assumptions have been previously based on an estimated value of the receipt, in the year of disposal. The estimate was further risk adjusted depending on where in the process the disposal had progressed i.e. ‘On Market’, ‘Contract Under Negotiation’ etc.
35. Capital receipts are now monitored and reported based on the agreed sale price and expected year of receipt in order to achieve certainty around the level of useable receipts within each financial year. Further, it has been agreed by the Council Capital Board that receipts for properties that are on the disposal list but not yet on the market will not be included in capital receipt assumptions.
36. Table 9 shows the previous and current capital receipt assumptions based on either original sale price or where known the actual sale price in the year that the receipt is expected rather than the year of disposal. It should be noted that both the previous and latest forecast positions have been adjusted to remove receipts for properties not yet on the market.

Table 9 – Capital Receipt Assumptions

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Latest Forecast	15.80	1.66	0.78	0.00	0.00	18.24
Previous Forecast	15.39	1.17	0.00	0.00	0.00	16.56
Change	(0.41)	(0.49)	(0.78)	0.00	0.00	(1.68)

37. It can be seen that there is likely to be an overall increase in the level of capital receipts of £1.68M mainly due to the higher sale values. It should be noted that if alternative options to disposal are considered this will affect the overall level of receipts. Further work is being undertaken on capital receipts to ascertain disposal methods and timing to ensure the Council receives best value.

CAPITAL STRATEGY

38. The Council needs to have a fit for purpose Capital Strategy to ensure that all the priorities within the Council Strategy are accounted for in the allocation of resources to the capital programme. A full update of the strategy will be reported to Council in February 2017, however the strategy will be reviewed throughout the year.

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

39. Table 10 below shows a comparison of the latest approved Housing Revenue Account (HRA) capital programme compared to the previously reported position.

Table 10- HRA Programme Comparison

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£M	£M	£M	£M	£M	£M
Latest Programme	81.76	38.84	25.43	27.13	40.78	213.94
Previous Programme	75.44	35.04	30.98	27.13	40.78	209.37
Variance	6.32	3.80	(5.55)	0.00	0.00	4.57

40. The latest capital programme is detailed in Appendix 7.
41. Additionally, against the programme of £81.76M the programme is forecast to spend £58.49M a variance of £23.27M. This is predominantly due to forecast slippage on schemes into 2017/18. Explanations in the overall change in the programme and the forecast position are detailed in Appendix 8.
42. The increase in the programme of £4.57M will be funded from 'usable right to buy receipts' and borrowing.

RESOURCE IMPLICATIONS

Capital

39. As set out in the report details.

Revenue

40. This report principally deals with capital. However, the revenue implications arising from borrowing to support the capital programme are included as part of the General Fund Revenue Budget considered elsewhere on this agenda. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.

Property/Other

41. There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

42. The General Fund Capital Programme update is prepared in accordance with the Local Government Acts 1972 – 2003.

Other Legal Implications:

43. None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, the Equality Act 2010, the duty to achieve best value and statutory guidance issued associated with that, and other associated legislation.

POLICY FRAMEWORK IMPLICATIONS

44. The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION?	Yes/No	
WARDS/COMMUNITIES AFFECTED:	All	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	General Fund Capital Programme – Scheme Details	
2.	Variations Since the June 2016 Capital Update	
3.	Key Issues – September 2016 Programme Update	
4.	Major Slippage & Rephasing	
5.	Forecast Variances	
6.	Confidential Appendix	
7.	Housing Revenue Account Capital Programme – Scheme Details	
8.	Housing Revenue Account - Key Issues	
Documents In Members’ Rooms		
1.	None	
2.		
Equality Impact Assessment		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
Equality 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.		
2.		

CITY SERVICES

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
C2921	Weekly Collection Support Scheme	0.015	0.000	0.000	0.000	0.000	0.015	Williams, Gale
E3001	Houndwell Park Play Area	0.005	0.000	0.000	0.000	0.000	0.005	Yeats, Nicholas
E3007	Freemantle Common Play Area	0.006	0.000	0.000	0.000	0.000	0.006	Hill, Tony
E3011	Deep Dene Play Area	0.009	0.000	0.000	0.000	0.000	0.009	Hill, Tony
E3013	The Common Play Area	0.036	0.564	0.000	0.000	0.000	0.600	Hill, Tony
E3025	Bitterne Precinct Play Area	0.001	0.000	0.000	0.000	0.000	0.001	Hill, Tony
J333A	Central Depot - Feasibility	0.002	0.000	0.000	0.000	0.000	0.002	Cooper, Malcolm
J333B	Central Depot Development	0.805	0.030	0.000	0.000	0.000	0.835	Cooper, Malcolm
J426L	Southampton Common	0.014	0.000	0.000	0.000	0.000	0.014	Yeats, Nicholas
J4310	Deep Dene Improvements	0.003	0.000	0.000	0.000	0.000	0.003	Brown, Clifford
J4370	Park Code for Green Space	0.007	0.000	0.000	0.000	0.000	0.007	Yeats, Nicholas
J4410	Mayflower Park Basket Ball Court Renovation	0.026	0.000	0.000	0.000	0.000	0.026	Brown, Clifford
J4430	Weston Shore Improvements Phase 2	0.006	0.000	0.000	0.000	0.000	0.006	Brown, Clifford
J4440	Sports Centre Water Supply Upgrade	0.001	0.014	0.000	0.000	0.000	0.015	Brown, Clifford
J4450	Riverside Park Pitch & Putt Irrigation System Upgrade	0.000	0.050	0.000	0.000	0.000	0.050	Brown, Clifford
J4460	Cedar Lodge Open Space	0.017	0.000	0.000	0.000	0.000	0.017	Brown, Clifford
J4480	Green Park	0.002	0.000	0.000	0.000	0.000	0.002	Brown, Clifford
J4490	Hum Hole	0.000	0.008	0.000	0.000	0.000	0.008	Brown, Clifford
J4500	Lordsdale Greenway	0.005	0.000	0.000	0.000	0.000	0.005	Brown, Clifford
J4510	Mansbridge Open Space	0.002	0.000	0.000	0.000	0.000	0.002	Brown, Clifford
J4520	Riverside Park	0.007	0.028	0.000	0.000	0.000	0.035	Brown, Clifford
J4540	Sullivan Recreation Ground	0.002	0.000	0.000	0.000	0.000	0.002	Brown, Clifford
J4560	Westwood Greenway	0.003	0.000	0.000	0.000	0.000	0.003	Brown, Clifford
J4570	Mayfield Park Improvements	0.024	0.000	0.000	0.000	0.000	0.024	Brown, Clifford
J8100	Mobile Working for P & C Frontline	0.007	0.000	0.000	0.000	0.000	0.007	Horton, John
J814B	St James Park - Implementation	0.003	0.000	0.000	0.000	0.000	0.003	Yeats, Nicholas
J8240	Parks Safety Improvements Yrs 2009-11	0.002	0.000	0.000	0.000	0.000	0.002	Horton, John
J4610	City Pride - Improvements to Queens Park	0.091	0.000	0.000	0.000	0.000	0.091	Brown, Clifford
J8290	Realignment of Park Walk Entrance to East Park	0.090	0.000	0.000	0.000	0.000	0.090	Brown, Clifford
E3027	Adey Close Play Area	0.018	0.000	0.000	0.000	0.000	0.018	Hill, Tony
E3029	Cedar Lodge Play Area	0.045	0.000	0.000	0.000	0.000	0.045	Hill, Tony
J4550	Veracity Recreation Ground	0.061	0.000	0.000	0.000	0.000	0.061	Hill, Tony
TBC	Hum Hole	0.040	0.000	0.000	0.000	0.000	0.040	Brown, Clifford
TBC	St James Park - Implementation	0.000	0.037	0.000	0.000	0.000	0.037	Hill, Tony
TBC	Sullivan Recreation Ground	0.000	0.008	0.000	0.000	0.000	0.008	Hill, Tony
TBC	Masefield Green	0.000	0.028	0.000	0.000	0.000	0.028	Hill, Tony
TBC	Newtown Play Area	0.000	0.020	0.000	0.000	0.000	0.020	Hill, Tony
TBC	Queens Park	0.000	0.114	0.000	0.000	0.000	0.114	Brown, Clifford
TBC	Green Lane Copse/Watts Close	0.000	0.022	0.000	0.000	0.000	0.022	Hill, Tony
TBC	Lamberhurst/Ropley	0.000	0.010	0.000	0.000	0.000	0.010	Hill, Tony
TBC	Lawn Road	0.000	0.006	0.000	0.000	0.000	0.006	Hill, Tony
TBC	Mayfield Park Play	0.250	0.000	0.000	0.000	0.000	0.250	Hill, Tony
TBC	Lordsdale Greenway, Stream realignment	0.000	0.060	0.000	0.000	0.000	0.060	Yeats, Nicholas
TBC	Southampton Common Access Project	0.100	0.000	0.000	0.000	0.000	0.100	Yeats, Nicholas
TBC	Portswood	0.000	0.050	0.000	0.000	0.000	0.050	Brown, Clifford
TBC	Octavia Road	0.000	0.020	0.000	0.000	0.000	0.020	Hill, Tony
Total Programme		1.706	1.069	0.000	0.000	0.000	2.775	

Sources of Finance

Council Resources	1.244	0.514	0.000	0.000	0.000	1.758
Contributions	0.423	0.515	0.000	0.000	0.000	0.938
Central Govt Grants	0.015	0.040	0.000	0.000	0.000	0.055
Other Grants	0.003	0.000	0.000	0.000	0.000	0.003
Direct Revenue	0.020	0.000	0.000	0.000	0.000	0.020
Total Programme	1.705	1.069	0.000	0.000	0.000	2.775

COMMUNITIES, CULTURE & LEISURE

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
L1000	Oaklands Swimming Pool Feasibility	0.065	0.000	0.000	0.000	0.000	0.065	Dyer-Slade, Tina
L1010	Bargate Monument Repairs	0.232	0.004	0.000	0.000	0.000	0.236	Shepherd, Lisa
L1020	Guildhall Square Electricity Supply Enhancement	0.040	0.000	0.000	0.000	0.000	0.040	Lintott, Craig
L1440	Tudor House Museum Phase 1	0.005	0.000	0.000	0.000	0.000	0.005	Matthews, Daniel
L6790	Sections 106 Playing Field Improvement	0.010	0.070	0.000	0.000	0.000	0.080	Dyer-Slade, Tina
L6791	Lordshill Playing Field Drainage	0.027	0.000	0.000	0.000	0.000	0.027	Yeats, Nicholas
L810U	Art in Public Places – Millbrook and Weston	0.017	0.000	0.000	0.000	0.000	0.017	Harris, Michael
L8260	Tudor House Museum Phase 2 Implementation	0.030	0.000	0.000	0.000	0.000	0.030	Matthews, Daniel
L8370	Woolston Library	0.693	0.020	0.000	0.000	0.000	0.713	Baldwin, David
Total Programme		1.119	0.094	0.000	0.000	0.000	1.213	

Sources of Finance

Council Resources	1.057	0.024	0.000	0.000	0.000	1.081
Contributions	0.027	0.070	0.000	0.000	0.000	0.097
Other Grants	0.035	0.000	0.000	0.000	0.000	0.035
Total Programme	1.119	0.094	0.000	0.000	0.000	1.213

EDUCATION & CHILDREN'S SOCIAL CARE

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
E5005	Primary Review Phase 2	0.097	0.000	0.000	0.000	0.000	0.097	Floyd, Colin
E5011	Primary Review Phase 2	0.040	0.000	0.000	0.000	0.000	0.040	Floyd, Colin
E5017	Primary Review Phase 2	0.360	0.389	0.000	0.000	0.000	0.749	Floyd, Colin
E5018	Primary Review Phase 2	1.100	0.175	0.000	0.000	0.000	1.275	Floyd, Colin
E5019	Primary Review Phase 2	0.397	0.000	0.000	0.000	0.000	0.397	Floyd, Colin
E5020	Primary Review Phase 2	0.457	0.802	0.000	0.000	0.000	1.259	Floyd, Colin
E5022	School Capital Maintenance	0.087	0.000	0.000	0.000	0.000	0.087	Mullan, Nigel
E5027	Primary Review Phase 2	0.380	0.000	0.000	0.000	0.000	0.380	Hards, Richard
E5030	School Expansion Programme - Phase 3	0.710	0.030	0.000	0.000	0.000	0.740	Floyd, Colin
E5031	School Expansion Programme - Phase 3	0.022	0.000	0.000	0.000	0.000	0.022	Floyd, Colin
E5035	School Expansion Programme - Phase 3	0.001	0.000	0.000	0.000	0.000	0.001	Mullan, Nigel
E5037	Primary Review Phase 2	3.780	7.147	1.170	0.000	0.000	12.097	Hards, Richard
E5039	School Expansion Programme - Phase 3	0.007	0.000	0.000	0.000	0.000	0.007	Mullan, Nigel
E5041	School Expansion Programme - Phase 3	0.010	0.000	0.000	0.000	0.000	0.010	Mullan, Nigel
E5042	School Expansion Programme - Phase 3	0.210	0.000	0.000	0.000	0.000	0.210	Floyd, Colin
E5044	School Expansion Programme - Phase 3	0.617	0.060	0.000	0.000	0.000	0.677	Floyd, Colin
E5046	School Capital Maintenance	0.030	0.000	0.000	0.000	0.000	0.030	Mullan, Nigel
E5047	School Expansion Programme - Phase 3	0.426	0.030	0.000	0.000	0.000	0.456	Mullan, Nigel
E7200	Secondary School Capital Maintenance	0.049	0.000	0.000	0.000	0.000	0.049	Hards, Richard
E7203	School Capital Maintenance	0.313	0.000	0.000	0.000	0.000	0.313	Moore, Michael
E7204	School Capital Maintenance	0.137	0.000	0.000	0.000	0.000	0.137	Mullan, Nigel
E7205	School Capital Maintenance	0.107	0.000	0.000	0.000	0.000	0.107	Mullan, Nigel
E7206	School Capital Maintenance	0.008	0.000	0.000	0.000	0.000	0.008	Davies, Ian
E7209	Secondary School Capital Maintenance	0.031	0.000	0.000	0.000	0.000	0.031	Hards, Richard
E7214	Secondary School Capital Maintenance	0.002	0.000	0.000	0.000	0.000	0.002	Hards, Richard
E7217	School Capital Maintenance	1.500	0.334	0.000	0.000	0.000	1.834	Floyd, Colin
E7218	School Capital Maintenance	0.000	6.200	0.000	0.000	0.000	6.200	Floyd, Colin
E7220	Early Years Expansion Programme	0.476	0.000	0.000	0.000	0.000	0.476	Moore, Michael
E7221	Early Years Expansion Programme	0.300	0.750	0.000	0.000	0.000	1.050	Moore, Michael
E8134	Safeguarding	0.003	0.000	0.000	0.000	0.000	0.003	Floyd, Colin
E8160	ICT	0.028	0.000	0.000	0.000	0.000	0.028	Taylor, Nicholas
E9022	School Capital Maintenance	0.098	0.000	0.000	0.000	0.000	0.098	Moore, Michael
E9061	Academies	0.057	0.000	0.000	0.000	0.000	0.057	Mullan, Nigel
E9062	Academies	0.241	0.000	0.000	0.000	0.000	0.241	Mullan, Nigel
E9093	Primary Review	0.023	0.000	0.000	0.000	0.000	0.023	Floyd, Colin
E9117	School Capital Maintenance	0.076	0.000	0.000	0.000	0.000	0.076	Moore, Michael
E9121	Secondary Expansion phase 1	0.197	0.000	0.000	0.000	0.000	0.197	Hards, Richard
E9122	Secondary Expansion phase 1	0.150	0.000	0.000	0.000	0.000	0.150	Hards, Richard
E9130	Secondary School Capital Maintenance	0.150	0.850	0.000	0.000	0.000	1.000	Mullan, Nigel
E9131	School Capital Maintenance	0.051	0.200	0.000	0.000	0.000	0.251	Moore, Michael
E9133	School Capital Maintenance	0.150	0.150	0.000	0.000	0.000	0.300	Moore, Michael
E9140	Academies	0.250	0.250	0.000	0.000	0.000	0.500	Moore, Michael
Total Programme		13.128	17.367	1.170	0.000	0.000	31.665	

Sources of Finance

Council Resources	0.034	8.500	1.170	0.000	0.000	9.704
Contributions	0.002	0.000	0.000	0.000	0.000	0.002
Central Govt Grants	13.092	8.867	0.000	0.000	0.000	21.959

Total Programme

13.128	17.367	1.170	0.000	0.000	31.665
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FINANCE

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
M9710	Accommodation Strategy Action Programme (ASAP)	0.278	0.000	0.000	0.000	0.000	0.278	Fox, Annabel
P5100	Desktop Refresh Programme	0.277	0.381	0.030	0.270	0.300	1.258	Bendall, Tony
P5120	Works to Enable Accommodation Strategy	0.260	0.000	0.000	0.000	0.000	0.260	Fox, Annabel
P5140	Customer Portal	0.073	0.000	0.000	0.000	0.000	0.073	Dawtry, Sean
Total Programme		0.888	0.381	0.030	0.270	0.300	1.869	

Sources of Finance

Council Resources	0.318	0.000	0.000	0.000	0.000	0.318
Direct Revenue	0.570	0.381	0.030	0.270	0.300	1.551
Total Programme	0.888	0.381	0.030	0.270	0.300	1.869

HEALTH & ADULT SOCIAL CARE

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
R9330	National Care Standards and H&S Work	0.070	0.000	0.000	0.000	0.000	0.070	Rossiter, Ricky
R9340	Replacement of Appliances and Equipment	0.036	0.000	0.000	0.000	0.000	0.036	Rossiter, Ricky
R9700	Common Assessment Framework	0.015	0.000	0.000	0.000	0.000	0.015	Frankcom, Alan
R9720	Residential Homes fabric furnishing CQC	0.012	0.000	0.000	0.000	0.000	0.012	Rossiter, Ricky
R1100	Health Practice Facility Improvements Woolston	0.221	0.000	0.000	0.000	0.000	0.221	Mackie, Simon
TBC	PARIS upgrade	0.276	0.000	0.000	0.000	0.000	0.276	Frankcom, Alan
Total Programme		0.630	0.000	0.000	0.000	0.000	0.630	

Sources of Finance

Council Resources	0.276	0.000	0.000	0.000	0.000	0.276
Contributions	0.221	0.000	0.000	0.000	0.000	0.221
Central Govt Grants	0.133	0.000	0.000	0.000	0.000	0.133
Total Programme	0.630	0.000	0.000	0.000	0.000	0.630

HOUSING & SUSTAINABILITY

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
C257F	Civic Centre IT server room	0.078	0.000	0.000	0.000	0.000	0.078	Taylor, Jason
C257G	Lighting Upgrades Salix Works	0.009	0.000	0.000	0.000	0.000	0.009	Taylor, Jason
C257I	Insulation Salix Works	0.005	0.000	0.000	0.000	0.000	0.005	Taylor, Jason
G4310	Green Projects	0.000	0.378	0.000	0.000	0.000	0.378	Hawkins, Janet
G4490	Insulation and Fuel Poverty Initiatives	0.047	0.000	0.000	0.000	0.000	0.047	Hawkins, Janet
G4620	Handyperson Service	0.110	0.000	0.000	0.000	0.000	0.110	Hawkins, Janet
G4670	Disabled Facilities Grants approved in 2014/15	0.102	0.000	0.000	0.000	0.000	0.102	Hawkins, Janet
G4690	Disabled Facilities Grants Approved in 2015/16	0.410	0.000	0.000	0.000	0.000	0.410	Hawkins, Janet
G4710	Green Deal Communities Engagement	0.453	0.000	0.000	0.000	0.000	0.453	Hawkins, Janet
G4720	HIL/DFG Repayments	0.000	0.455	0.000	0.000	0.000	0.455	Hawkins, Janet
G6430	Support for Estate Regeneration	0.932	0.000	0.000	0.000	0.000	0.932	Bradbury, Mark
G6580	Estate Parking Improvements	0.060	0.236	0.000	0.000	0.000	0.296	Cooper, Aidan
G6610	DevCo Setup	0.178	0.000	0.000	0.000	0.000	0.178	Bradbury, Mark
C2440	Priory Road Property Level Protection Scheme	0.180	0.023	0.000	0.000	0.000	0.203	Maguire, Bernadine
G4730	Disabled Facilities Grants Approved in 2016/17	1.700	0.000	0.000	0.000	0.000	1.700	Hawkins, Janet
G4740	Disabled Facilities Grants Support Costs 2016/17	0.210	0.000	0.000	0.000	0.000	0.210	Hawkins, Janet
Total Programme		4.474	1.092	0.000	0.000	0.000	5.566	

