Public Document Pack

COUNCIL

Wednesday, 17th July 2013
at 2.00 pm
PLEASE NOTE TIME

Council Chamber - Civic Centre

Members of the Council

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

Contacts

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

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

PUBLIC INFORMATION

Role of the Council

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

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

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

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

Public Involvement

Representations

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

Petitions

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

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

Deputations

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

Questions

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

Southampton City Council's Seven Priorities

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

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

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

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

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

Dates of Meetings(Municipal Year 2013/14)

2013	2014
15 May	12 February (Budget)
17July	19 March
18 September	4 June*
* Date reflects current understanding of date of European Elections which will be combined with local elections.	
20 November	

CONDUCT OF MEETING

FUNCTIONS OF THE COUNCIL

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

BUSINESS TO BE DISCUSSED

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

RULES OF PROCEDURE

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

QUORUM

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

DISCLOSURE OF INTERESTS

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

DISCLOSABLE PERSONAL 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 for 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 a, '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.

In exercising discretion, the decision maker must:

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

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

Tuesday, 9 July 2013

TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 17TH JULY, 2013 in the COUNCIL CHAMBER - CIVIC CENTRE at 2.00 pm when the following business is proposed to be transacted:-

1 APOLOGIES

To receive any apologies.

2 MINUTES

To authorise the signing of the minutes of the Council Meeting and the Extraordinary Meeting held on 15th May 2013, attached.

3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER

Matters especially brought forward by the Mayor and the Leader.

4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

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

5 EXECUTIVE BUSINESS

Report of the Leader of the Council, attached.

6 MOTIONS

(a) Councillor Moulton to move:

This Council supports the principle of the Living Wage and resolves to introduce it for its employees.

To fund the pressure to the General Fund, Council resolves to look at using some of the savings that would be achieved should planned pay restoration not go ahead for those earning over £65,000pa.

(b) Councillor Letts to move:-

Council resolves in accordance with Overview and Scrutiny Management Procedure Rule 3.4.2 that Cllr Matt Stevens may serve forthwith on Overview and Scrutiny Management Committee and any panels of that committee and that the firebreak period is accordingly waived.

(c) Councillor Keogh to move:-

The Council welcomes the recent Government confirmation of the finances necessary for the rebuild of Bitterne Park secondary school. Furthermore, the Council urges the Government to bring forward plans to allow Southampton to rebuild all those secondary schools that require it, because this would not only help regenerate the local economy but provide the young people of this City with the highest standard of educational facilities to help them fulfil their potential.

(d) Councillor Smith to move:-

This Council calls on the Executive to rethink its plans to introduce night time parking charges in the City centre.

(e) Councillor Vinson to move:-

This Council calls upon the Executive to tackle the spread of betting shops and pay-day-loan premises and to bar the opening of fast food outlets near schools by adopting additional planning powers through an Article 4 Direction or Special Planning Document as appropriate.

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

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

8 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

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

9 WOOLSTON BY-ELECTION - 13 JUNE 2013

Report of the Returning Officer detailing the results of the poll for the election of a City Councillor for the Woolston Ward held on 13th June 2013, attached.

10 FINANCIAL STATEMENTS FOR 2012/13

Report of the Cabinet Member for Resources concerning the Financial Statements for 2012/13, attached.

11 GENERAL FUND REVENUE OUTTURN 2012/13

Report of the Cabinet Member for Resources concerning the General Fund Revenue Outturn 2012/13, attached.

12 GENERAL FUND CAPITAL OUTTURN 2012/13

Report of the Cabinet Member for Resources concerning the General Fund Capital Outturn 2012/13, attached.

13 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2012/13

Report of the Head of Finance (Chief Financial Officer), concerning the treasury management activities for 2012/13, attached.

14 COLLECTION FUND OUTTURN 2012/13

Report of the Cabinet Member for Resources, concerning the actual payments made to and from the collection fund during the 2012/13 financial year, attached.