Sources of Finance

Council Resources	0.178	0.000	0.000	0.000	0.000	0.178
Earmarked Capital Receipts	0.604	0.000	0.000	0.000	0.000	0.604
Contributions	1.647	0.691	0.000	0.000	0.000	2.338
Central Govt Grants	2.045	0.401	0.000	0.000	0.000	2.446
Total Programme	4.474	1.092	0.000	0.000	0.000	5.566

LEADER'S

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
C620Y	QE2 Mile - Bargate Square	0.060	0.900	0.000	0.000	0.000	0.960	Bennett, Wendy
L8200	Southampton New Arts Centre (SNAC)	11.552	0.178	0.000	0.000	0.000	11.730	Low, Jill
L8201	Southampton New Arts Centre - Developer Payments	0.103	0.000	0.000	0.000	0.000	0.103	Low, Jill
M8000	Station Quarter Southside	0.152	0.200	0.000	0.000	0.000	0.352	Hobday, Grant
M9370	Town Depot	0.106	0.000	0.000	0.000	0.000	0.106	Hobday, Grant
M9390	Royal Pier	0.100	0.206	0.100	0.000	0.000	0.406	Meredith, Emma
M9400	Mayflower Park Spitfire Memorial	0.000	0.013	0.000	0.000	0.000	0.013	Meredith, Emma
M9420	West Quay Phase 3 WWQ	0.130	0.378	0.000	0.000	0.000	0.508	Bennett, Wendy
M9425	Watermark WestQuay	3.988	0.000	0.000	0.000	0.000	3.988	Bennett, Wendy
M942B	West Quay Phase 3 Site B	0.065	0.000	0.000	0.000	0.000	0.065	Bennett, Wendy
M9430	Northern Above Bar Fees - T&G Marketing Fees	0.023	0.000	0.000	0.000	0.000	0.023	Meredith, Emma
M9480	Fruit & Veg (Disposal)	0.010	0.000	0.000	0.000	0.000	0.010	Hobday, Grant
M9500	Northern Above Bar - Guildhall Square	0.197	0.000	0.000	0.000	0.000	0.197	Bennett, Wendy
M9830	Feasibility - Major Site Devlpmnt	0.059	0.000	0.000	0.000	0.000	0.059	Bennett, Wendy
M9000	Property Investment Fund	40.000	25.000	0.000	0.000	0.000	65.000	Mark Bradbury
Total Programme		56.550	26.880	0.100	0.000	0.000	83.530	

Sources of Finance

Council Resources	47.447	26.078	0.000	0.000	0.000	73.525
Earmarked Capital Receipts	0.100	0.000	0.000	0.000	0.000	0.100
Contributions	1.426	0.000	0.000	0.000	0.000	1.426
Central Govt Grants	2.931	0.000	0.000	0.000	0.000	2.931
Other Grants	4.241	0.000	0.000	0.000	0.000	4.241
Direct Revenue	0.400	0.797	0.100	0.000	0.000	1.297
Total Programme	56.545	26.875	0.100	0.000	0.000	83.530

TRANSFORMATION

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
T1000	Digital Investment Phase 1	0.405	0.000	0.000	0.000	0.000	0.405	Davis, Rebecca
T2000	Digital Investment Phase 2	3.300	0.000	0.000	0.000	0.000	3.300	Davis, Rebecca
Total Programme		3.705	0.000	0.000	0.000	0.000	3.705	

Sources of Finance

Council Resources	0.405	0.000	0.000	0.000	0.000	0.405
Earmarked Capital Receipts	3.300	0.000	0.000	0.000	0.000	3.300
Total Programme	3.705	0.000	0.000	0.000	0.000	3.705

ENVIRONMENT & TRANSPORT

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
C2100	Purchase of Vehicles	2.292	0.090	0.090	0.100	0.000	2.572	Wheeler, Paul
C230A	Digital Radio Service	0.003	0.000	0.000	0.000	0.000	0.003	Boustred, Pete
C240E	Itchen Masterplan	0.003	0.000	0.000	0.000	0.000	0.003	Fox, Sam
C2410	Mobile Working	0.048	0.000	0.000	0.000	0.000	0.048	Ferris, Neil
C269M	Dock Gate 20 - Contingency	0.007	0.000	0.000	0.000	0.000	0.007	Cooper, Malcolm
C273C	Itchen Bridge Toll Automation Delivery Supervision	0.018	0.000	0.000	0.000	0.000	0.018	Bell, Simon
C550G	Improved Safety 2015/16 - Engineering	0.100	0.234	0.000	0.000	0.000	0.334	Churcher, Greg
C7112	Road Safety Partnership	0.032	0.010	0.000	0.000	0.000	0.042	Churcher, Greg
C7131	Cycling	0.132	0.213	0.030	0.000	0.000	0.375	Bostock, Dale
C713S	Cycle Network Improvements	0.050	0.000	0.000	0.000	0.000	0.050	Bostock, Dale
C714F	Traveline (PTI 2005)	0.020	0.000	0.000	0.000	0.000	0.020	Bell, Simon
C7151	Improved Safety	0.072	0.000	0.006	0.000	0.000	0.078	Churcher, Greg
C715Q	Improved Safety - Minor Works	0.050	0.000	0.000	0.000	0.000	0.050	Perris, Colin
C716M	Workplace Travel Plan Measures	0.106	0.000	0.018	0.000	0.000	0.124	Tuck, Neil
C716N	School Travel Plan Measures	0.131	0.000	0.000	0.000	0.000	0.131	Tuck, Neil
C7171	Accessibility	0.000	0.017	0.000	0.000	0.000	0.017	Boustred, Pete
C717C	District Schemes Programme	0.006	0.000	0.000	0.000	0.000	0.006	Alderson, Richard
C717N	Estate Regeneration - Transport Policy Contribution	0.076	0.000	0.000	0.000	0.000	0.076	Boustred, Pete
C717R	Kingsbridge Lne Public Realm Enhancements	0.031	0.000	0.000	0.000	0.000	0.031	Churcher, Greg
C717S	Station Boulevard	0.054	0.100	0.000	0.000	0.000	0.154	Boustred, Pete
C717T	Local Transport Improvement Fund	0.150	0.108	0.000	0.000	0.000	0.258	Boustred, Pete
C717U	Albert Road North Study	0.025	0.000	0.000	0.000	0.000	0.025	Steane, Ian
C717V	Legible Cities Phase 6	0.040	0.000	0.000	0.000	0.000	0.040	Churcher, Greg
C7181	ITS	0.003	0.000	0.000	0.000	0.000	0.003	Boustred, Pete
C718D	CCTV Cameras	0.015	0.000	0.000	0.000	0.000	0.015	Perris, Colin
C718F	LTP Monitoring	0.043	0.000	0.000	0.000	0.000	0.043	Alderson, Richard
C718G	Micro Simulation	0.050	0.000	0.000	0.000	0.000	0.050	Boustred, Pete
C718H	Network Capacity Improvements	0.175	0.125	0.000	0.000	0.000	0.300	Churcher, Greg
C718Q	Cleaner Bus Transport Fund	0.100	1.142	0.000	0.000	0.000	1.242	Churcher, Greg
C718S	Redbridge Roundabout Junction Improvements	0.015	0.135	0.000	0.000	0.000	0.150	Boustred, Pete
C718T	Urban Freight Strategy - Delivery Service Plans	0.015	0.055	0.000	0.000	0.000	0.070	Tuck, Neil
C718U	Upper Shirley High Street	0.050	0.000	0.000	0.000	0.000	0.050	Churcher, Greg
C718Z	Motor Cycle Parking	0.033	0.000	0.000	0.000	0.000	0.033	Churcher, Greg
C719B	Essential Highways Minor Works	0.126	0.000	0.000	0.000	0.000	0.126	Perris, Colin
C723B	Major Cycle Route Signage	0.034	0.000	0.000	0.000	0.000	0.034	Bostock, Dale
C723E	Second Avenue Millbrook Cycle Scheme	0.345	0.088	0.000	0.000	0.000	0.433	Bostock, Dale
C723J	Eastern strategic cycle route development	0.031	0.161	0.000	0.000	0.000	0.192	Bostock, Dale
C723K	Northern strategic cycle route development	0.200	0.270	0.000	0.000	0.000	0.470	Bostock, Dale
C723L	Cycle parking at key locations	0.043	0.000	0.000	0.000	0.000	0.043	Bostock, Dale
C724B	Bus Lane & Traffic Enforcement	0.200	0.000	0.000	0.000	0.000	0.200	Churcher, Greg
C724D	Bus Corridor Minor Works	0.273	0.368	0.022	0.000	0.000	0.663	Churcher, Greg
C772A	Millbrook Roundabout Highway Capacity Improvements	0.090	0.410	0.000	0.000	0.000	0.500	Boustred, Pete
C773A	Redbridge Roundabout New Scheme 16/17	0.000	0.150	0.000	0.000	0.000	0.150	Boustred, Pete
C774A	Northam Rail Bridge Replacement and corridor improvements	0.000	0.050	0.000	0.000	0.000	0.050	Boustred, Pete
C777C	B2P Northam River Bridge	0.034	0.000	0.000	0.000	0.000	0.034	Harvey, John
C777E	b2P - Vicarage Bridge	0.281	0.000	0.000	0.000	0.000	0.281	Harvey, John
C791H	Other Bridge Works	0.265	0.000	0.000	0.000	0.000	0.265	Harvey, John
C791Q	Wilton Avenue Culvert Repair	0.362	0.000	0.000	0.000	0.000	0.362	Harvey, John
C791U	Northam River Bridge Containment	0.200	0.000	0.000	0.000	0.000	0.200	Harvey, John
C7921	Principal Roads	0.498	0.000	0.000	0.000	0.000	0.498	Perris, Colin
C8000	Classified Roads	0.045	0.000	0.000	0.000	0.000	0.045	Perris, Colin
C808M	Bitterne Road West (Athelstan Road to Rampart Road)	0.426	0.000	0.000	0.000	0.000	0.426	Perris, Colin
C808N	Bitterne Road West (Outside 509 to outside 693)	0.617	0.000	0.000	0.000	0.000	0.617	Perris, Colin
C808P	West Quay Road (Mayflower Roundabout to Southern Road)	1.867	0.000	0.000	0.000	0.000	1.867	Perris, Colin
C809A	Millbrook Roundabout Detailed Design	0.008	0.000	0.000	0.000	0.000	0.008	Perris, Colin
C8100	Unclassified Roads	0.296	0.000	0.000	0.000	0.000	0.296	Perris, Colin
C816C	Footways - Various Treatments	0.200	0.000	0.000	0.000	0.000	0.200	Perris, Colin
C818R	Rother Dale Investigation	0.141	0.000	0.000	0.000	0.000	0.141	Perris, Colin
C818S	Footways Improvements - Kathleen Road	0.132	0.000	0.000	0.000	0.000	0.132	Perris, Colin
C818T	Footways Improvements - Dale Valley Gardens	0.015	0.000	0.000	0.000	0.000	0.015	Perris, Colin
C818U	Footways Improvements - Firgrove Road	0.014	0.000	0.000	0.000	0.000	0.014	Perris, Colin
C818V	Footways Improvements - Greywell Avenue	0.018	0.000	0.000	0.000	0.000	0.018	Perris, Colin
C818W	Footways Improvements - Ingleton Road	0.011	0.000	0.000	0.000	0.000	0.011	Perris, Colin
C818X	Footways Improvements - Turnstone Gardens	0.009	0.000	0.000	0.000	0.000	0.009	Perris, Colin
C818Y	Pepys Avenue	0.027	0.000	0.000	0.000	0.000	0.027	Perris, Colin
C820A	Highways Drainage Investigations	0.077	0.000	0.000	0.000	0.000	0.077	Perris, Colin
C822J	Decent Neighbourhoods	0.023	0.000	0.000	0.000	0.000	0.023	Perris, Colin
C825B	Burgess Road (Approach to Bassett Ave / The Avenue)	0.146	0.000	0.000	0.000	0.000	0.146	Perris, Colin
C826P	Portsmouth Road (Grosvenor Road to outside Waggoners Arms PH)	0.089	0.000	0.000	0.000	0.000	0.089	Perris, Colin
C826Q	Bath Road (Bursledon Road to Bitterne Road East)	0.119	0.000	0.000	0.000	0.000	0.119	Perris, Colin
C826R	Middle Road (South east Road to Station Road)	0.304	0.000	0.000	0.000	0.000	0.304	Perris, Colin
C826S	Stoneham lane (Bassett Green Road to Channel farm Road)	0.094	0.000	0.000	0.000	0.000	0.094	Perris, Colin
C826T	Butts Road (Shooters Hill Close to outside Butts Crescent)	0.506	0.000	0.000	0.000	0.000	0.506	Perris, Colin
C826U	Mousehole lane (Witts Hill to West End Road roundabout)	0.235	0.000	0.000	0.000	0.000	0.235	Perris, Colin

ENVIRONMENT & TRANSPORT

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
C826V	Botley Road (Portsmouth Road to Bursledon Road)	0.150	0.000	0.000	0.000	0.000	0.150	Perris, Colin
C826W	Cobden Avenue (Midanbury lane to outside 50 Cobden Avenue)	0.174	0.000	0.000	0.000	0.000	0.174	Perris, Colin
C826X	Athelstan Road (Cross Road to outside 5 Athelstan Road)	0.046	0.000	0.000	0.000	0.000	0.046	Perris, Colin
C826Y	Woodmill Lane (Oliver Road to approach to Thomas Lewis Way)	0.148	0.000	0.000	0.000	0.000	0.148	Perris, Colin
C828H	Footway Improvement Programme 2015/16	0.003	0.000	0.000	0.000	0.000	0.003	Perris, Colin
C829A	Glenfield Crescent	0.132	0.000	0.000	0.000	0.000	0.132	Perris, Colin
C829B	Bramdean Road (part)	0.082	0.000	0.000	0.000	0.000	0.082	Perris, Colin
C829C	Summit way	0.058	0.000	0.000	0.000	0.000	0.058	Perris, Colin
C829D	Lydgate Road	0.148	0.000	0.000	0.000	0.000	0.148	Perris, Colin
C829E	Cunningham Crescent	0.087	0.000	0.000	0.000	0.000	0.087	Perris, Colin
C829F	Heathfield Road	0.111	0.000	0.000	0.000	0.000	0.111	Perris, Colin
C829J	Milbury Crescent	0.162	0.000	0.000	0.000	0.000	0.162	Perris, Colin
C829L	Brookwood Road	0.217	0.000	0.000	0.000	0.000	0.217	Perris, Colin
C829M	Braeside Crescent	0.030	0.000	0.000	0.000	0.000	0.030	Perris, Colin
C829N	Drayton Close	0.064	0.000	0.000	0.000	0.000	0.064	Perris, Colin
C829P	Durlston Road	0.063	0.000	0.000	0.000	0.000	0.063	Perris, Colin
C829Q	Fullerton Close (part)	0.041	0.000	0.000	0.000	0.000	0.041	Perris, Colin
C829R	Longstock Close	0.030	0.000	0.000	0.000	0.000	0.030	Perris, Colin
C8300	St Lighting	0.065	0.000	0.000	0.000	0.000	0.065	Perris, Colin
C881B	St Nameplates	0.010	0.000	0.000	0.000	0.000	0.010	Perris, Colin
C881F	Road Restraint Systems	0.050	0.000	0.000	0.000	0.000	0.050	Perris, Colin
C8900	City Centre Improvements	0.234	0.000	0.000	0.000	0.000	0.234	Boustred, Pete
C890G	Platform Road – Town Quay Design	0.040	0.000	0.000	0.000	0.000	0.040	Cheal, Matthew
C890L	Platform Road Construction	0.025	0.000	0.000	0.000	0.000	0.025	Cheal, Matthew
C8911	Platform for Prosperity	0.061	0.000	0.000	0.000	0.000	0.061	Cheal, Matthew
C892B	Centenary Quay - Design & Assessment	0.004	0.000	0.000	0.000	0.000	0.004	Boustred, Pete
C893B	North of Station - Phase 2	0.497	0.000	0.000	0.000	0.000	0.497	Boustred, Pete
C9120	Highways Improvements (Developer)	0.253	0.000	0.000	0.000	0.000	0.253	Perris, Colin
C920A	Highways Maintenance Risk Fund	0.160	0.000	0.000	0.000	0.000	0.160	Perris, Colin
C920B	Highways Maintenance Compensation Event Fund	0.018	0.000	0.000	0.000	0.000	0.018	Perris, Colin
C947J	Emergency Repairs to MSCPs	0.070	0.064	0.000	0.000	0.000	0.134	Sahota, Jaswinder
C723N	Bitterne Park Triangle	0.040	0.040	0.000	0.000	0.000	0.080	Bostock, Dale
C723M	Bitterne Precinct Access Scheme	0.040	0.000	0.000	0.000	0.000	0.040	Bostock, Dale
C718V	Hospital Access Improvements	0.020	0.020	0.000	0.000	0.000	0.040	Bostock, Dale
C718W	Thomas Lewis Way/Stoneham Lane	0.015	0.035	0.000	0.000	0.000	0.050	Churcher, Greg
C890J	Bernard Street, Queensway & Bargate Public Realm	0.070	0.000	0.000	0.000	0.000	0.070	Boustred, Pete
TBC	Bitterne Precinct Works	0.860	0.000	0.000	0.000	0.000	0.860	Perris, Colin
Total Programme		16.624	3.885	0.166	0.100	0.000	20.775	

Sources of Finance

Council Resources	8.241	0.140	0.090	0.100	0.000	8.571
Contributions	2.332	0.794	0.076	0.000	0.000	3.202
Central Govt Grants	5.501	2.951	0.000	0.000	0.000	8.452
Direct Revenue	0.550	0.000	0.000	0.000	0.000	0.550
Total Programme	16.624	3.885	0.166	0.100	0.000	20.775

Overall General Fund Capital Programme	98.828	50.768	1.466	0.370	0.300	151.737
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VARIATIONS SINCE JUNE 2016 CAPITAL UPDATE

Portfolio	Scheme	£M	Delegated Approval	Funding Source	Appendix 2 Ref.
<u>Additions to the Programme</u>					
City Services	The Common Play Area	0.10	**	Contributions (CIL)	CS1
	Park Projects	0.39		Council Resources/Contributions	CS2
	Play Area Projects	0.38		Council Resources/Contributions	CS3
Finance	Desktop Refresh	0.60		DRF	FIN1
Health & Adults Social Care	Paris Integrated Working	0.28	**	Council Resources	HASC1
	Centenary Quay Healthcare Provision	0.22		Contributions (S106)	HASC2
Housing & Sustainability	Disabled Facilities Grants	1.70		Government Grant	H&S1
	DFG Support Costs	0.21		Right-To-Buy Receipts	H&S2
Leader's	Town Depot	0.09	**	Contributions	LD1
	Watermark WestQuay	1.07		Contributions (S106)	LD2
Transport	Bitterne Precinct	0.86		Contributions (CIL)	E&T2
	Congestion Reduction - Electric Vehicles	0.46		Grant	E&T3
	TOTAL	6.36			
<u>Deletions from the Programme</u>					
Education & Children's Social Care	Springhill	(0.04)		Government Grant	ECSC1
	TOTAL	(0.04)			
Total Variations to the Overall Programme		6.32			

** - Approved under Delegated Powers

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KEY ISSUES – SEPTEMBER 2016 PROGRAMME UPDATE

CITY SERVICES PORTFOLIO

The portfolio programme currently totals **£2.78M**. This can be compared to the previous reported programme position of **£1.91M** resulting in a **£0.87M** movement on the programme, which represents an increase of **45.5%**.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	1.91	0.00	0.00	0.00	0.00	1.91
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.49	0.38	0.00	0.00	0.00	0.87
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	(0.69)	0.69	0.00	0.00	0.00	0.00
Programme Total	1.71	1.07	0.00	0.00	0.00	2.78

The forecast position of the revised 2016/17 programme is **£1.71M**, resulting in a nil variance.

PROGRAMME CHANGES

NEW ADDITIONS FOR APPROVAL

CS1 – The Southampton Common Play Area (£0.10M addition to 2016/17)

Council Capital Board (CCB) on the 23/08/2016 approved the addition to the programme of £0.10M, to be funded by CIL, to the existing project, in order to redevelop the Southampton Common Play Area starting in 2016/17 and completing the project in 2017/18. The total project budget is now £0.60M.

CS2 – Various Park Projects (£0.39M addition; £0.14M in 2016/17, £0.25M in 2017/18)

Following CCB's recommendation, this report requests the approval to add £0.39M to the programme to fund various park projects, as set out in the table below.

Project Name	Project Description	Funding Sources					Project Total £M
		Council Resources £M	Contributions – S106 £M	Grant – Env. Agency £M	DRF £M		
Queens Park	New display lighting scheme.	0.0	114.0	0.0	0.0	114.0	
Watts Close	Develop roundhouse for Forest School/Green Lane Copse	0.0	22.0	0.0	0.0	22.0	
Lawn Road	Replace internal fencing to play area	0.0	6.0	0.0	0.0	6.0	
Hum Hole (16/17)	Path resurfacing, drainage, Woodland management works (H&S)	30.0	10.0	0.0	0.0	40.0	
Lordsdale Greenway, Stream realignment	Realignment of the Tanners Brook to reduce the risk of flooding. In partnership with the EA who are match funding 2:1	20.0	0.0	40.0	0.0	60.0	
Southampton Common (16/17)	New entrance Cemetery Road. Improvements to Hawthorns Centre & path infrastructure. Events revenue cont'n	55.0	25.0	0.0	20.0	100.0	

Portswood	Entrance improvements contained in the Management Plan, agreed with the friends group, ready for Green Flag.	44.0	6.0	0.0	0.0	50.0
TOTAL Park Projects		149.0	183.0	40.0	20.0	392.0

CS3 – Various Play Area Projects (£0.37M addition; £0.25M in 2016/17, £0.12M in 2017/18)

Following CCB's recommendation, this report requests the approval to add £0.39M to the programme to fund various play area projects, as set out in the table below:

Project Name	Project Description	Funding Sources		
		Council Resources £M	Contributions – S106 £M	Project Total £M
Masefield Green	New Slide and tiger Mulch pyramid (H&S)	0.0	28.0	28.0
Newtown Play Area	Fence Play area & tiger mulch runway (H&S)	0.0	20.0	20.0
St James Park	Play Refurbishment - improvement of river bed to reduce vandalism and maintenance	0.0	37.0	37.0
Sullivan Recreation Ground	Replace fire damaged equipment and associated surfacing	0.0	8.0	8.0
Lamberhurst/Ropley	Replace worn play area to local standard	0.0	10.0	10.0
Mayfield Park Play (16/17)	Executive commitment to improve play area to bring it up to a district standard	250.0	0.0	250.0
Octavia Road	Tiger Mulch over barked area - Install picnic benches. Local area improvement projects & invest to save	20.0	0.0	20.0
TOTAL Play Projects		270.0	103.0	373.0

SLIPPAGE/REPHASING

CS4 – Southampton Common Play Area (Slippage of £0.56M from 2016/17 to 2017/18)

There is slippage into 2017/18 as more time is required to deliver this scheme.

This is a significant redevelopment of the Southampton Common play area with the preparation work started in 2016/17 but the majority of the works being completed in 2017/18.

CS5 – Minor Parks Development Works (Slippage of £0.13M from 2016/17 to 2017/18)

There are a number of minor projects which have slipped; £0.04M due to delay in starting works, £0.03M due to retention payments due in 2017/18 and £0.08M relating to Riverside Park where works have been delayed whilst a new operator is sought.

COMMUNITIES, CULTURE & LEISURE PORTFOLIO

The portfolio programme currently totals **£1.21M**. This can be compared to the previous reported programme position of **£1.21M** resulting in a **nil** movement on the programme.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	1.21	0.00	0.00	0.00	0.00	1.21

Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	(0.09)	0.09	0.00	0.00	0.00	0.00
Programme Total	1.12	0.09	0.00	0.00	0.00	1.21

The forecast position of the revised 2016/17 programme is **£1.16M** which represents a **£0.04M** adverse variance.

PROGRAMME CHANGES

SLIPPAGE/REPHASING

CCL1 – Section 106 Playing Field Improvements (Slippage of £0.07M from 2016/17 to 2017/18)

The consultancy stage will take place in this year with the expectation that the work will be completed in 2017/18.

CCL2 – Woolston Library (Slippage of £0.02M from 2016/17 to 2017/18)

There will be a slippage of £0.02M into 2017/18 due to the retention payment due in June 2017.

FORECAST CHANGES

CCL3 – Guildhall Refurbishment (£0.03M Overspend)

There is a forecast over spend of £0.03M in 2016/17 on stone work repairs. The project manager is currently assessing how to fund this shortfall.

CCL4 – Lordshill Community Hall (£0.01M Overspend)

There is a forecast over spend of £0.01M in 2016/17 because of additional costs including retention costs. The project manager is trying to identify a solution to fund this overspend.

EDUCATION & CHILDRENS SOCIAL CARE PORTFOLIO

The portfolio programme currently totals **£31.67M**. This can be compared to the previous reported programme position of **£31.71M** resulting in a **£0.04M** movement on the programme, which represents a **0.1%** reduction.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	17.89	12.65	1.17	0.00	0.00	31.71
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	(0.04)	0.00	0.00	0.00	0.00	(0.04)

Slippage/Rephasing	(4.72)	4.72	0.00	0.00	0.00	0.00
Programme Total	13.13	17.37	1.17	0.00	0.00	31.67

The forecast position of the revised 2016/17 programme is **£13.13M** which represents a nil variance.

PROGRAMME CHANGES

OTHER CHANGES TO EXISTING SCHEMES

ECSC 1 - Springhill Primary Academy School one modular building – (£0.04M Reduction)

Springhill is an academy, supported by a Diocese, which should receive capital funding directly from Central Government. A £0.01M budget remains for payment of a goodwill gesture to cover any abortive design fees.

ECSC 2 – Various Scheme Virements in 2016/17 (nil net movement)

A report (agenda item 2) was presented to the Council Capital Board on 4 October 2016 with detail of the changes requested for approval. Below is a summary of recommendations included within that report.

Expansion of Springwell School – Combining Phase 1 & 2

1. That the two existing approved budgets for the expansion of Springwell School be consolidated under one budget for the purpose of delivering the agreed project outcomes.

St Johns Primary & Nursery School

1. To approve the virement of £0.15M from the Health and Safety programme budget to the St Johns School expansion budget to meet the cost of the highway works.

Schools Capital Maintenance charge

2. To approve the virement of £0.04M from the Schools Access Initiative budget to the School Capital Maintenance budget.

St Marys Primary School

3. To approve the virement of £0.01M from the Primary Places Review Contingency budget to the St Marys School expansion budget to meet the increased costs of the project managed by the Diocese of Portsmouth.

SLIPPAGE / REPHASING

Overall net Slippage of £4.72M from 2016/17 to 2017/18. This is a combination of £5.27m slippage and £0.55m rephasing.

ECSC 3 – School Expansion Programme P3 - St Monica (Bulge Class) (Slippage of £0.06M from 2016/17 to 2017/18)

Retention of £0.06M is expected to be paid in December 2017.

ECSC 4 – School Expansion Programme P3 - PSBP Valentine & St Denys (Slippage of £0.03M from 2016/17 to 2017/18)

Retention of £0.03M is expected to be paid in December 2017.

ECSC 5 – Early Years Expansion Programme - Early Years Expansion (Slippage of £0.20M from 2016/17 to 2017/18)

The slippage is required due to proposed resource changes by Government. An EFA bidding process made in August 2016 for new 30 hour nursery changes that are due to start from September 2017, the outcome of which is due to be known by November 2016. If there proposals are not realised then there would be no need to carry out the expansion works at this time.

ECSC 6 – Secondary School Capital Maintenance - Building For Excellence (Slippage of £0.35M from 2016/17 to 2017/18)

Early R&M work will slip into 2017/18, due to Capita procurement delays as a result of staff shortages.

ECSC 7 – School Expansion Programme P3 - Portswood Primary Expansion (Slippage of £0.03M from 2016/17 to 2017/18)

The slippage is due to expected Retention payment of £0.03M in 2017/18.

ECSC 8 – Primary Review P2 - Valentine Junior School (Slippage of £0.39M from 2016/17 to 2017/18)

Two classroom modular building will now be completed by January 2017, with the remaining slippage due to retention and contribution to EFA Westwood block rebuild in later years.

ECSC 9 – Primary Review P2 - Fairisle Junior School (Slippage of £0.80M from 2016/17 to 2017/18)

The work on site is expected to start from January 2017.

ECSC 10 – Primary Review P2 - Sholing Junior School (Slippage of £0.18M from 2016/17 to 2017/18)

The retention payment of £0.18M due in September 2017.

ECSC 11 – School Capital Maintenance - R&M Planned Programme 14-15 (Slippage of £0.33M from 2016/17 to 2017/18)

Procurement delays with Capita and Capita transfer outcomes resulted in projected slippage, due to staff shortages in Capita. Consideration has been taken to use another company but hopefully the situation will improve when the property service comes back in house.

ECSC 12 – School Capital Maintenance - R&M Planned Maintenance 16-17 (Slippage of £2.90M from 2016/17 to 2017/18)

Capita procurement delays and capita transfer outcomes resulting in £2.90M slippage requirement for 2017-18, due to Capita staff shortages.

**ECSC 13 – Primary Review P2 - Springwell School – Main Expansion 15/16
(Rephase of £0.55M from 2016/17 to 2017/18)**

A virement to merge both Springwell projects will be requested in programme update report which will be taken to Council in February. Rephase of £0.55M from 2017-18 is required as to complete phase 2 works alongside phase 1, with 90% completion expected in 2016/17. The expected overall project will be £12.37M in line with overall current approved budgets.

FINANCE PORTFOLIO

The portfolio programme currently totals **£1.87M**. This can be compared to the previous reported programme position of **£1.27M** resulting in a **£0.60M** movement on the programme, which represents an increase **47.2%**.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	0.99	0.28	0.00	0.00	0.00	1.27
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.03	0.27	0.30	0.60
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	(0.10)	0.10	0.00	0.00	0.00	0.00
Programme Total	0.89	0.38	0.03	0.27	0.30	1.87

The forecast position of the revised 2016/17 programme is **£0.89M** which represents a **nil** variance.

PROGRAMME CHANGES

NEW ADDITION AND SLIPPAGE/REPHASING

FIN 1 – Desktop refresh Programme (Slippage of £0.10M from 2016/17 to 2017/18, Addition of £0.60M from 2018/19 to 2020/21)

The Desktop Refresh Programme has been on hold for 4 to 5 months due to transformation activity. The impact of this along with the return and reuse of desktop kit due to the roll out of the mobile working programme has resulted in an in year under spend. As the refresh programme operates on a 5 year rolling basis this budget will be slipped into 2017/18 to facilitate the future years refresh requirement.

The scheme was first added to the capital programme in June 2014 to reflect the transfer of responsibility back to SCC from Capita to take forward the ongoing refresh programme.

At that time delegated authority was approved to make additions to the programme on a rolling basis using new ongoing revenue funding established at the point of transfer. Following a recent review of desktop requirements it is now necessary to add a further 3 years to the rolling programme to cover the period 2018/19 to 2020/21 and this is reflected in the additions shown in the table above.

HEALTH & ADULTS SOCIAL CARE PORTFOLIO

The portfolio programme currently totals **£0.63M**. This can be compared to the previous reported programme position of **£0.13M** resulting in a movement of **£0.50M** on the programme, which represents an increase **384.6%**.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	0.13	0.00	0.00	0.00	0.00	0.13
Approvals since last report	0.28	0.00	0.00	0.00	0.00	0.28
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.22	0.00	0.00	0.00	0.00	0.22
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	0.63	0.00	0.00	0.00	0.00	0.63

The forecast position of the revised 2016/17 programme is **£0.63M** which represents a nil variance.

PROGRAMME CHANGES

APPROVALS SINCE LAST REPORT

HASC1 – Paris Integrated Working (£0.28M Addition)

Council Capital Board on 4th October 2016 approved funding of £0.28M, to be funded by Council resources, to meet the costs of updating the PARIS system. This will deliver works which are essential to developing interoperability of health and social care systems, meeting Government requirements and improving outcomes. This was then added to the programme under delegated powers.

NEW ADDITIONS FOR APPROVALS

HASC 2 - Centenary Quay Healthcare Provisions (£0.22M Addition)

A report on 'Centenary Quay (Former Vosper Thorneycroft Site Victoria Road) – S106 Funding for Health Practice Facility Improvements in Woolston Area' was presented to Council Capital Board on 25th July 2016.

Approval is sought for this scheme to be added to the Health and Adults Social Care Capital Programme to be fully funded from specific S106 funding.

HOUSING & SUSTAINABILITY PORTFOLIO

The portfolio programme currently totals **£5.56M**. This can be compared to the previous reported programme position of **£3.65M** resulting in a **£1.91M** movement in the programme, which represents an increase **52.3%**.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	3.63	0.02	0.00	0.00	0.00	3.65
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	1.91	0.00	0.00	0.00	0.00	1.91
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	(1.07)	1.07	0.00	0.00	0.00	0.00
Programme Total	4.47	1.09	0.00	0.00	0.00	5.56

The forecast position of the revised 2016/17 programme is **£4.09M**, resulting in a **£0.38M** underspend.

PROGRAMME CHANGES

NEW ADDITIONS

H&S 1 – Disabled Facilities Grants 2016/17 (£1.70M addition)

H&S 2 – Disabled Facilities Grants Support Costs 2016/17 (£0.21M addition)

This addition is the yearly Disabled Facilities Grant available for applications from private residents as well as the support costs used to administer the grants. This year there has been an increase in the DFG funding allocated from the Better Care Fund, as it incorporates the previously named Adult Social Care grant, for 2016/17 to £1.70M.

SLIPPAGE/REPHASING

H&S 3 – Estate Parking Improvements (Slippage of £0.24M from 2016/17 to 2017/18)

Only 2 projects are to go ahead this year.

The 2 projects to go ahead this year are in Hinkler Road (£0.50M) and a city wide dropped kerb scheme (£0.10M). Whilst additional parking improvement projects are planned, they will not go ahead until all tenants are signed up to a particular project which is proving to be more difficult than anticipated.

H&S 4 – HIL / DFG Repayments (Slippage of £0.46M from 2016/17 to 2017/18)

This budget is to fund additional schemes in 2017/18.

These Home Improvement Loans and Disabled Facilities Grant repayments are to be used in Adaptation Loans and Southampton House Condition Surveys. These will commence when the Occupational Health Team restructure is completed, towards the end of 2016/17.

H&S 5 – Green Projects (Slippage of £0.38M from 2016/17 to 2017/18)

This budget is to be used for a match fund scheme in the New Year.

This budget is available to fund fuel poverty initiatives and will be used to match fund work with the Environment Centre. However, for 2016/17, the Environment Centre will be using funds obtained from a successful bid with an energy Company and will work with SCC in 2017/18.

FORECAST CHANGES

H&S 6 – Green Deal Communities Engagement (£0.35M Underspend)

The contractors are now being paid directly.

This scheme is funded by another authority and contractors were paid by SCC and reimbursed by the budget holding authority. From October, contractors will be paid directly and the scheme with SCC will end. This project is fully funded by contributions and any underspend has to be returned to Eastleigh Borough Council.

H&S 7 – Handyperson Service (£0.03M Underspend)

A new contract has been agreed.

A new contract has been agreed at £0.08M per annum, resulting in a price reduction of £0.03M.

LEADERS PORTFOLIO

The portfolio programme currently totals **£83.53M**. This can be compared to the previous reported programme position of **£82.38M** resulting in an **£1.15M** movement on the programme, which represents an increase **1.4%**.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	81.93	0.35	0.10	0.00	0.00	82.38
Approvals since last report	0.09	0.00	0.00	0.00	0.00	0.09
New Additions for Approval	1.06	0.00	0.00	0.00	0.00	1.06
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	(26.53)	26.53	0.00	0.00	0.00	0.00
Programme Total	56.55	26.88	0.10	0.00	0.00	83.53

The forecast position of the revised 2016/17 programme is **£58.55M** which represents a **£1.99M** overspend. This relates to an issue detailed within the confidential appendix.

PROGRAMME CHANGES

APPROVALS SINCE LAST REPORT

LD 1 – Town Depot (£0.06M Addition)

The increase to the budget on this mixed use development site was approved in a Delegated Decision notice on 21 July 2016 and will be funded from Inland Homes contributions.

NEW ADDITIONS FOR APPROVALS

LD 2 – Watermark WestQuay (£1.06M Addition)

This increase is to complete the final Regional Growth Fund payment to the developer to be funded mainly from Section 106 funding. This payment was recommended to proceed at Council Capital Board on 28 July 2016.

SLIPPAGE/REPHASING

LD 3 – Property Investment Fund (Slippage of £25.00M from 2016/17 to 2017/18)

Following the volatile economic environment as a result of 'Brexit', the number of potential investment opportunities being undertaken had reduced, whilst the property market fully stabilises.

LD 4 – Bargate Square (Slippage of £0.90M from 2016/17 to 2017/18)

Initial development costs are expected to be incurred this year however the scheme is being delayed until the outcome of the planning application process for the Bargate Shopping Centre, as there may be opportunities for a joint scheme.

LD 5 – West Quay Phase 3 WWQ (Slippage of £0.31M from 2016/17 to 2017/18)

The first part of the Watermark development is due to open in December 2016

It has taken longer than anticipated for development proposals for the 2nd phase of the Watermark development to come forward in part due to market uncertainty as a result of the Brexit vote earlier this year. Due to this delay the whole project is likely to slip, there will be more certainty of timescales once the level of interest has been determined from the marketing exercise currently being undertaken.

LD 6 – Station Quarter Southside (Slippage of £0.20M from 2016/17 to 2017/18)

There have been delays while new options are considered

The slippage is due to new options being required to link up the Southside Quarter. A master planning exercise will take place shortly with the owners of the site to discuss options.

LD 7 – Royal Pier (Slippage of £0.11M from 2016/17 to 2017/18)

There have been developer delays

The development proposals for this site are complex and are taking longer to resolve than originally anticipated requiring slippage of some monies from 2016/17 to 2017/18.

TRANSFORMATION PORTFOLIO

The portfolio programme currently totals **£3.71M**. This can be compared to the previous reported programme position of **£3.71M** resulting in a **nil** movement on the programme.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	3.71	0.00	0.00	0.00	0.00	3.71
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Re-phasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	3.71	0.00	0.00	0.00	0.00	3.71

The forecast position of the revised 2016/17 programme is **£3.71M**, resulting in a nil variance.