15 HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2012/13

Report of the Cabinet Member for Housing and Sustainability concerning the Housing Revenue Account revenue and Capital Outturn report for the financial year 2012/13, attached.

16 CHILDREN'S SERVICES AND LEARNING CAPITAL PROGRAMME 2013/14

Report of the Cabinet Member for Children's Services setting out proposals for the Council's spending priorities within the Children's Services Capital Programme for 2013/14 and future years, attached.

17 NORTH OF CENTRAL STATION - FUNDING APPROVALS

Report of the Cabinet Member for Environment and Transport seeking approval for funding for the North of Central Station project, attached.

18 COUNCIL PLAN 2013 - 2016

Report of the Leader of the Council seeking approval of Southampton City Council's Plan for 2013-2016, attached.

19 COMMUNITY INFRASTRUCTURE LEVY AND PLANNING OBLIGATIONS SUPPLEMENTARY PLANNING DOCUMENT ADOPTION

Report of the Leader of the Council seeking approval for the Community Infrastructure Levy Charging Schedule and the Planning Obligations Supplementary Planning Document to be adopted as policy, attached.

20 OAKLANDS SWIMMING POOL

Report of the Leader of the Council in association with the Cabinet Members for Resources and Economic Development and Leisure Services on the future management arrangements for the pool, attached.

21 APPOINTMENT OF CHIEF EXECUTIVE AND HEAD OF PAID SERVICE

Report of the Head of Legal, HR and Democratic Services recommending an appointment to the Chief Executive and Head of Paid Service, attached.

22 OVERVIEW AND SCRUTINY: SUMMARY OF CALL- IN ACTIVITY

To note that there has been no use of the call-in procedure since last reported to Council.

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

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

Confidential appendix 1 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 information because it contains financial and business information that if made public would prejudice the Council's ability to operate in a commercial environment and obtain best value during a live procurement process prior to final tenders being received and contracts being entered into.

24 CAPITAL FUNDING FOR ADULT SERVICES

Report of the Cabinet Member for Health and Adult Social Care seeking approval for additional funding for Capital Funding for Adult Services, attached.

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

M R HEATH
Director of Corporate Services

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SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON
15 MAY 2013

Present:

The Mayor, Councillor White (In the Chair Minutes 4-24)
The Sheriff, Councillor Mrs Blatchford
Councillors Burke (In the Chair Minutes 1-3), Baillie, Barnes-Andrews, Bogle, Chaloner, Claisse, Cunio, Daunt, Fitzhenry, Furnell, Hannides, B Harris, L Harris, Kaur, Inglis, Jeffery, Keogh, Kolker, Laming, Letts, Lewzey, Lloyd, Mead, Mintoff, Morrell (Minutes 8-24), Moulton, Noon, Norris, Dr Paffey, Parnell (Minutes 1-18), Payne, Pope, Rayment (Minutes 1-11), Shields, Smith, Spicer, Stevens, Thomas (Minutes 8-24), Thorpe, Tucker, Turner, Vassiliou, Vinson and Whitbread

1. CITY OF SOUTHAMPTON AWARDS

COUNCILLOR BURKE IN THE CHAIR

RESOLVED upon the motion of the Mayor (Councillor Burke) and seconded by the Sheriff (Councillor White), that the City of Southampton Award be presented to Roger Thornton and Trixie Neilson.

2. SOUTHAMPTON'S CHILDREN'S POET LAUREATE

RESOLVED that Matt West be appointed as Southampton’s Children’s Poet Laureate

3. ELECTION OF MAYOR FOR THE ENSUING YEAR

RESOLVED upon the motion of Councillor Baillie, seconded by Councillor Letts and supported by Councillor Turner, that Councillor White be elected to the Office of 791st Mayor of Southampton and Chair of the Council for the ensuing year.

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

THE MAYOR (COUNCILLOR WHITE) IN THE CHAIR

4. MAYOR'S CHARITIES

The Mayor announced that he would be supporting the Southampton Women’s Aid and would be setting aside money raised for a community chest.