TRANSPORT PORTFOLIO

The portfolio programme currently totals **£20.78M**. This can be compared to the previous reported programme position of **£19.46M** resulting in a **£1.32M** movement on the programme, which represents an increase of **6.7%**.

The changes to the programme are shown in the following summarised table:

	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	Total £M
Programme at last report	18.58	0.61	0.17	0.10	0.00	19.46
Approvals since last report	0.04	(0.04)	0.00	0.00	0.00	0.00
New Additions for Approval	0.86	0.46	0.00	0.00	0.00	1.32
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	(2.86)	2.86	0.00	0.00	0.00	0.00
Programme Total	16.62	3.89	0.17	0.10	0.00	20.78

The forecast position of the revised 2016/17 programme is **£16.62M** which represents a nil variance.

PROGRAMME CHANGES

APPROVALS SINCE LAST REPORT

E&T 1 – Public Transport (Rephasing of £0.04M from 2017/18 to 2016/17)

The Chief Operating Officer on the 31/08/2016 approved the re-phasing from 2017/18 to 2016/17 of £0.04M on the Bus Corridor Minor Works project within the Public Transport scheme - funded by site specific section 106 monies. This will deliver improvements at bus stops at various locations in the city. Improvement works include Kassel (raised) kerbing, bus shelters and RTI screens as stipulated in the S106 agreement conditions.

NEW ADDITIONS

E&T 2 – City Centre Improvements (£0.86M) Addition to the programme

A briefing paper was taken to Council Capital Board on 30/06/2016 for them to consider the proposed surfacing and street scene enhancements to Bitterne Precinct. The Board gave endorsement for the approval of the preferred option and consideration for additional funding to the capital programme in 2016/17 in order to deliver of this project. This report seeks the addition and approval to spend for this new capital project which is to be funded by £0.86M of CIL contributions.

E&T 3 – Congestion Reduction (£0.46M Addition to 2017/18)

A briefing paper was taken to Council Capital Board on 04/10/2016 to outline proposals for the Cleaner Bus Technology grant. This report seeks the addition and approval to spend £0.48M in 2017/18 from the Cleaner Bus Transport Fund project to a new Electric Vehicles project. This will be fully funded by Government grant which is due to be refunded to the Council following the decision to cease the previous scheme.

OTHER CHANGES TO EXISTING SCHEMES

E&T 4 – B2P Bridge Scheme (£0.21M Decrease) and Bridges Maintenance (£0.21M Increase)

The Chief Operating Officer on the 22/07/2016 approved a capital variation of £0.21M in 2016/17 from projects within the B2P Bridge scheme - funded by LTP Government Grant and council resources monies to the Wilton Avenue Culvert Repair project within the Bridges Maintenance scheme, following Council Capital Board's recommendation of the use of resources. This will contribute to the response to an increase in the duration of works necessary at Wilton Avenue due to the poorer condition of the existing culvert than anticipated and the ground conditions being much wetter than expected requiring additional substantial supports during the deep earthworks to repair and replace.

E&T 5 – Virement of funding from Integrated Transport parent schemes to projects

The Service Director, Growth on the 08/08/2016 approved various capital project variations within Integrated Transport capital schemes - no net change in any respective capital scheme.

SLIPPAGE/REPHASING

E&T 6 – Cycling Improvements (Slippage of £0.53M from 2016/17 to 2017/18)

There is slippage of £0.27M on the Northern Cycle Route project as currently there have been issues to resolve on the planning application and section 38 agreement with the developer. Also there is slippage of £0.13M on the Eastern Cycle Route project as currently there have been issues to resolve on the planning application and section 38 agreement with the developer in the East street area.

E&T 7 – Public Transport (Slippage of £0.15M from 2016/17 to 2017/18)

There is slippage of £0.09M of section 106 developer contributions monies and £0.06M of LTP government grant to be slipped into 2017/18. This is due to potential programmed works now being forecast to be delivered in 2017/18. There is no overall change in the scheme.

E&T 8 – Improved Safety (Slippage of £0.24M from 2016/17 to 2017/18)

There is slippage of £0.23M on the Improved Safety (Engineering) project as delivery of the full proposals are likely to be delayed. Interim measures are being implemented, which the Transport Service will monitor, before delivering the full measures - which may alter the final scheme design. There is no overall change in the scheme.

E&T 9 – Accessibility (Slippage of £0.21M from 2016/17 to 2017/18)

There is slippage of £0.10M on Station Boulevard project due delays in delivery of the first phase of the infrastructure works as there are ongoing negotiations with SSE to complete the land swap to deliver the project. There is slippage of £0.11M on Local Transport Improvement Fund project - additional Member requests for minor works were submitted by the leader to be delivered by the LTIF budget in 2016/17 therefore the scope and scale of the programme has increased and hence some budget will need to be slipped into 2017/18.

E&T 10 – Congestion Reduction (Slippage of £0.92M from 2016/17 to 2017/18)

There is slippage of £0.69M on the Cleaner Bus Technology grant from 2016/17 to 2017/18. This report seeks approval to vire and to spend £0.69M in 2017/18 from the Cleaner Bus Transport Fund project to a new Electric Vehicles project. There is slippage of £0.13M on the Network Capacity Improvements project due to procurement delays in progressing the variable message signs (VMS) study also £0.04M will now be slipped to deliver a West Quay Road study. There is no overall change in the scheme.

E&T 11 – City Centre Improvements Millbrook (Slippage of £0.41M from 2016/17 to 2017/18)

There is planned slippage of £0.41M in order to provide sufficient resources to enable a successful match funded capital scheme to deliver strategic highways improvements in the Millbrook roundabout vicinity. There is no overall change in the scheme.

E&T 12 – City Centre Improvements Redbridge (Slippage of £0.29M from 2016/17 to 2017/18)

There is planned slippage of £0.29M in order to provide sufficient resources to enable a successful match funded capital scheme to deliver strategic highways improvements in the Redbridge roundabout vicinity. There is no overall change in the scheme.

E&T 13 – City Centre Improvements Northam (Slippage of £0.05M from 2016/17 to 2017/18)

There is planned slippage of £0.05M in order to provide sufficient resources to enable a successful match funded capital scheme to deliver strategic highways improvements in the Northam corridor. There is no overall change in the scheme.

E&T 14 – MSCP 10 Year Maintenance Programme (Slippage of £0.06M from 2016/17 to 2017/18)

As reported at quarter 1, there is slippage of £0.06M on the minor works to the Multi-Storey Car Parks (MSCPs) project contained within the MSCP 10 Year Maintenance Programme scheme as currently there is no other planned expenditure for the year. There is no overall change in the scheme.

FORECAST CHANGES

E&T 15 – Cycling Improvements (£0.13M Underspend)

There is a forecast underspend of £0.13M on the overall Cycling scheme as these monies are earmarked to be vired to the Kingsbridge Lane Public Realm project within the North of Station scheme.

E&T 16 – Improved Safety (£0.07M Underspend)

There is a forecast underspend of £0.07M on the overall Improved Safety scheme as these monies are earmarked to be vired to the Kingsbridge Lane Public Realm project within the North of Station scheme.

E&T 17 – Congestion Reduction (£0.03M Underspend)

There is a forecast underspend of £0.03M on the overall Congestion Reduction scheme as these monies are earmarked to be vired to the Kingsbridge Lane Public Realm project within the North of Station scheme.

E&T 18 – City Centre Improvements (£0.23 Underspend)

There is a forecast underspend of £0.23M on the overall City Centre Improvements scheme as these monies are earmarked to be vired to the Kingsbridge Lane Public Realm project within the North of Station scheme.

E&T 19 – North of Station (£0.46M Overspend)

There is a forecast overspend of £0.46M on the Kingsbridge Lane Public Realm project in anticipation of future approved virements from the Cycling Improvements, Improved Safety, Congestion Reduction and City Centre Improvements schemes.

Agenda Item 11

Appendix 4

MAJOR SLIPPAGE & REPHASING SINCE JUNE 2016 CAPITAL UPDATE

Portfolio	Scheme	Appendix 3 Reference	(Slippage)/ Rephasing £M
City Services	Common Play Area	CS4	(0.56)
	Minor Parks Developments	CS5	(0.13)
Education & Childrens Social Care	Early Years Expansion Programme	ECSC 5	(0.20)
	Secondary School Capital Maintenance	ECSC 6	(0.35)
	Valentine Primary School	ECSC 8	(0.39)
	Fairisle Junior School	ECSC 9	(0.80)
	Sholing Junior School	ECSC 10	(0.18)
	School Capital Maintenance	ECSC 11 & 12	(3.23)
	Springwell Expansion	ECSC 13	0.55
Finance	Desktop Refresh	FIN 1	(0.10)
Housing & Sustainability	Estate Parking Improvements	H&S 3	(0.24)
	HIL/DFG Repayments	H&S 4	(0.46)
	Green Projects	H&S 5	(0.38)
Leaders	Property Investment Fund	LD 3	(25.00)
	Bargate Square	LD 4	(0.90)
	West Quay Phase 3	LD 5	(0.31)
	Station Quarter Southside	LD 6	(0.20)
	Royal Pier	LD 7	(0.11)
Transport	Cycling Improvements	E&T 6	(0.53)
	Public Transport	E&T 7	(0.15)
	Improved Safety	E&T 8	(0.24)
	Accessibility	E&T 9	(0.21)
	Congestion Reduction	E&T 10	(0.92)
	City Centre Improvements	E&T 11, 12 & 13	(0.75)
	Other Slippage & Rephasing		(0.27)
			<u>(36.06)</u>

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FORECAST VARIANCES as at SEPTEMBER 2016

Portfolio	Ref (see Appendix 3)	Scheme	Forecast (Under)/ Overspend £M
Communities, Culture & Leisure		Guildhall Refurbishment	0.03
	CCL4	Lordshill Community Hall	0.01
	Communities, Culture & Leisure Total		0.04
Housing & Sustainability	H&S7	Green Deal Communities Engagement	(0.35)
	H&S8	Handyperson Service	(0.03)
	Housing & Sustainability Total		(0.38)
Leaders	App. 6	<i>Confidential</i>	1.99
	Leaders' Total		1.99
	Transport Total		0.00
		Total	1.65

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HOUSING REVENUE ACCOUNT

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
H6370	Exford Parade	0.101	0.007	0.000	0.000	0.000	0.108	Bradbury, Mark
H6380	Laxton Close	0.046	0.000	0.000	0.000	0.000	0.046	Bradbury, Mark
H6490	Estate Regeneration City Wide Framework	0.200	0.000	0.000	0.000	0.000	0.200	Bradbury, Mark
H6530	Weston Shopping Parade Redevelopment	0.042	0.000	0.000	0.000	0.000	0.042	Astin, Fiona
H653A	Weston Shopping Parade housing & Comm facilities	0.597	0.000	0.000	0.000	0.000	0.597	Astin, Fiona
H6570	Townhill Park: Site Assembly	1.162	1.483	1.482	0.000	0.000	4.127	Jones, Susan
H6590	Townhill Park: Design and Contract P1, 2 and 3	0.610	0.200	0.400	0.000	0.000	1.210	Jones, Susan
H6600	Townhill Park: Future Allocations	0.000	0.000	0.000	0.550	1.700	2.250	Jones, Susan
H6700	Erskine Court Rebuild	2.414	0.000	0.000	0.000	0.000	2.414	Tomblin, Neville
H6720	Estate Regeeneration: Woodside / Wimpson (Unapproved)	4.786	6.136	3.728	0.000	0.000	14.650	Astin, Fiona
H6721	Estate Regeneration Woodside/Wimpson (Approved)	1.041	0.000	0.000	0.000	0.000	1.041	Astin, Fiona
H6731	Existing Satisfactory Purchase Scheme - 2016/17	5.285	0.000	0.000	0.000	0.000	5.285	Bradbury, Mark
H1116	Windows	0.063	0.980	0.000	0.000	0.000	1.043	Meredith, Keith
H1150	External Doors - Houses	0.010	0.577	0.000	0.000	0.000	0.587	Meredith, Keith
H150A	External Doors - Houses & Flats	0.000	0.000	0.510	0.963	0.994	2.467	Meredith, Keith
H125A	Garage Maintenance - Approved	0.005	0.000	0.000	0.000	0.000	0.005	Tomblin, Neville
H0255	HRA Business Case Resources	0.243	0.000	0.000	0.000	0.000	0.243	Bradbury, Mark
H1119	Housing Investment Database – Replacement	0.001	0.000	0.000	0.000	0.000	0.001	Bellamy, Matthew
H1290	Sprinkler Project	0.764	0.000	0.000	0.000	0.000	0.764	Simpkins, James
H1121	Roof Finish-Pitched/Structure/Gutter/Downpipes etc	0.899	0.411	0.000	0.000	0.000	1.310	Tomblin, Neville
H1123	Chimney	0.043	0.129	0.000	0.000	0.000	0.172	Tomblin, Neville
H1113	Structural Works.	0.800	0.900	0.000	0.000	0.000	1.700	Tomblin, Neville
H1122	Wall Structure & Finish	2.243	2.941	0.000	0.000	0.000	5.184	Tomblin, Neville
H1171	Supported Housing 2 Storey Walkway Repairs - Current	3.500	0.000	0.000	0.000	0.000	3.500	Tomblin, Neville
H1174	Golden Grove Balconies	0.223	0.000	0.000	0.000	0.000	0.223	Tomblin, Neville
H1120	Electrical System	2.040	2.000	0.000	0.000	0.000	4.040	Ransley, Stephen
H114A	Programme Management Fees - Current	0.651	0.665	0.000	0.000	0.000	1.316	Bradbury, Mark
H4593	Tennant Alteration Budget	0.100	0.100	0.000	0.000	0.000	0.200	Bradbury, Mark
H113A	Lift Refurbishment – Canberra Towers	0.833	0.000	0.000	0.000	0.000	0.833	Simpkins, James
H113C	James Street- New Lift and Lift Shaft	0.112	0.000	0.000	0.000	0.000	0.112	Tomblin, Neville
H1146	Lift Refurbishment - Sturminster House	0.000	0.000	0.000	1.188	0.000	1.188	Simpkins, James
H1152	Lift Refurbishment - Graylings, Canute House & St James House	0.597	0.000	0.000	0.000	0.000	0.597	Simpkins, James
H1153	Lift Refurbishment - Albion Towers/Holyrood	0.000	1.447	0.000	0.000	0.000	1.447	Simpkins, James
H1154	Lift Refurbishment - Shirley Towers	0.000	0.000	1.150	0.000	0.000	1.150	Simpkins, James
H1155	Rozel Court - New Lift and associated works	0.355	0.000	0.000	0.000	0.000	0.355	Tomblin, Neville
H144A	Manston Court - External Lift	0.600	0.000	0.000	0.000	0.000	0.600	Tomblin, Neville
H139A	Water Quality Remedial Works	0.066	0.000	0.000	0.000	0.000	0.066	Simpkins, James
H139C	Remedial Works Following Compliance Inspections	0.062	0.000	0.000	0.000	0.000	0.062	Chapman, Joanne
H1751	Renew Communal Windows	0.128	0.067	0.000	0.000	0.000	0.195	Meredith, Keith
H112B	Roof Finish Flat - Future Years	2.228	3.448	1.947	3.727	1.419	12.769	Ransley, Stephen
H116A	Windows - Future Years	0.000	0.000	0.616	1.149	2.139	3.904	Meredith, Keith
H121A	Roof Finish-Pitched/Structure/Gutter/Downpipes - Future Years	0.000	0.000	0.500	0.456	0.514	1.470	Tomblin, Neville
H122A	Wall Structure & Finish - Future Years	0.000	0.000	2.094	2.645	2.705	7.444	Tomblin, Neville
H123A	Chimneys - Future Years	0.000	0.000	0.135	0.096	0.170	0.401	Tomblin, Neville
H1250	structural works - future years	0.000	0.000	0.900	0.654	0.654	2.208	Tomblin, Neville
H1260	Refurbish Balconies	0.000	0.000	0.120	0.070	0.439	0.629	Tomblin, Neville
H112A	Electrical System - Future Years	0.000	0.000	2.000	1.979	2.000	5.979	Ransley, Stephen
H1140	Programme Management Fees - Future Years	0.000	0.000	0.689	0.712	0.737	2.138	Bradbury, Mark
H4592	Tenant Alteration Budget - Future Years	0.000	0.000	0.311	0.331	0.331	0.973	Bradbury, Mark
H1740	Renew Warden Alarm	0.250	0.821	0.000	0.000	0.000	1.071	Tomblin, Neville
H1750	Renew Communal Windows - Future Years	0.000	0.000	0.088	0.069	0.282	0.439	Meredith, Keith
H1805	DPM Renewals	0.045	0.000	0.000	0.000	0.000	0.045	Tomblin, Neville
H1806	Shop Walkways (Roofing)	0.500	0.000	0.000	0.000	0.000	0.500	Ransley, Stephen
H1808	Castle House Walkway / Balcony	0.525	0.000	0.000	0.000	0.000	0.525	Tomblin, Neville
H1812	Renew Lifts - Unapproved	0.030	0.000	0.038	0.000	0.000	0.068	Simpkins, James
H1817	New Dry Riser Replacement	0.000	0.000	0.054	0.054	0.054	0.162	Simpkins, James
H012A	Roofing Lot 1 West	1.192	0.584	0.500	0.000	0.000	2.276	Ransley, Stephen
H012B	Roofing Lot 2 East	1.258	0.584	0.500	0.000	0.000	2.342	Ransley, Stephen
H1272	Renew Porch/Canopy	0.196	0.231	0.000	0.000	0.000	0.427	Tomblin, Neville
H1273	Renew Porch/Canopy (Unapproved)	0.000	0.000	0.145	0.185	0.516	0.846	Tomblin, Neville
H0251	The Nursling Depot	0.500	0.000	0.000	0.000	0.000	0.500	Bradbury, Mark
H1261	Refurbish Balconies - Approved	0.105	0.134	0.000	0.000	0.000	0.239	Tomblin, Neville
H187A	Dry Riser Replacement programme - Approved	0.054	0.054	0.000	0.000	0.000	0.108	Simpkins, James
H1823	Copse road Block Refurbishment -Approved	0.250	0.000	0.000	0.000	0.000	0.250	Legge, Martin
H0545	Disabled Adaptions - Extensions	0.030	0.000	0.000	0.000	0.000	0.030	Ransley, Stephen
H0281	HHSRS - Approved	0.004	0.000	0.000	0.000	0.000	0.004	Bellamy, Matthew
H1127	Central Heating Gas Boilers	1.029	3.436	0.000	0.000	0.000	4.465	Ransley, Stephen
H1128	Central Heating Distrib System Inc Elec Store Htrs	1.293	2.111	0.000	0.000	0.000	3.404	Meredith, Keith
H118A	Housing Refurbishment – West – Drew Smith	2.860	0.676	0.000	0.000	0.000	3.536	Ransley, Stephen
H119A	Housing Refurbishment – East – Mitie Property Services	2.860	0.675	0.000	0.000	0.000	3.535	Ransley, Stephen
H3461	Supported Kitchen - Current	0.148	0.000	0.000	0.000	0.000	0.148	Ransley, Stephen
H4591	Studio Conversions	0.029	0.000	0.000	0.000	0.000	0.029	Tomblin, Neville
H1181	Housing Refurbishments - Future Years	0.000	0.000	1.351	1.351	1.351	4.053	Ransley, Stephen
H1195	Disabled Adaptations - Future Years	0.000	0.000	1.125	1.164	1.035	3.324	Ransley, Stephen
H127A	Central Heating Gas Boilers - Unapproved	0.000	0.000	1.079	0.932	1.188	3.199	Ransley, Stephen
H128A	Central Heating Distribution Systems - Future Year	0.000	0.000	0.555	0.944	8.673	10.172	Meredith, Keith
H1810	Central Heating Distribution System Inc Elec Store Heaters	0.000	0.000	0.038	0.126	7.943	8.107	Meredith, Keith
H1811	Heating Other	0.246	0.000	0.000	0.000	0.000	0.246	Ransley, Stephen
H0550	Disabled Adaptations - 2016/17	0.964	1.087	0.000	0.000	0.000	2.051	Ransley, Stephen
H1115	Door Entry System Replacement Programme	0.146	0.014	0.000	0.016	0.000	0.176	Legge, Martin
H632B	DN: Holyrood Improvements	0.001	0.000	0.000	0.000	0.000	0.001	Davies, Rebecca
H6266	THP Phase 2 MacArthur/Vanguard	0.932	0.000	0.000	0.000	0.000	0.932	Cooper, Aidan
H6319	DN: Estate Improvement Programme	0.230	0.200	0.000	0.000	0.000	0.430	Smith, Stephen
H0331	DN: Rotterdam Towers - Car Parking	0.012	0.000	0.000	0.000	0.000	0.012	Cooper, Aidan

Scheme No.	Description	Estimate 2016/17 £M	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Total £M	Project Manager
H0340	DN Thornhill	0.800	0.400	0.000	0.000	0.000	1.200	Cheetham, Amanda
H1110	Communal Areas Works	0.416	0.130	0.000	0.000	0.000	0.546	Tomblin, Neville
H111B	Weston Court Communal Works	0.078	0.000	0.000	0.000	0.000	0.078	Tomblin, Neville
H111F	Floor Coverings to Communal Corridors	0.123	0.000	0.000	0.000	0.000	0.123	Legge, Martin
H1133	Roads/Paths/Hard Standing	0.215	0.000	0.000	0.000	0.000	0.215	Cooper, Aidan
H6324	DN: Leaside Way Improvements	0.010	0.000	0.000	0.000	0.000	0.010	Davies, Rebecca
H6331	Estate Parking Improvements.	0.060	0.000	0.000	0.000	0.000	0.060	Cooper, Aidan
H111D	Small Blocks Communal Works	0.031	0.000	0.000	0.000	0.000	0.031	Tomblin, Neville
H111M	Bellamy Court SHAP Refurbishment Project	0.110	0.000	0.000	0.000	0.000	0.110	Tomblin, Neville
H476S	SCI - Milner Court Scooter Store	0.040	0.000	0.000	0.000	0.000	0.040	Tomblin, Neville
H4801	SHAP (Supported Housing Area Programme)	0.000	0.000	0.440	0.000	0.000	0.440	Tomblin, Neville
H6310	DN: Millbrook Towers Improvements	0.011	0.000	0.000	0.000	0.000	0.011	Cooper, Aidan
H6314	DN: Millbrook Block Improvements	0.002	0.000	0.000	0.000	0.000	0.002	Cooper, Aidan
H6315	DN: Shirley	0.058	0.000	0.000	0.000	0.000	0.058	Potter, Helen
H6333	DN: Rozel Court	0.075	0.000	0.000	0.000	0.000	0.075	Davies, Rebecca
H6334	DN: Cuckmere Lane	0.698	0.902	0.000	0.000	0.000	1.600	Davies, Rebecca
H1138	Utility Supplies (Communal – Electric, Gas and Water)	0.088	0.158	0.000	0.000	0.000	0.246	Meredith, Keith
H138A	Utility Supplies Communal - Future Years	0.000	0.000	0.013	0.013	0.013	0.039	Meredith, Keith
H1731	Communal Shed / Store Areas	0.050	0.000	0.000	0.000	0.000	0.050	Tomblin, Neville
H111Z	Communal Area Works - Future Projects	0.000	0.000	0.206	0.090	0.141	0.437	Tomblin, Neville
H1720	Communal Heating Systems	0.000	0.000	0.070	0.035	0.035	0.140	Meredith, Keith
H1730	Communal Shed / Store areas - Future Years	0.182	0.000	0.000	0.000	0.000	0.182	Tomblin, Neville
H1801	Millbrook Towers Downpipe Replacement	0.447	0.000	0.000	0.000	0.000	0.447	Simpkins, James
H1802	Redbridge Towers Downpipe Replacement	0.350	0.000	0.000	0.000	0.000	0.350	Simpkins, James
H1813	Renew Communal Systems	0.000	0.000	0.021	0.000	0.000	0.021	Xie, Yi
H1814	Replace Roller Shutter Doors	0.000	0.000	0.045	0.045	0.045	0.135	Legge, Martin
H1816	Renew Communal Kitchen (Unapproved)	0.000	0.000	0.000	0.000	0.006	0.006	Ransley, Stephen
H1818	Central Ventilation Fan Replacement	0.000	0.000	0.033	0.033	0.033	0.099	Simpkins, James
H1819	Water Pump Replacement	0.000	0.000	0.040	0.040	0.040	0.120	Simpkins, James
H033A	DN: Future Decent Neighbourhood Schemes - Unapproved	0.000	0.163	1.723	1.784	0.944	4.614	Cooper, Aidan
H1822	Roads, Paths and Hard Standings (Unapproved)	0.197	0.311	0.311	0.311	0.311	1.441	Cooper, Aidan
H1821	Communal Doors 2016/17	0.377	0.078	0.000	0.000	0.000	0.455	Legge, Martin
H1721	Communal Heating Systems -Approved	0.035	0.000	0.000	0.000	0.000	0.035	Meredith, Keith
H186A	Renew Communal Kitchens-Approved	0.056	0.020	0.000	0.000	0.000	0.076	Ransley, Stephen
H188A	Communal Central Fan Replacement Programme -Approved	0.033	0.033	0.000	0.000	0.000	0.066	Simpkins, James
H189A	Communal Central Water Pump Replacement Programme -Approved	0.040	0.040	0.000	0.000	0.000	0.080	Simpkins, James
H481A	SHAP (Supported Housing Area Programme) -Approved	0.580	0.463	0.000	0.000	0.000	1.043	Tomblin, Neville
H1820	Replace Roller Shutter Doors - Approved	0.045	0.045	0.000	0.000	0.000	0.090	Legge, Martin
H1815	Door Entry System Replacement Programme (Unapproved)	0.000	0.000	0.000	0.000	0.170	0.170	Legge, Martin
H1135	External Wall Insulation - Kingsland Estate	0.133	0.000	0.000	0.000	0.000	0.133	Meredith, Keith
H1301	Renewable Energy Sources - Future Years	0.000	0.000	0.356	0.369	0.000	0.725	Tomblin, Neville
H1302	Renewable Energy Source	0.244	0.000	0.000	0.000	0.000	0.244	Tomblin, Neville
H1355	Thornhill District Energy Scheme	21.634	4.000	0.000	0.000	0.000	25.634	Meredith, Keith
H117A	Loft Insulation and Pipe Lagging - Future Years	0.000	0.000	0.000	0.005	0.000	0.005	Meredith, Keith
H1710	Communal doors	0.000	0.000	0.107	0.137	0.196	0.440	Legge, Martin
H1809	External Wall Insulation - Kingsland Estate	0.000	0.000	0.000	4.902	4.006	8.908	Meredith, Keith
H135A	ECO - Staffing Costs	0.510	0.000	0.000	0.000	0.000	0.510	Meredith, Keith
H135B	ECO - Capita Costs	0.080	0.000	0.000	0.000	0.000	0.080	Meredith, Keith
H135C	ECO - Planning & Legal Costs	0.080	0.000	0.000	0.000	0.000	0.080	Meredith, Keith
H135D	ECO - Works / Holding	5.335	0.000	0.000	0.000	0.000	5.335	Meredith, Keith
Total Programme		81.762	38.841	25.420	27.125	40.784	213.932	

Sources of Finance

Council Resources	47.348	6.276	0.000	3.351	9.149	66.124
Earmarked Capital Receipts	4.400	3.475	2.764	0.986	1.008	12.633
Contributions	0.000	0.000	1.300	0.000	0.000	1.300
Central Govt Grants	1.350	0.000	0.000	0.000	0.000	1.350
Other Grants	0.000	0.000	0.000	0.000	0.000	0.000
MRA	19.893	20.287	16.230	21.290	19.389	97.089
Direct Revenue	8.772	8.803	5.126	1.498	11.238	35.437
Total Programme	81.762	38.841	25.420	27.125	40.784	213.932

KEY ISSUES – QTR 2

HOUSING REVENUE ACCOUNT

The portfolio programme currently totals **£213.94**. This can be compared to the previous reported programme position of **£209.37M** resulting in an increase of **£4.57M** on the programme, which represents an increase of **2.1%**.

The changes to the programme are shown in the following summarised table:

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£M	£M	£M	£M	£M	£M
Programme at last report	75.44	35.04	30.98	27.13	40.78	209.37
Approvals since last report	4.57	0.00	0.00	0.00	0.00	4.57
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	1.75	3.8	(5.55)	0.00	0.00	0.00
Programme Total	81.76	38.84	25.43	27.13	40.78	213.94

The forecast position of the revised 2016/17 programme is **£58.49M**. This is a forecast variance of £23.27M.

PROGRAMME CHANGES

APPROVALS SINCE LAST REPORT

HRA 1 – Existing Satisfactory Purchase Scheme (£4.79M increase)

Scheme Approval was given by Council on 20 July 2016 to purchase suitable properties from within the local market in 2016/17. The scheme will be part funded by useable “right to buy” receipts avoiding the need to return these time limited receipts to Central Government with interest.

HRA 2 – Copse Road Improvement Work (£0.22M decrease)

Scheme Approval was given by Cabinet on 19 July 2016 to reduce funding as the scope of works has been reviewed resulting with a reduced schedule of improvement works being required.

NEW ADDITIONS FOR APPROVAL.

None.

OTHER CHANGES FOR APPROVAL

None

SLIPPAGE/REPHASING

HRA 3 – ECO (Energy Companies Obligation) (Re-phasing of £4.48M from 2018/19 to 2016/17 and 2017/18)

The ECO budgets have been rephased to align with existing timescales.

Scheme approval was given by Council on 20 July 2016 to approve and realign the remaining unapproved ECO budget of £6.1M along the existing estimated timescales. £4.48M of this needed to be rephased from 2018/19 to 2016/17 (£1.5M) and 2017/18 (£2.98M).

This scheme has subsequently been subject to planning consent delays and there is now forecasted slippage in the scheme as explained in section HRA13 below.

HRA 4 – Renew Communal Systems (Alarms) (Rephasing of £1.07M from 2018/19 to 2016/17 and 2017/18)

This renewal programme has been rephased to align with earlier completion dates.

Scheme approval was given by Cabinet on 19 July 2016 to rephase £1.07M from 2018/19, of which £0.25M is for 2016/17 and £0.82M is for 2017/18. This is required to realign the budget to the revised activity plan for renewal of Communal Alarm Systems.

FORECAST CHANGES

Estate Regeneration

HRA 5 - Townhill Park: Design & Contract P1, 2 & 3 (Slippage of £0.25M from 2016/17 to 2017/18)

The Delivery Model has been reviewed to incorporate Government Housing Policy Changes

The Government has introduced a number of proposals which have impacted on the current aspiration to provide a significant number of homes for affordable rent through the HRA as part of the council's ongoing Estate Regeneration programme, and as a consequence additional time has been required to update the Delivery Model for these proposals.

Specific changes that have had an impact on this project are:

1. Rents in the social rented sector will be reduced by one percent per year for the next four years. Therefore it has been necessary to plan for significantly reduced rental income alongside the previously announced plans to sell off vacant "high value" council housing and hand over the capital receipts to central government.
2. The Housing and Planning Act 2016 contains significant changes to planning most notably the removal of obligatory section 106 requirements for the provision of affordable housing in favour of lower cost home ownership products such as Starter Homes. This measure will change the definition of what is considered affordable housing in favour of home ownership as opposed to affordable rent.

HRA 6 – Woodside/Wimpson Regeneration (Slippage of £4.98M from 2016/17 to 2017/18)

A new Delivery Plan process has been agreed and includes a later start date.

A new process is being implemented to move away from the master-planning of a single estate over several years and then moving onto the next one. That process was inefficient and didn't always deal with the buildings that needed redevelopment. The revised process will identify worst performing buildings to be prioritised and data is being collated to build this information into a new programme. This change in focus has caused delays to the start of this project.

Safe, Wind & Weather Tight

HRA 7 - Sprinkler Project (Slippage of £0.36M from 2016/17 to 2017/18)

This project is on hold whilst other works are completed.

This project is planned to commence once other projects working at the same properties have completed their works. As some of the other projects have not completed within planned timescales this has caused a delay in implementing the new sprinkler systems.

HRA 8 – Copse Road Block Refurbishment (Saving £0.15M)

The scope of works has been reduced.

The scope of works has been further reduced with only minimum works now required to provide a wind and weathertight structure and to eliminate the health and safety risks.

Well Maintained Communal Facilities

HRA 9 - DN: Thornhill (Slippage of £0.86M from 2016/17 to 2017/18)

This project is on hold whilst other works are completed.

This work is planned to commence once ECO works are complete. That project has itself slipped and this has caused a delay to the start of the planned Decent Neighbourhood works at Thornhill.

HRA 10 - Roads/ Paths and Hard Standings (Slippage of £0.05M from 2016/17 to 2017/18)

The contractor requires some time to prepare for these works.

The process of agreeing a brief and securing a contractor for these works took longer than envisaged and the contractor cannot start works until they have been able to fully incorporate these works into their work planning. These factors have created a small delay to the commencement of works.

HRA 11 - DN: Cuckmere Lane (Slippage of £0.6M from 2016/17 to 2017/18)

The residents were given an extended consultation period.

The resident's consultation period was extended causing a delay to the start of these works. Further delay arose due to the departure of 2 Landscape Architects involved with this project. New architects have now been appointed and a revised start date of April 2017 has been agreed.

HRA 12 – Millbrook & Redbridge Towers Gutter Replacement (Saving of £0.4M)

Gutter replacement is not required.

The work to replace gutters has been cancelled following more detailed inspections that revealed that they were still in a serviceable condition.

Warm and Energy Efficient

HRA 13 - ECO (Slippage of £15.54M from 2016/17 to 2017/18)

Delays occurred in gaining planning consents and additional conditions being imposed.

Following the pre-application stage the level of information required to support the full planning application was greater than expected which has extended the length of time needed to produce this planning application.

The timeframe for the planning process increased due to an additional element of the works having to be included in the application taking it from a minor project scheme to a major project scheme under planning terminology.

Additional delays were experienced once planning approval was granted as there were 22 conditions applied which was far more than expected and required us to add more information to meet these conditions before work could commence on site.

DECISION-MAKER:	CABINET		
SUBJECT:	SOUTHAMPTON CLEAN AIR STRATEGY 2016 - 2025 AND CLEAN AIR ZONE		
DATE OF DECISION:	15 NOVEMBER 2016		
REPORT OF:	CABINET MEMBER FOR TRANSFORMATION PROJECTS		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Steve Guppy	Tel: 023 8091 7525
	E-mail:	steve.guppy@southampton.gov.uk	
Director	Name:	Mark Heath	Tel: 023 8083 2371
	E-mail:	Mark.heath@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
Not Applicable.	
BRIEF SUMMARY	
<p>It is proposed that a Clean Air Strategy for Southampton is adopted as a level 2 strategy in the Council's Strategy and Policy Framework. The Strategy aims to achieve sustained improvements in the health of the population of Southampton in the period up to 2025 by improving air quality. The strategy provides a high level overview of the key actions and measures, and will be supported by a Clean Air Zone Implementation Plan. This will introduce the concept of a Clean Air Zone in Southampton and deliver a programme of specific activities from 2016/17 designed to reduce emissions, culminating in the introduction of penalty charging in 2019/20 for the most polluting commercial vehicles.</p>	
RECOMMENDATIONS:	
	(i) To consider and approve the Southampton City Council Clean Air Strategy 2016 -2025 (Appendix 1).
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure that the Council has a clear, accessible and transparent strategy that articulates its vision and priorities for improving air quality in the city up to 2025.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	Not publishing a strategy was rejected as it is important for the Council to provide a clear and accessible statement of intent to residents, visitors, businesses and other stakeholders.
DETAIL (Including consultation carried out)	
3.	Poor air quality remains a significant public health issue for the population of Southampton. The European Union Air Quality Directive requires all member states to comply with limits on key air pollutants including Nitrogen dioxide (NO ₂). The Department for Environment Food & Rural Affairs (Defra), responsible for ensuring that the UK complies with European Directives has

	indicated that Brexit would not alter the requirement for compliance under proposed UK legislation.
4.	For air quality monitoring purposes, the UK is divided into 43 zones and in 2013, Southampton was identified as exceeding annual limits for NO ₂ levels. Modelling suggests that this exceedance could persist beyond 2020. Infraction proceedings instigated by the EU (with associated financial penalties) against the UK for breaching NO ₂ levels commenced in 2014.
5.	Road transport is the most significant contributor to poor air quality within the city with 34% attributed to heavy goods vehicles, 7.5% light goods vehicles, 4.5% buses and 24% cars. Recent work has shown that operations within the port are also significant along the middle part of the Western approach.
6.	It is estimated that at least 29,000 early deaths in the UK each year can be attributed to exposure to particulate emissions. This figure could exceed 50,000 deaths when also considering NO ₂ exposure. (Royal College of Physicians, <i>Every breath we take: the lifelong impact of air pollution</i> , Feb 2016). Costs to society, businesses and NHS services due to poor air quality are estimated to exceed £30 billion every year in the UK.
7.	In 2014/15, a review of the air quality in Southampton was conducted by an Air Quality Scrutiny Inquiry Panel. The panel's recommendations included the development of a Low Emissions Strategy to identify how emissions can be reduced at source by promoting the uptake of new technologies. Southampton City Council (SCC) secured funding from Defra to develop a strategy and action plan. The measures identified have been incorporated into the strategy and developing Clean Air Zone Implementation Plan.
8.	Defra published the UK Air Quality Plan in December 2015. The document identifies Southampton as one of five cities which will be required to implement a mandatory Clean Air Zone (CAZ) at the earliest opportunity and no later than 2020. This will introduce penalty charges for the most polluting commercial HGV's, buses and taxis. A national framework and legislation to facilitate this are expected in 2016/17. Government have allocated funding to support the five local authorities who will be mandated to introduce these measures. SCC are working closely with Defra to develop the framework and Southampton's own CAZ Implementation Plan with the aim of introducing penalty charges in 2020. It is anticipated that the CAZ will include the city centre and the main arterial routes within the administrative boundary.
9.	Although Clean Air Zones will be characterised by the introduction of penalty charges, Defra are keen to ensure that they are also the focus of additional measures. Therefore the Clean Air Strategy and developing Clean Air Zone Implementation Plan will cover a broad programme of measures to deliver improvements, culminating in the introduction of penalty charging in 2019/20 for the most polluting commercial vehicles.
10.	To date, a number of documents have been published that identify how air quality within Southampton City might be improved. These include the Local Plan, Local Transport Plan, the Air Quality Action Plan and the Clean Air Zone Implementation Plan. However, the council does not have an overarching strategy to describe its aims and objectives for the city's air quality and the general principles and mechanisms it wishes to use. The Air Quality Strategy which addresses this is attached at Appendix 1.
11.	It is proposed that a Clean Air Strategy for Southampton be adopted as part

	of the Council's Strategy and Policy Framework. The Strategy will aim to drive sustained improvements in the health of the population for Southampton in the period up to 2025.															
12.	The proposed themes cover the key determinants of air quality in urban areas and align to all four of the newly agreed priority outcomes within the Council Strategy:															
	<table border="1"> <thead> <tr> <th>Council Priority Outcome</th> <th>Air Quality Theme</th> <th>Actions</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Southampton is a city with strong and sustainable economic growth.</td> <td>Supporting businesses and organisations</td> <td>Work with businesses and organisations to support behaviour change to improve air quality</td> </tr> <tr> <td>Promoting sustainability</td> <td>Southampton City Council will be an exemplar of sustainable working practices in relation to reducing emissions and improving local air quality</td> </tr> <tr> <td>Children and young people in Southampton get a good start in life</td> <td rowspan="2">Reduce air pollution</td> <td rowspan="2">Adoption of a programme of measures to reduce levels of air pollutants in Southampton</td> </tr> <tr> <td>People in Southampton live safe, healthy, independent lives.</td> </tr> <tr> <td>Southampton is a modern, attractive city where people are proud to live and work.</td> <td>Collaborating with communities and residents</td> <td>Work with and support the education of communities and individuals to identify and support behaviours which improve air quality</td> </tr> </tbody> </table>	Council Priority Outcome	Air Quality Theme	Actions	Southampton is a city with strong and sustainable economic growth.	Supporting businesses and organisations	Work with businesses and organisations to support behaviour change to improve air quality	Promoting sustainability	Southampton City Council will be an exemplar of sustainable working practices in relation to reducing emissions and improving local air quality	Children and young people in Southampton get a good start in life	Reduce air pollution	Adoption of a programme of measures to reduce levels of air pollutants in Southampton	People in Southampton live safe, healthy, independent lives.	Southampton is a modern, attractive city where people are proud to live and work.	Collaborating with communities and residents	Work with and support the education of communities and individuals to identify and support behaviours which improve air quality
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13.	In consultation with the Cabinet Member for Transformation, a working group (including officers from Scientific Services, Transport Policy, Strategy and Public Health) have developed detailed actions under each priority area. This was guided by the responses received from the 2014-15, Air Quality Scrutiny Inquiry public engagement exercise. The Health and Wellbeing Board, CMT and Cabinet Member for Transformation have been briefed and consulted as the Strategy has been developed. Public Health England and the Government's Joint Air Quality Unit (Defra/DfT) have also been consulted informally during the development of the Strategy and have provided advice and input.															
14.	The overarching aim of the Clean Air Strategy will be to ensure Southampton is a clean and healthy city in which to live and work, supporting the Council's strategic priority outcomes.															

15.	<p>The following targets will be used to measure success:</p> <ul style="list-style-type: none"> • Achieve all statutory air quality standards by 2020 and any adopted local standards or goals. • Deliver an ongoing reduction in NO₂ and particulate levels for the duration of this strategy. • Demonstrate a reduction in NO₂ and particulate emissions derived from SCC activities. • Reduce the fraction of mortality attributable to particulate air pollution. • Implementation of the Southampton Clean Air Zone by April 2017 and penalty charging for the most pollution commercial vehicles by 2019/20. • Increase the proportion of journeys to work and school made by public transport or active methods. • Increase in the uptake and use of ultra-low and zero emission vehicles in the city.
16.	The Clean Air Strategy will contribute to wider improvements in the health of the Southampton population which should be reflected in key indicators for public health in the City over the duration of the Strategy.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
17.	There are no additional resource requirements arising from the approval of the strategy.
<u>Property/Other</u>	
18.	There are no immediate impacts.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
19.	S.1 Localism Act 2011 permits a Council to do anything in the discharge of its functions provided not otherwise restricted by existing legislation (known as the general power of competence). This includes implementing policy designed to improve and deliver environmental protections and air quality measures in order to meet the requirements of the European Union Air Quality Directive. Additional legal implications arising from the designation of a Clean Air Zone and associated matters will be addressed in future decisions as and when further clarity on the regulatory framework for zones is published.
<u>Other Legal Implications:</u>	
20.	The Council has a number of statutory duties relating to air quality as detailed in the report. This Strategy will assist the Council in meeting these duties and preparing for compliance with the Directive.
POLICY FRAMEWORK IMPLICATIONS	
21.	Contained in the report and Strategy attached at Appendix 1.

KEY DECISION?	Yes
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WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Clean Air Strategy 2016-2025
Documents In Members' Rooms	
1.	ESIA
Equality and Safety Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
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.	
2.	

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A Clean Air Strategy for Southampton 2016-2025



Clean air is essential for good quality of life, yet every day people living in our urban centres can be exposed to potentially harmful levels of pollutants.



Southampton City Council is committed to improving the city's air quality. Reducing emissions and air pollution now will have lifelong, lasting benefits for the city's population, remove barriers to further economic development and make the city a more attractive place to work, live and visit. Improvements in air quality can deliver ongoing improvements in public health and wellbeing. To protect our residents' health we want to make the city's air as clean as we can.

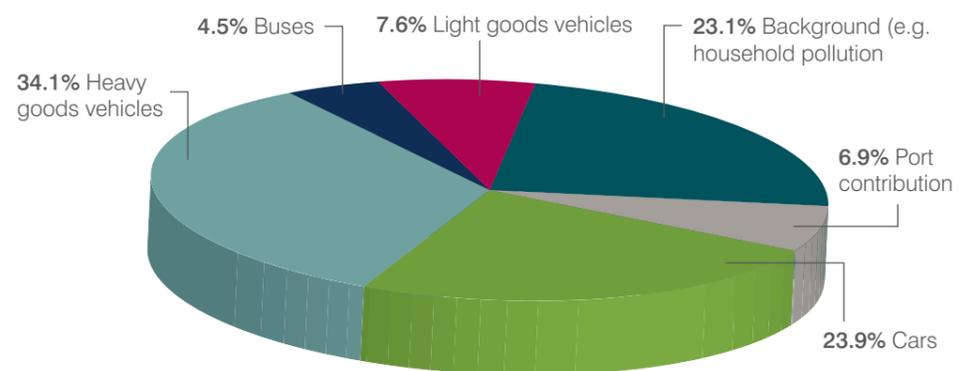


The Council cannot improve air quality on its own. This strategy details the key ways in which we will work together with our partners to make improvements to air quality across the city.

AIR QUALITY IN SOUTHAMPTON

- There are many different pollutants that can affect the quality of the air we breathe. Nitrogen dioxide and Particulate Matter are the main concern in the UK.
- The negative effects of exposure to air pollutants occur at every stage of life, from early stages of development through to old age. Those with existing cardiovascular and respiratory disease are most at risk, but a wide range of health effects have been linked to the wider population including stroke, heart disease, obesity, lung cancer and asthma. Reducing the health impacts of local air pollution is identified as a priority by Public Health England in its Strategic Plan (2016 to 2020).
- The Council has a statutory duty to assess and review air quality in its area and make reasonable efforts achieve statutory thresholds. DEFRA have set limits for key pollutants. Monitoring and modelling in Southampton suggests levels of nitrogen dioxide could exceed that level beyond 2020, unless additional efforts are made.
- In the UK, up to 50,000 early deaths each year can be attributed to Particulate Matter and Nitrogen Dioxide exposure. Costs to society, businesses and NHS services due to poor air quality exceed £30 billion a year.
- Exposure to Particulate Matter alone is estimated to contribute to 110 early deaths in Southampton each year.
- Road transport is the biggest contributor to pollution across the city followed by industry. Port operations are also significant in certain areas of the city.
- Diesel cars have been encouraged by national policy to reduce carbon dioxide emissions. However, they generate significantly higher emissions of Particulate Matter and Nitrogen Dioxide than petrol cars. In 2001, 18% of all new cars registered were diesel. By 2012, this increased to 50%.
- Air quality is a consideration for the Planning Authority and the Council is obliged to ensure that impacts on air quality are taken into account when approving developments.

Causes of pollution in Southampton



Source apportionment (% of modelled nitrogen dioxide) at M271 and A33 junction, Redbridge

WHAT ARE WE GOING TO DO?

- The Council is committed to improving Southampton's air quality, reducing health impacts, and fulfilling our legal obligations. The national Air Quality Plan for Nitrogen Dioxide in UK (2015) sets out targeted local, regional and national measures to meet these goals.
- This includes implementing a new programme of Clean Air Zones in Southampton, Birmingham, Leeds, Nottingham and Derby. Under this Plan, by 2020 the most polluting vehicles - older buses, coaches, taxis and lorries - will be discouraged in Southampton through the levying of a penalty charge. Newer vehicles that meet the latest emission standards, and private cars will not be subject to the statutory penalty charges.
- The Council will develop a package of measures as part of the city's Air Quality Action Plan and Clean Air Zone implementation plan to encourage behaviours which support improvements in air quality.

We have identified four priorities for improving air quality in the city:

PRIORITY	WHY THIS IS IMPORTANT
Improve air quality in the city	<ul style="list-style-type: none"> • Air pollution has an adverse effect on people's health. Reducing levels of pollutants below statutory levels and beyond is key to improving the health and wellbeing of Southampton's residents of all ages. • The threshold level for nitrogen dioxide (annual average) is exceeded in a number of key locations across the city and the Council has a statutory duty to make reasonable efforts to reduce levels below this. • If air quality does not improve it could become a significant barrier to further economic growth.
Supporting businesses and organisations	<ul style="list-style-type: none"> • The Council cannot deliver improvements in air quality on its own - we will need to work with our local businesses and organisations to promote the benefits of change in term of both health and prosperity. • The Council will need to engage with residents, visitors, businesses and other organisations to encourage the use of low emission technologies, public transport and the take up of active travel such as cycling and walking.
Collaborating with communities and residents	<ul style="list-style-type: none"> • Cleaner air in Southampton can only be achieved if individuals and organisations take responsibility and change their current behaviours. • These measures can provide direct benefits to the health and wellbeing of everyone in the city. If our residents and visitors embrace this positive message we can expect to see improvements sustained for future generations. • Our communities and residents will need support to ensure they are able to deliver the changes they want.
Promoting sustainability	<ul style="list-style-type: none"> • It is important that measures to improve air quality in Southampton are sustainable and do not create a negative impact elsewhere. This might happen if the most polluting vehicles are displaced from the city or alternative fuels are not from a sustainable source. • The Council will promote sustainable change – as well as making sure that, when providing advice and promoting change to others, it can demonstrate its own efforts and the positive differences it is making.

WHAT DO OUR RESIDENTS SAY ABOUT AIR QUALITY IN SOUTHAMPTON?



In 2014, a survey of residents' views on air quality was undertaken:

- Of the 291 responses, 36% felt that air quality in the city was a "significant issue". Only 7% felt it was not an issue.
- Cars and HGVs were felt to be the main contributors to pollution, with buses, industry, shipping and other port-based activities also selected.
- Residents suggested a wide range of measures that would be needed to help improve the city's air quality including promoting public transport, cycling and walking, traffic improvements, low emission vehicles, penalty charging and port improvements.

OUR CHALLENGES	OUR SUCCESSES
<ul style="list-style-type: none"> • Air pollution is linked to many major health problems facing cities like Southampton. Estimates suggest that 6.2% of early deaths in Southampton in 2010 were attributable to long term Particulate pollution alone. • Those who live in deprived areas or have existing medical conditions are disproportionately affected by poor air quality. • Between 2008/9 and 2012/13, Southampton has become relatively more deprived – of the 326 Local Authorities in England, Southampton is now ranked 54th (previously 72nd) most deprived. • Southampton's port is the busiest cruise terminal and second largest container port in the UK. Its continued success is vital to the city's economy • As a regional retail and economic centre, Southampton's economy is heavily reliant upon its transport links. 	<ul style="list-style-type: none"> • The Council introduced its first Air Quality Action Plan in 2007. At its last review, it identified 48 individual activities delivering improvements in local air quality. • The city has a long established air monitoring network that provides robust data on current and historical pollution levels. Four continuous monitoring stations and 60+ passive sampling sites currently provide data on current levels and ongoing trends. • Our air monitoring network has been able to demonstrate a steady statistical improvement in the city's air quality since 2007. • Both the existing Local Transport Plan and Local Development Plan recognise the health impact of air quality and identify how improvements can be achieved. • The Council was amongst the first authorities to offer an Air Alert service. This is free to anyone but is particularly valued by those with respiratory illnesses who can be more sensitive to air pollution. • The My Journey campaign has achieved significant success in promoting public transport and active travel choices across the city. Over 100 events were delivered in 2015. More than 25% of the city's adult population have been engaged via one or more of the promotional activities. Over the programme period car journeys have reduced by 3% and cycling has almost doubled. • The Council is working closely with key partners and has assisted and supported local bus operators, port operators and the University of Southampton in seeking and acquiring funding for activities to assess and improve air quality.

PRIORITY	OUTCOME	WHAT ARE WE GOING TO DO?
Improve air quality in the city	Adopt an effective programme of measures to reduce emissions of nitrogen dioxide, particulates and other pollutants in Southampton	<ul style="list-style-type: none"> • Establish the Southampton Clean Air Zone (CAZ) on a voluntary basis, with no charging, by 2017 and deliver an associated package of measures. • Fulfil our statutory requirements and introduce penalty charges in 2019/20 for the most polluting commercial vehicles entering the CAZ. • Ensure future revisions of our Local Transport Plan, Local Development Plan and all other Council and city plans and strategies provide suitable and adequate policies to reduce emissions and deliver cleaner air. • Improve transport and freight delivery systems through efficient infrastructure, uptake of new and innovative technologies and increased uptake of public transport, cycling and walking. • Encourage the uptake of low emission technologies and vehicles. • Identify where alternative fuels and innovative solutions might deliver positive outcomes and support their assessment and introduction.
Supporting businesses and organisations	Work with businesses and organisations to promote the uptake of low emission technology and change travel behaviours	<ul style="list-style-type: none"> • Develop a Clean Air Partnership with key stakeholders in the city and region. • Work with the Port of Southampton to identify and support initiatives that will reduce their emissions. • Continue to promote sustainable travel through maintaining the "My Journey" campaign and explore options for further development. • Empower businesses to take responsibility for their contributions to air pollution and implement improvements. • Implement schemes to support taxi operators, other businesses and public services in reducing the emissions relating to their activities. • Strengthen shared learning via networks including representatives from academia, community groups and expert groups.
Collaborating with communities and residents	Work with and support the education of communities and individuals to identify and support behaviours which improve air quality	<ul style="list-style-type: none"> • Develop a role for residents and community groups in our Clean Air Partnership. • Support the education sector to raise awareness of air pollution and how to reduce emissions. • Incentivise the use of public transport, cycling and walking. • Empower communities and individuals to take responsibility for their contributions to air pollution. • Provide good quality, timely information and data on local levels of pollution to enable residents to adopt behaviours to maintain their own health.
Promoting sustainability	Southampton City Council will be an exemplar of sustainable working practices in relation to reducing emissions and improving local air quality	<p>The Council will:</p> <ul style="list-style-type: none"> • Lead by example, ensuring our plans, policies and working practices support and promote an improvement in local air quality whilst delivering wider environmental and economic benefits locally, regionally and nationally. • Introduce a programme of measures to reduce its emissions and act as a key partner, sharing best practice on reducing emissions and promoting sustainable working methods whenever it can. • Use its influence on the local supply chain to ensure impacts on air quality are considered when making procurement decisions, including in the procurement and operation of its own fleet.

HOW WILL WE MEASURE SUCCESS?

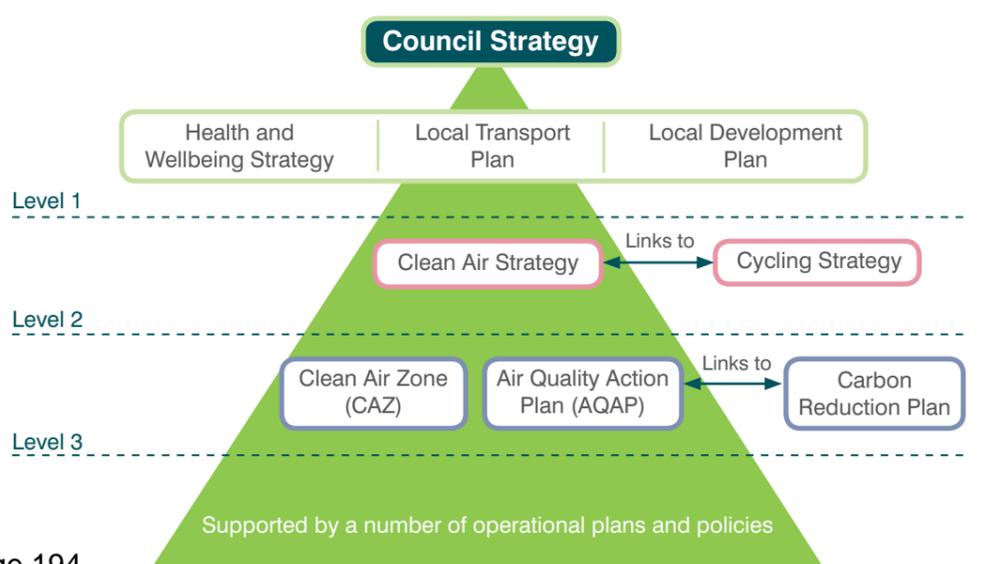
We will:

- Achieve all statutory air quality standards by 2020.
- Deliver an ongoing reduction in Nitrogen Dioxide and Particulate Matter levels, to include those arising from Southampton City Council activities.
- Reduce the fraction of mortality attributable to particulate air pollution.
- Implement the Southampton Clean Air Zone by April 2017, and penalty charging for the most polluting commercial vehicles by 2019/20.
- Increase the proportion of journeys to work and school made by public transport or active methods.
- Increase the uptake and use of ultra-low and zero emission vehicles in the city.

This Clean Air Strategy will also contribute to wider improvements in the health of the Southampton population and we anticipate improvements in key indicators for public health in the city.

More detail about how we intend to achieve our targets or monitor progress is included in our Air Quality Action Plan which will be reviewed and updated annually for the duration of this strategy.

LINKS TO OTHER STRATEGIES AND PLANS



DECISION-MAKER:		CABINET	
SUBJECT:		COURT LEET PRESENTMENTS 2016	
DATE OF DECISION:		15 NOVEMBER 2016	
REPORT OF:		SERVICE DIRECTOR, LEGAL AND GOVERNANCE	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Judy Cordell	Tel: 023 8083 2766
	E-mail:	Judy.cordell@southampton.gov.uk	
Service Director	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail:	Richard.ivory@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

None.

BRIEF SUMMARY

The purpose of this report is to bring to the Executive's attention the Presentments accepted by Court Leet, the action taken to date and to identify Lead Officers and Members for future actions.

RECOMMENDATIONS:

	(i)	that the initial officer responses to the Presentments approved by the Court Leet Jury, as set out in Appendix 1, be noted; and
	(ii)	that individual Cabinet Members ensure responses are made to Presenters regarding presentments within their portfolios as appropriate and as soon as practically possible.

REASONS FOR REPORT RECOMMENDATIONS

1.	The Executive has agreed that Court Leet Presentments will be reported to the Executive for consideration and ultimately determination.
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	The decision was previously made by the Executive to proceed in this manner; therefore this is the only approach considered appropriate.
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DETAIL (Including consultation carried out)

3.	Appendix 1 lays out in brief the Presentments received by Court Leet on 4th October 2016 with details of Lead Officers and Cabinet Members responsible, together with an initial response to each of the Presentments.
4.	The Presentments, once received, have been shared with Lead Officers and Lead Members; responses (and any action required) will be subject to the Council's normal decision-making processes and therefore, consultation at this time.

RESOURCE IMPLICATIONS	
Capital/Revenue	
5.	None.
Property/Other	
6.	None.
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
7.	Court Leet is maintained as a valid Court Leet, but only for purpose of taking Presentments on matters of local concern under the Administration of Justice Act 1977. Any proposals to implement any Presentments will be considered in due course by the appropriate decision-maker, and at that point legal issues will be taken into account.
Other Legal Implications:	
8.	None.
POLICY FRAMEWORK IMPLICATIONS	
9.	None at this stage, but as stated above, any proposals that are considered for implementation will be considered in the context of, inter alia, Policy Framework implications.
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Summary of Presentments and details of Lead Officers and Members Responsibility and Initial Response of Presentments.
Documents In Members' Rooms	
1.	None.
Equality and Safety Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
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.	

COURT LEET PRESENTMENTS 2016

No.	SUBJECT	LEAD OFFICER	LEAD MEMBER	PRESENTMENT
1.	Sholing Junior School			
	Flight Lieutenant Eric James Brindley Nicholson	Mike Harris	Councillor Kaur	<p>On the 16th August 1940 Flight Lieutenant Eric James Brindley Nicholson was badly injured in his Hawker Hurricane which was shot by a Messerschmitt over Southampton. His plane burst into flames after the petrol tank was set alight. Fortunately, he survived and won the Victoria Cross for his bravery against the enemy, the Victoria Cross is the highest and most prestigious award you can earn. Our school noticed that there is no memorial in Southampton for this amazing man, yet he fought in the skies above our city and almost lost his life.</p> <p>A couple of weeks later, a small group of children and teachers travelled to the Houses of Parliament to talk to MP Royston Smith about a memorial for James Brindley Nicholson. After some reasoning he agreed that it was a good idea to make a plaque in our new school building. With the governors' permission, the teachers set a competition to design the plaque.</p> <p>Finally after weeks of waiting for the plaque to be made at the stone masons it eventually arrived to be placed in the building. At long last what we had set out to achieve had finally come to fruition.</p> <p>We feel that James Brindley Nicholson should be remembered for his heroics and bravery. Therefore we hope to achieve more and get Southampton City Council to recognise James Brindley Nicholson's exploits and sanction a memorial, similar to the one at our school, to be installed at a prominent location in the City. We feel that the people of Southampton should know about James Nicholson and how he was the only recipient of the VC during the Battle of Britain and that he was awarded it whilst defending our City. Our cluster schools will be willing to fundraise and produce the memorial stone if the Council can secure a location for its installation.</p> <p>Adults are role models for us but we think it was our chance to be role</p>

COURT LEET PRESENTMENTS 2016

No.	SUBJECT	LEAD OFFICER	LEAD MEMBER	PRESENTMENT
				<p>models for Adults</p> <ul style="list-style-type: none"> - Freedom belongs to those who have the courage to defend to defend it - The pilots we speak about had that courage which is why we enjoy the freedom we have today.
1.	<p>RESPONSE: The council is supportive of a plaque to honour the heroic actions of James Brinkley Nicholson being located within the city as it is of Sholing Junior School, and the cluster schools undertaking fundraising activities to fund the cost of the creation and installation of the plaque, and would like to say thank you to all schools involved. SCC will help promote the activity of fundraising endeavours via council social media and other promotional platforms. Members will work with officers and the school to find a suitable location for the plaque to be installed.</p>			
2.	<p>Mr Colin Richards</p>			
	Improved access to the Common	Mitch Sanders	Councillor Rayment	<p>I am looking to get an existing historic gate reopened at the northern end of the old cemetery in Southampton to allow people to improve accessibility and permeability of the common. The gate was open for a while but now has been padlocked shut with earth moved in front of the entrance. I have been in touch with the Council (David Lees) about this and consulted the local cemetery group who were against opening the gate for a number of peculiar reasons such as increased crime and antisocial behaviour.</p> <p>I am happy for this to be considered as a written representation if that is possible and will be able to prepare a more full statement with plans and photos of the issue if this helps.</p>
2.	<p>RESPONSE: The gate at the northern end of Southampton (Old) Cemetery has been closed for a considerable number of years, over 25 according to employees within Bereavement Services, and has not caused any significant problems with access to the cemetery as other entrances/exits are available.</p> <p>The gate was closed because anti-social behaviour, such as vandalism, drug dealing/abuse, sexual activity, overnight sleepers, dog fouling and cycling on footpaths was taking place within the cemetery and it was believed that limiting the number of access points into and out of the cemetery helped to protect the cemetery, cemetery visitors and the adjoining</p>			

COURT LEET PRESENTMENTS 2016

No.	SUBJECT	LEAD OFFICER	LEAD MEMBER	PRESENTMENT
	<p>Common.</p> <p>The gate was unlocked for a period of time in 2015 after the chain was cut and removed by persons unknown and following a short period of consultation with the Friends of Southampton Old Cemetery the decision was taken to once again secure the gate in the closed position for the reasons outlined above.</p> <p>We are sensitive to the needs of cemetery users and the views of the Friends of the Old Cemetery, a group of volunteers who do excellent work to assist the council in maintaining the cemetery and feel that the gate should therefore be kept closed.</p>			
3.	Mr Martin Brisland			
	Conservation of the American Wall	Mike Harris	Councillor Kaur	This wall is beside the De Vere Hotel. It is seriously deteriorating. It is a memorial to the two and a half thousand American soldiers that came via Southampton to fight with the Allied forces in Europe. To protect this wall would acknowledge their support in the 2 nd World war.
3.	<p>RESPONSE: The wall in question is within the grounds of the hotel and the responsibility for maintenance, and any restorative works rests with the hotel owners. Some of the wall has been demolished, there were inscribed bricks in that section, that are now in the Council Local History Collection. Records and photographs have been made of the remaining section of the wall. Given that the wall is not currently listed, there is no statutory requirement to carry out restoration works. We hope that the presenter can work with the hotel to address their concerns.</p>			
4.	Ann MacGillivray			
	Equality in Hereditary Chiefship		N/A	The presentation was rejected.
5.	Mr Adrian Ford			
	Wheelie Bins	Mitch Sanders	Councillor Rayment	There is currently a problem with bins left on pavements, this makes it difficult for the elderly or people with pushchairs from walking on them, I would ask that the council look at ways to prevent this. A possible solution may be to fine persistent offenders, this could be landlords in the case of HMOs.

COURT LEET PRESENTMENTS 2016

No.	SUBJECT	LEAD OFFICER	LEAD MEMBER	PRESENTMENT
5.	<p>RESPONSE: It is the responsibility of the occupier to take their bin back in after collection. This should be done by the end of the collection day so as not to cause an obstruction or difficulty, in particular for the elderly, those who are partially sighted or people with pushchairs.</p> <p>In areas where there are Houses in Multiple Occupation (HMOs) there tend to be a greater number of bins that can exacerbate the issue. The central wards in the city where there are the highest concentrations of HMOs are subject to licensing and the HMO Wardens work closely with waste staff to assist with the education of residents and landlords to ensure as far as possible that bins are taken in following collection.</p> <p>Enforcement action under the Environmental Protection Act 1990 (as provided in the Clean Neighbourhoods & Environment Act 2005) is possible, but would not necessarily be considered to be a proportionate response unless in the most extreme circumstances.</p> <p>Further information can be found in the council's Waste Management Policy. http://www.southampton.gov.uk/policies/Waste-Management-Policy_tcm63-364278.pdf</p>			
6.	Mr Adrian Ford			
	Fly Tipping and Litter	Mitch Sanders	Councillor Rayment	<p>There is currently a big problem in the city with fly tipping and littering. This can create health and safety problems with rats and unsafe piles of unwanted large items such as fridges and mattresses.</p> <p>I would ask that the council look at ways of tackling this. One possible solution may be to bring back the city patrol or allow landlords and small businesses to access the cities recycling centres for free in order to alleviate the problem.</p>
6.	<p>RESPONSE: The City Council has set out its strategic vision that 'Southampton is a modern, attractive city where people are proud to live and work'. The appearance of the city is an issue we take very seriously as we recognise the potential negative impacts that fly-tipping and littering can have. Our street cleansing teams work actively seven days a week to keep our streets safe and clean by performing regular street sweeping and litter picking. Last year they dealt with nearly 3,000 public reports of fly tipping on public land. The challenge we face is balancing the cost benefit of education, enforcement and the prompt clearance of what has been tipped.</p> <p>Street Cleansing staff working with HMO Wardens, local communities and community payback to routinely clear areas of the</p>			

COURT LEET PRESENTMENTS 2016

No.	SUBJECT	LEAD OFFICER	LEAD MEMBER	PRESENTMENT
	<p>city subject to fly tipping, including private alleyways.</p> <p>The council provides a good value, reliable Commercial Waste Service for many of the smaller businesses in the city. The Household Waste Recycling Centre is provided for the disposal of domestic and not trade waste.</p>			
7.	Lyn Bradshaw			
	Pot holes	Rob Harwood	Councillor Rayment	<p>Pot holes - I'd like the "Pavement" repair criteria to apply to cycle routes and parts of roads where cycles often are.</p> <p>The So'ton City council web site page for reporting potholes says that if a hole on a pavement is "deeper than 4cm" (hold ruler) it "may cause a dangerous situation and cannot currently be reported online" and you are asked to telephone. The tick box options are "less than 2cm deep" or "2-4cm deep".</p> <p>The criteria for roads is golf ball and tennis ball depth...but I strongly feel the criteria needs to be changed where bikes regularly are. A bike tyre going over a hole this size (hold up tyre and golf ball) is bad, let alone a bike tyre going over a hole up to this size (hold up tennis ball). If car tyres had to go over or avoid holes that were the size of their tyres there would be so many complaints, but cyclists are regularly having to avoid holes the size of their tyres.</p> <p>SO my point is that the criteria needs to be changed on all cycle routes, including the parts of roads where cycles usually are - the edge metre, or if regularly parked cars, then that distance from the edge.</p> <p>I can give examples of potholes on dangerous edges of junctions that I have reported over the years, but don't get repaired as they are not "bad enough". Cyclists have to focus on the potholes, for example, when swinging round the corner at a busy junction. It's not good for my spine, it means I am looking at the tarmac, it means people might not choose to cycle. And even when they are repaired, so many are not done smoothly enough so it is still bumpy. Please help to improve</p>

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				potholes repairs, so that cycling can be something more and more people choose to do, for the good of the city (pollution etc.) and for their own health.
7.	<p>RESPONSE: The policy the City Council have adopted with regard to pothole depth intervention level standards has been predicated on a combination of national best practice amongst highway authorities and an affordability assessment in terms of the levels of service the Council could employ when appointing our long term highways partner, Balfour Beatty Living Places during 2010.</p> <p>It is accepted that the effect of traversing a pothole on a bicycle can be quite different to passing over the same defect in a vehicle and for this reason Balfour Beatty, who manage risk across the highway network do assess the hazard that specific potholes present to road users based not only on depth criteria (for example the likelihood of a sudden further deterioration to a greater depth or the presence of loose and hazardous stones around a defect may well cause a repair to be carried out even if not at the precise intervention level, but each instance is inspected on a case-by-case basis).</p> <p>It would not be possible to consider a change in standard of repair where cyclists may travel on the carriageway, in view of the uncertainty and variability of these paths that would cause an unacceptable amount of inconsistency in both implementation and defence of any claims.</p> <p>There would be the potential for altering intervention levels across existing on and off-street designated cycle lanes to match the standard employed across the City's highway footpaths, but this additional coverage is likely to cost upwards of £70k per annum (it is further noted that this is only an indicative figure from Balfour Beatty at this stage). This is not currently being considered further, but will be subject to ongoing review against highways code of practice guidance.</p>			
8.	Lyn Bradshaw			
	Speeding on the Avenue	Mike Harris	Councillor Rayment	It is extremely unsafe for everyone in the area, whether cycling, walking, or waiting at bus stops. The Avenue (the road leading from the M3) is mainly 40mph despite other comparable roads in the city being less. Part of the road is wide enough for 3 lanes, so is used as a fast overtaking lane, known a "suicide lane". I have witnessed too many horrendously dangerous overtaking manoeuvres, especially when a vehicle then pulls back in as another vehicle is using the same space

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				<p>but speeding towards them. I have also witnessed accidents on The Avenue [roof sawn off car, bus accident], and when on a crossing have been driven into and knocked onto the bonnet of a car.</p> <p>This is a road through an SSSi (The Common) and it could have such a different feel to it - like so many of the London parks that now have segregated bike lanes and slow roads. Of course the pollution would be less, as there would be less accelerating, then braking at the roundabouts and many traffic lights. The speed limit needs reducing, and the wide lanes need to be reduced by putting in segregated cycle lanes.</p>
8.				<p>RESPONSE: Police support is required for speeds to be reduced from 40mph to 30mph as they undertake the enforcement. For this the Police reasonably request that as well as a change to speed limit signage suitable measures are included that will effectively reduce driver's speeds. This is because previous speed reduction schemes have shown that signage alone is not always effective at reducing driver speeds and therefore leave the Police with an enforcement issue. Therefore any speed reduction of this kind should be coupled with physical measures such as build-outs or speeds cushions. While such features would not be deemed suitable for The Avenue another option is permanent fixed camera enforcement. The option of implementing fixed cameras have previously been considered by the Police with costs proving to be very high. An additional measure of red light cameras at signalised junction has also been considered to prevent red light running.</p> <p>Each year SSC undertake a road safety review across the network which determines where funding for road safety is to be used. This is the first year in which injury accident data has been reviewed in corridors such as The Avenue as well as cluster sites (junctions). As part of this review The Avenue did not show as a priority corridor site for the 2016/17 programme however injury accident data will again be reviewed in April 2017. Should this corridor be prioritised then the above survey and recommendations would for part of any decision making on how to improve road safety.</p> <p>Regarding the narrowing of carriageway, this would likely have a significant negative impact on capacity of this route which in turn would increase congestion and journey times. As part of the strategic network for the city and a primary link between the City Centre and motorway access this would need to be taken into consideration and the impact better understood before recommendations were made. This was not considered as part of the 2015 Road Safety review.</p> <p>In recent history the Police have undertaken very little enforcement of speeds on the Avenue due to the lack of space on</p>

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	verges for them to park an enforcement vehicle safely. Southampton City Council have this summer agreed with the Police a suitable site and are undertaking measures to prepare this site for the Police to begin enforcing at the existing 40mph speed limit. This will see regular visits from the Police undertaking camera enforcement in both directions between junctions with Bassett Wood Road and Glen Eyre Road.			
9.	Mrs Velecky			
	Ditches and open spaces on the Common	Paul Juan	Councillor Rayment	<p>Vegetation in ditches is no longer being cut back. As a result orchids which used to grow along the ditches have disappeared. It may not be possible, because of manpower shortages, or for ecological reasons, to clear all the ditches. However it would be good if those in which orchids grow could be cleared, as happened in the past, so that we could see the orchids again.</p> <p>Open areas on the Common are shrinking, because smaller areas are being cut, and this allows scrub and especially oak saplings to grow around the edges. Once the oak saplings are established the result will be more woodland, less open land and the disappearance of wild flowers which grow on open land. Can we return to the old mowing regime?</p>
9.	<p>RESPONSE: It is current practice to leave the vegetation on the sides of the ditches on Southampton Common to slow down the water flow so wider and deeper channels are not cut through. This practice also helps with providing a benign habitat for amphibians. Some years ago, all ditches on the Common were regularly cut back on either side and cleaned out along the bottom. Current resource levels would no longer allow a systematic cutting and clearing out of all Common ditches to take place on an annual basis. On the whole vegetation does not grow from the bottom of the ditches as the water suppresses this. Vegetative growth is monitored and cut back as required if found to be causing blockages.</p> <p>Orchids are a valued part of the Common's flora, and in those areas where the maintenance programmes applicable to ditches and adjacent areas can be modified to encourage their presence, such modifications will be incorporated into the Common's routine maintenance programmes.</p> <p>The Council remains committed to maintaining the Common in line with current evidence that shows that "countryside" type landscapes are better for health and wellbeing. We are aware of the issues with Oak saplings, which are mostly planted by Jays and Squirrels and will continue to remove them. There is no intention to allow the area to become more wooded and we</p>			

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	remain committed to the existing Management Plan (adopted in 1992).			
10.	Mr Jeffery			
	Planning our City's Future	Mike Harris	Councillor Letts	<p>As is required of an efficient City Council, Southampton has only recently completed a City Centre Action Plan and is now embarking on a New Local Plan, envisaging the City as far ahead as 2036.</p> <p>It is therefore very frustrating for amenity groups, such as CoSS and citizens to find, on several recent occasions, where instead of guiding developers to build as per the official plans, the developer to set his own standards.</p> <p>Only a month ago at Centenary Quay, Woolston, a planned footpath and cycle route (the Solent Way) was changed to suit a few rich clientele of crest-Nicholson, the builder of that development. The public are now deprived of a riverside route.</p> <p>In another example, the proposed new Bargate Centre plans do not include the City Walls or Hanover Buildings. It is therefore half a plan. This had been earmarked as a comprehensive proposal, highlighting Polymond Tower and with access to Houndwell park. The former developer unfortunately went bankrupt during the 2008 financial crisis. The new developer does not wish to respect the original plans.</p> <p>Developers in general seem to be getting away with distorting the original City Plans e.g. adding extra storeys to a student block after the original planning application. New builds in the Old Town should not exceed 6 storeys, but developers continue to plan higher buildings.</p> <p>We are being developer led, and it's wrong. The City Council should stick to its planning policy.</p>
10.	RESPONSE: In order to secure development and economic growth in the city, it is important that the city council works in partnership with investors and developers, as well as residents and other stakeholders in the city. The development and			

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	<p>implementation of appropriate planning policies is an important task and the recommendations of officers to members of the planning panel for the Centenary Quay development were in line with the existing planning policies. Recommendations for the Bargate scheme will equally take account of existing policies.</p> <p>As the presenter notes, the city council is embarking on a revision of the local plan and appropriate policies. We hope that the presenter and many other stakeholders, will engage in the consultation process to help shape future planning policy</p>			
11.	Mr Trowbridge			
	Disabled access to the Civic centre	Mike Harris	Councillor Shields	<p>. Last year I put forward a presentment for the disabled to enter the civic centre (Main entrance no notice at the base of the steps – or a telephone number for people to ring for assistance). This presentment was accepted by the Jury and was passed onto the relevant officer in which I had a reply in due course.</p> <p>However the reply was very disappointing as little has been done. Today I implore that this situation is rectified</p>
11.	<p>RESPONSE: The Civic Centre is a listed building and the erection of signs or other additions to the building requires approval by Historic England. There are no signs on or adjacent to the building in the immediate vicinity of the main entrance and approval for signs in this area has not been granted.</p> <p>The Capital Assets Team will however investigate with Historic England what alternative options may be acceptable to improve signage to the disabled access located to the east of the main entrance.</p>			
12.	Mr Clive Trowbridge			
	Food Hygiene Rating		Councillor Shields	<p>Mr Sheriff Ladies and Gentlemen of the Jury. I notice that the Food Standard Agency have adopted for places serving food to the public that on the doors and windows of their property they have a food hygiene rating green sticker showing the standard of that establishment.</p> <p>Would Southampton City consider adopting the same procedure for Rest or care homes and could be put on the window or door of the property so that relatives contemplating putting their relative in the Care/Rest can instantly know the score as far as the home is</p>

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				concerned.
12.	RESPONSE: Responsibility for this item lies with the Care Quality Commission. The presentment will be forwarded accordingly.			
13.	Lindsi Bluemel			
	Bullar Road gyratory Air Quality	Mike Harris	Councillor Rayment	<p>The air quality in this area is well below the acceptable standard and it is designated an Air Quality Management Area. Part of the reason for this is that almost all the diesel trucks from the wharves on Princess Rd use this route out of the city in preference to the Itchen Bridge and a toll of £20.</p> <p>A large part of the land in the middle of the gyratory is currently undergoing demolition and clearance as a result of the explosion at the firework factory which was sited there.</p> <p>The report of the Air Quality Scrutiny Panel says that planting trees is one of the easiest ways to reduce levels of dangerous toxins. My proposal is that the planning requirements for redevelopment of this site include the planting of small trees around the perimeter of the redeveloped area. If trees are not possible, then some sort of hedging or other green planting should be required. Not only would this improve the air quality in the locality but it would visually improve what has always been rather an eyesore. I have spoken to several councillors who have agreed with my suggestion.</p>
13.	RESPONSE: The planning application for the site should respond to the current policies of the council and will be assessed against them. Current policies do not necessarily require planting as proposed. When an application is received and processed, the presenter should respond to the public consultation with their suggestion.			
14.	Lindsi Bluemel			

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	<p>Bullar Road gyratory</p> <p>Pedestrian Crossings</p>	<p>Mike Harris</p>		<p>The cross-roads at the gyratory (Buller Rd/Athelstan/Bitterne Road West) are both pedestrian and cycle unfriendly and this must be changed. Crossing Bitterne Road west is lengthy and dangerous for pedestrians and cyclists have to go around the one-way system with cars, lorries, trucks and buses. To cross from the station to the bus-stop or convenience store (a distance of 20 metres or so) requires using THREE pelican crossings, at each of which you will wait up to 2 minutes; parents with pushchairs will be waiting for some time in the middle of the road breathing in all the toxic fumes from passing vehicles. It is no surprise then, that at 3.30 in the afternoon, you will see school children clinging to the outside of the railings at the MacNaughten/Bitterne Road West junction, with HGV's and buses whizzing by within millimetres of them, then waiting for a gap big enough to enable them to dash across the road. I have stood and watched children carry out these kamikaze movements astonished that they reach the other side of the road safely.</p> <p>What is required here is a simple "simultaneous red" for vehicles coming from all directions; at the same time, simultaneous green for pedestrians and cyclists to cross the junction in any direction. Three toucan crossings is completely unacceptable and it is not only children, adults as well make risky dashes across the road; also the three toucan crossings only take pedestrians to the east side of the junction. People also need to cross Bitterne Road West on the west side of the junction – more often and more frequently because the bus stop and convenience store are on the west side.</p> <p>When I cross the road at this location I cannot believe that I live in a civilised country or that such people as road safety officers or transport planners actually exist. If they do, they have certainly never stood at this junction at 3.30 pm and watched. And, believe it or not, this junction is on a route to two schools! I ask the jury to agree that the Council should consider how this junction can be improved for cyclists and pedestrians as a matter of urgency.</p>

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14.	<p>RESPONSE: The A3024, Bitterne Road West is a very busy road as it is one of the main accesses into the city from the east. Traffic signal junctions such as this one must provide a balance of maximising traffic flow, keeping the buses to their timetables and facilitating safe pedestrian movements. At high demand locations such as this, it can be challenging and does result in traffic signal staging where pedestrian can wait longer than compared to other locations.</p> <p>A review of the recorded Personal Injury Accidents at this junction show seven recorded accidents in the last five years. Four involved pedestrians, all of which were slight in severity. Over the five year period there is no notable trend to the accidents or a focus on one particular crossing. The SCC Transport Team will undertake a review of this junction to identify if there are refinements to the signal timings to provide more frequent pedestrian crossing opportunities but this must continue to ensure the general traffic flow is not unduly impacted.</p> <p>Any more fundamental changes to benefit pedestrian accessibility will be a longer term consideration, however the Council is in the process of reviewing the A3024 eastern access corridor to identify longer term infrastructure improvements which will include opportunities for major junction enhancements which are being considered in partnership with Highways England.</p>			
15.	Liz Batten			
	Clean Air and Cycling in Southampton	Mike Harris	Councillor Rayment	<p>Do you know, a cycle route between the upper and lower levels of the city centre has been removed/ It will not be replaced when Watermark is finished, so cyclists will have a much longer, more difficult, more dangerous journey. This got me thinking about the status of cycling in Southampton.</p> <p>We are experiencing huge risks to our health from air pollution here in Southampton. We have “no technical fixes for this” (that’s a quote from Professor Ian Williams at the University of Southampton). To protect ourselves we must favour walking and cycling, remove the vehicles that pollute it as quickly as possible, and create a fully integrated public transport system. Many cities are taking this approach: Amsterdam, Utrecht, Seville, Copenhagen and London, for example.</p> <p>Earlier this year, Transition Southampton ran a series of meetings called “Imagine Southampton” where people put their hearts into creating a vision of the city they would most like to see. Then they voted on the issues of most concern to them. “People not cars” came top of the list.</p>

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				<p>I mostly have to ride my bike on the road, feeling vulnerable riding alongside four wheel vehicles, because the cycle paths in the city are not fit for purpose. They are disjointed, full of obstacles and potholes, and discourage commuting cyclists, who want to move smoothly from one point to another. It is the commuting cyclists who will help most to take rush hour traffic off the roads and who must be catered for.</p> <p>Finally, and most painfully, someone I know has died in the City whilst cycling and five other people I know have had serious accidents whilst cycling. Bargate ward has the highest number of cyclists and walkers having accidents in the whole city.</p> <p>So, out of all that came my four points which I am making here to you today:</p> <ol style="list-style-type: none"> 1. All cycle routes/paths/lanes in Southampton should have the same legal status as public footpaths, and no variation or removal should be considered without proper consultation (according to whatever law covers this situation). 2. All planning applications for new developments of any kind in Southampton should include a clear diagram of how the proposal will link up with existing routes in the area, and additions and amendments made accordingly. 3. Southampton City Council should have a City-wide Plan for Cycle Routes, putting cycling (and walking) ahead of driving when considering new developments of any kind. The overall aim should be to create a series of segregated cycle routes in the interest of getting more people cycling and reducing the risk to cyclists. Funding from Government and the Local Enterprise Partnership should be sought to support this aim. (I am aware that plans are already afoot for a ten year strategy for improving cycling in the city but I understand they don't take this further step – of prioritising walking and cycling in all Council policies). 4. Consultation with the cycling, clean air, climate change and other

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				<p>community and environmental groups should form a routine part of all proposed developments, residential and commercial. Deeper involvement of these groups in all aspects of development is needed.</p> <p>The words to create a lot of this already exist in policy documents. But what doesn't seem to exist is the translation of those words into practice: we don't "walk the talk" here in Southampton. Every day I walk or cycle past new developments which have ignored the needs of cyclists completely. So I have come to the conclusion that you, members of the jury, hold a very special key to the future health and wellbeing of the people who live in the city.</p> <p>So why become a city that walks and cycles more?</p> <ul style="list-style-type: none"> • A lower risk of heart attacks, stroke, diabetes, obesity and countless other ailments • A lower risk of Asthma and other lung problems • Children whose lungs and intellect develop better • Fewer serious injuries and deaths on the road – Bargate ward needs urgent attention • More prosperity – the Council's own documents say that "making places better for walking can boost football and trade by up to 40%" • Joining all the cities across the UK and the rest of the world who are leading the way in fighting air pollution and climate change <p>So what is the key that you, the jurors, hold? You have the power to ask the Council to adopt one important principle – to put people before cars. At present, cars are top of the list. You have the power to ask the Council to declare that its policy for Southampton is to give priority to walking and cycling – in all its policies – so that over time we can be proud that we are a City that puts people first.</p>

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				<p>Many other cities have achieved this – the people of Southampton already have a vision of a less polluted, easier to travel around, friendly, more prosperous city that favours walking and cycling – you can help begin the process of making this vision a reality. Thank you.</p>
				<p>RESPONSE: Cycling in Southampton is becoming increasingly popular and is seen as the fastest, healthiest and greenest way of travelling whether this is for work, going to school, leisure or exercise. The numbers reflect this between 2001 and 2011 census the number of people cycling to work rose by 24% and numbers cycling on the city’s streets has risen by 15% since 2010. The annual SkyRide is one of the biggest events in Southampton and the 2016 event saw over 12,000 people take part on traffic free closed roads.</p> <p>Over the next 10 years Southampton is set to experience significant growth with commercial, office, retail and housing development planned, which will lead to more people visiting and living in the city. To make sure that this development can come forward sustainably, cycling will need to play a major role in tackling any implications of this growth on air quality, traffic levels and congestion.</p> <p>Southampton City Council recognises that cycling will play an important role in the future and that there are a number of challenges, concerns and issues about cycling in Southampton. Air quality is becoming a pressing issue and although 4.6% of people cycle to work this is below other places such as Portsmouth (7.4%), Bristol (7.7%) and Oxford (17.5%). Many short journeys are made by car with just half (48%) of all journeys to work are less than 3 miles – a cycleable distance. There are challenges around how busy the streets are, physical activity rates are low with high obesity (two-thirds classed as overweight or obese) and not being able to access a bike, either physically or financially, restricts people’s ability to take part in cycling. Currently, the cycle network in Southampton is unable to provide people with a consistent level of service and route from door-to-door</p> <p>Over the past five years £5.56m has been spent directly on cycling – providing new or improved facilities, promotion, training, events and information – this money has come from Local Transport Plan (LTP), central Government funding streams such as LSTF (Local Sustainable Transport Fund), contributions from new developments, and other partners such as Sustrans. This investment has brought successes with over 2 miles of new cycle facilities installed – either standalone or as part of wider transport schemes – on one route this led to a 45% increase in people cycling, working with workplaces and schools has delivered success with 5% of primary aged children cycling to school (up from 1%) and a local employer has seen a decrease of 12% in their staff driving to work, and through the award winning My Journey programme over 15,000 people are engaged in various activities and events across Southampton each year. This will continue into the future with £1.6m being spent on cycling infrastructure and activities in 2016/17.</p>

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	<p>Cycling has many benefits for citizen’s health, the city’s environment, supporting sustainable growth and regeneration, reducing congestion, social inclusion and improving safety.</p> <p>Response to the four points:</p>			<ol style="list-style-type: none"> 1. Cycle facilities on the public highway, such as marked cycle lanes on the carriageway, or shared cycle paths on footways are created by modifying legal orders (known as Traffic Regulation Orders through the Road Traffic Regulation Act 1984) and are maintained by the Local Highway Authority in this case Southampton City Council. Any changes (additions or removals or modifications) to these would be advertised publicly and consulted upon using statutory powers. Where cycle routes cross land that is not part of the public highway - such as across a park or Southampton Common – then these paths that permit cycling are done so by means of a byelaw that states it is permissible to cycle there. Any changes to such byelaws (to add or remove cycling for example) would need to be advertised and consulted publicly. Approval would have been sought from the Secretary of State, but this power is currently being devolved to Local Authority to administer. 2. As part of the planning process all developments over a certain threshold must produce a Transport Statement or Assessment that how the development impacts on the highway and demonstrate how it will mitigate against adverse impacts. This includes provide facilities for cycling – within the site through secure parking and storage and outside 3. <i>Cycle Southampton 2016-2026</i> is being produced as a method of setting out the City Council’s approach for investing in cycling over the next decade, acknowledging that as cycling grows and to meet the challenges we need a long-term strategy to invest in the cycle network and in the activities that support cycling. It takes the vision to transform Southampton into a true Cycling City where cycling is a daily norm not an exception, it is integrated into the city and its transport network, and where getting around by bike is simple, safe and attractive. This sets out the Southampton Cycle Network to create a connected, coherent, attractive and safe cycle network for the city. The City Council is planning to engage with stakeholders and the public on the draft document in Autumn 2016 and look to finalise early in 2017, and has commitments for delivering for cycling in Southampton and reporting on how it is going. This will complement the new Local Transport Plan (LTP4) due in 2017. It will take time and funding to implement on the ground and is an important document when bidding for additional money from developers, central Government and the Solent LEP to deliver. 4. All planning applications received by the City Council are available on the Planning Portal website for comment by everyone.
16.	Mr Simon Hill			

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	Management of Southampton Common		Councillor Rayment	<p>1) The Common is a major recreation asset for the communities that surround it and for the City as a whole. It used to be about 80% open heathland until the 1950s. Now more than 80% is woodland due to natural afforestation since grazing ceased at WWII. Much comprises forest trees with holly under-storey and bare earth or ivy groundcover. Such areas are dark and unattractive for recreation and appear to be of limited ecological value.</p> <p>2) Open areas now have to be maintained primarily by regular grass cutting. Since the 1990s this has been progressively withdrawn from many parts shown on the 1992 Draft Management Plan (DMP) to be maintained as amenity or park grassland, leading within a few years to their overgrowth with long grass, brambles, saplings and juvenile trees. These areas include (see map/approx. area in hectares in parenthesis – total 7.8ha):</p> <ul style="list-style-type: none"> A. between the Ornamental and Boating Lakes (0.5) B. NE and E of the Ornamental Lake/west of Coronation Avenue (2.0) C. the perimeter of the Showground and between The Showground and Coronation Avenue (0.8) D. the old race course and alongside the Coronation Avenue (0.5) E. between The Cowherds, Northlands Road entrance, the north east corner of the Old Cemetery and the Hawthorns Centre (1.5) F. the Carriage Drive from The Avenue to Highfield Avenue (1.5) G. the Carriage Drive from Highfield Avenue to the underpass (0.5) H. the area west of Richard Taunton School (now Avenue Campus) (0.3) I. areas west of nos. 33-46 Highfield Road/south of Highfield Avenue (0.2)

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				<p>3) I am unaware that any of these actions was carried out in accordance with a publicly agreed detailed plan and all in fact contravened the last comprehensive specification for The Common contained in the DMP. Areas A, B and C have been subject of presentments in previous years but despite promised action by Cabinet the amount of clearance has been no more than a tokenistically small proportion of what is needed.</p> <p>4) In the case of the last two areas (H & I), the withdrawal of grass cutting was accompanied by the planting by SCC staff in the 1990s and in 2007 of a double row of hawthorn saplings along much of Highfield Road in order to restrict public access. This undisputedly contravened primary legislation which forbids any works that would impede open access to a common. The resources of SCC, which is responsible for one of the largest and most important urban commons in the country, were thus expended in ignorance or wilful contravention of the most important part of national law affecting commons. Either possibility calls into question the competence of the professional staff involved and their mandate in the eyes of the public to continue to have influence over how The Common is run.</p> <p>5) The objectives behind each of these actions – unlawful or otherwise - have never been articulated through a coherent process of full public consultation, debate and agreement as a Council. Many of the areas were first left uncut at times when resources were not an issue. Even now the difference in resources to maintain many of the now 'lost' areas, had they been properly maintained throughout as amenity or park grassland, would be small.</p> <p>6) The changes seem to have been driven by individual SCC staff with considerable influence over how day-to-day management is carried out by the machine operators and thus able to pursue with impunity their own personal image of how they want The Common to become.</p>

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				<p>The motivation appears to have been to promote biodiversity through overgrowth with scrub, gorse and juvenile woodland by stealth. Areas have been left uncut sequentially such that the total effect over time on openness and reduction in areas useable for recreation were be less obvious and thus less likely to attract objection.</p> <p>7) A statutory duty to conserve/promote biodiversity has sometimes been quoted in support of the changes made to The Common over the last 25 years. However the relevant legislation (NERC Act 2006) states that every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity. As set down by the 1844 Southampton Marsh Act, 1887 Public Health Act and 1906 Public Open Space Act, the primary role of The Common is recreation and, now defunct, commoning. There is specific legislation protecting some species and aspects of the SSSI west of The Avenue, but otherwise the general law therefore is that not even conservation, let alone promotion, of biodiversity should result in any diminution of the recreational potential and enjoyment of The Common. Biodiversity might be promoted without conflict with recreational potential by returning once open areas since lost to woodland to a more open and bio-diverse habitat. Such interventions have been attempted at considerable public expense (funded by Natural England and/or Forestry Commission) in two areas – east of the ornamental lake (c. 2006) and along the ditches of the Carriage Drive between Highfield Avenue and the underpass. However in both cases there appears to have been inadequate follow-up maintenance, by accident or design and they are now more overgrown than before. I am unaware of any follow-up assessment of the effectiveness of that public expenditure on the intervention works, which appears to have been entirely wasted. (This will be subject of FOI requests.) However, as if to compensate for these failures, biodiversity success has since been sought by leaving uncut adjacent areas that were until recently regularly cut. These include part of area B</p>

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				<p>(west of Coronation Ave.) and all of area G (Carriage Drive between Highfield Avenue and the underpass), resulting in yet further reduction in amenity grassland and recreational potential. The former was well used as a picnic area, being a more intimate and attractive area than the larger expanses of The Flats and the Showground. The latter was the historic feature/walking link between north Highfield and East Bassett and the underpass/main part of the common, which is now virtually unusable by those who want to feel safe. A particular issue is the Little Common, adjacent to Highfield Road. Incensed by the growth of the unlawful hedge to 3-4m high, overgrowth behind and the effective exclusion of the public, local residents organised a petition in 2008 to return the Little Common to the open landscape it had before the 1990s. The Leader of the Council authorised clearance and an Action Plan was prepared and agreed. After many hundreds of hours of volunteer work over 7 years and many days professional work funded by grants raised by the community, the unlawfully planted hedge and overgrowth behind it was removed and the area restored to open amenity or park grassland as it had been prior to the early 1990s. Some SCC staff were very supportive and helped complete the restoration in 2015 using machinery unavailable to volunteers. However, although volunteers can organise/carry out clearance of once open areas, the continued openness of those areas depends entirely on subsequent maintenance of adequate grass cutting by SCC staff - volunteers are not authorised or insured to operate grass cutting machinery. If grass cutting is withdrawn open areas soon revert to their overgrown state, leaving volunteers impotent to influence the permanent state of the common without the appropriate ongoing support of SCC staff. However this year the cleared areas on the Little Common were left very badly maintained or, in some places for the first time ever, entirely uncut by machine operators not so sympathetic to the local community's endeavours (and/or under instruction/with the tacit compliance from others with a similar view). One part, the Carriage Drive, which it had always intended would be kept as an amenity grass ride 10m-15m wide</p>

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				<p>between the cleared ditches (as shown in the agreed Action Plan attached), has been left in the last 2-3 years to become entirely covered with gorse with only a narrow uncomfortable muddy and unsafe-feeling track remaining. Recently when questioned as to why it had not been cleared as intended, and repeatedly requested, the Parks and Open Spaces Manager: announced that as he is paid to make such decisions and that he had now chosen to leave the Carriage Drive covered with gorse, albeit to be trimmed along the path at some unspecified date; facetiously suggested that those who had drawn up The Action Plan wanted to see a Common of no more than cut grass and lollipop trees. In fact the Action Plan proposes that the vast majority of the Little Common should be either undisturbed woodland or heathland restored from juvenile woodland, with only a small proportion kept as amenity or park grassland for the landscape and recreational benefit of local residents and the many who pass through/use the area. In effect that latter part of the Little Common Action Plan on which the local community had worked so hard over 7 years has this year been unilaterally discarded by SCC. There was no attempt to inform, let alone consult, the known group and residents' association that had been so involved in re-creating the openness of a small part of the Little Common, indicating a total disdain for the local community and ideas of how the Common should be managed that differ from those of the staff who in practice decide how it is kept. Conclusion The management of The Common must forthwith be placed in the hands of those who are genuinely committed to working closely with the local communities who use it. It should be removed from the prevailing influence of those who appear to treat The Common as tantamount to a personal fiefdom for the single minded pursuit of what amounts to an ecological hobby to the exclusion of the interests of the body of all users.</p>

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16.	<p>RESPONSE: The Common is a city wide asset which has a large number of diverse users. It is unique as being the only area of “countryside” within the city centre and when managing it the Council has to balance a number of, often conflicting, services it provides. The Common is much loved for its recreation, wildlife and events and the management of these has to be balanced within a climate of reducing resources and future savings. There is no intention to allow the area to become more wooded and we remain committed to the existing Management Plan (adopted in 1992) and the interim practices and principles circulated a couple of years ago.</p> <p>Part of our commitment we will work with the newly forming Common Forum to review our management plans and draw up a new one for the future. The management plan will need to reach a wide number of people due to the citywide status the Common has. Stakeholders are likely to include Common Forum (representing local residents), Natural England, SCAPPS, City of Southampton Society, Open Space Society, Local Wildlife groups, Cycling groups, orienteering groups, dog walkers, keep fit organisations (including park run) and various internal Council stakeholders. Detailed issues of management and maintenance can be dealt with during the management plan review.</p> <p>The Council remains committed to maintaining the Common in line with current evidence that shows that “countryside” type landscapes are better for health and wellbeing. This is considered to be in the spirit of the Southampton Marsh Act, Public Health Act and Public Open Space Act ensuring that the Common provides for the recreational needs of the residents of Southampton.</p>			