5. TO ELECT A SHERIFF FOR THE ENSUING YEAR

RESOLVED upon the motion of Councillor Rayment, seconded by Councillor Claisse and supported by Councillor Vinson, that Councillor Blatchford be appointed the 576th Sheriff of the City of Southampton and Vice-Chair of the Council for the ensuing year.

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

6. VOTE OF THANKS TO RETIRING MAYOR

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

7. SOUTHAMPTON BUSINESS SUCCESS AWARDS

RESOLVED that the Southampton Business Success Award be presented to Southampton Solent University

AT THE RECONVENED MEETING OF THE SOUTHAMPTON CITY COUNCIL HELD IN THE COUNCIL CHAMBER, CIVIC CENTRE ON 15th MAY, 2013

8. APOLOGIES

Apologies were received from Councillor McEwing.

9. MINUTES

RESOLVED that the minutes of the Council Meeting held on 20th March, 2013 and 25th April 2013 be approved and signed as a correct record.

Matters Arising

Cllr Moulton referred to the meeting of 25th April and sought clarification as to the number of requests there had been to film as there was evidence to suggest conflicting information had been provided. It was agreed that the Monitoring Officer would review this outside of the meeting and feedback to Cllr Moulton.

10. ANNOUNCEMENTS FROM THE MAYOR

The Mayor thanked all Members for their support in electing him as Mayor. In order for the meeting to run efficiently and effectively, he asked Members to keep in mind throughout the year the basic courtesies needed to be adhered to for this to happen; timeliness both in arriving at the meeting and when speaking; speaking to the point, and listening carefully to the arguments. He also asked Members to remember the courtesies they would like from members when they were speaking and to extend those to others.

11. ELECTION OF THE LEADER

The nomination of Councillor Letts was moved and seconded.

UPON BEING PUT TO THE VOTE IT WAS:

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

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

Deputy Leader and Resources – Councillor Barnes Andrews

Health and Adult Services – Councillor Shields

Children's Services - Councillor Bogle

Change and Communities – Councillor Rayment

Economic Development and Leisure - Councillor Tucker

Environment and Transport – Councillor Thorpe

Housing and Sustainability – Councillor Payne

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

12. CHANGES TO THE CONSTITUTION

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

RESOLVED:

(i) that the changes to the Constitution as set out in the report be approved subject to the re-wording of Appendix 1; 4.1 last bullet point and Appendix 2, Executive Procedure Rules 2.7 being withdrawn at this time and revisited as part of proposed constitutional changes for 2014;
(ii) that delegated authority be granted to the Head of Legal, HR and Democratic Services to finalise the arrangements as approved by Full Council and make any further consequential or minor changes arising from the decision(s) of Full Council;
(iii) that the City Council's Constitution, as amended, including the Officer Scheme of Delegation for the municipal year 2013/14 be approved;
(iv) that the Head of Communities, Change and Partnership be designated s the Council's Scrutiny Officer; and
(v) that the Head of Legal, HR and Democratic Services develop protocols between the Overview and Scrutiny Management Committee and the Police and Crime Panel, the Health Overview and Scrutiny Panel, the Health and Wellbeing Board and the successor to Southampton Link.

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

RESOLVED that subject to certain decisions that may, from time to time be made by the Council, the following Committees, Sub-Committees and other bodies be appointed with the allocation of seats to political groups shown therein and they be delegated authority to act within their Terms of Reference.

(a) APPOINTMENT OF MEMBERS

Political Group	Seats on Council	%

Labour	27	57.44
Conservative	16	34.04
Liberal Democrats	2	4.25
Labour Councillors Against the Cuts	2	4.25

Committees	**Labour**	**Cons**	**Lib Dem**	**Labour Councillors Against The Cuts**	**Number of Seats to Groups**
Overview and Scrutiny Management(10)	Cllr Keogh Cllr Chaloner Cllr Mintoff Cllr McEwing Cllr Lewzey	Cllr Fitzhenry Cllr Hannides Cllr Moulton	Cllr Vinson	Cllr Morrell	10
Planning and Rights of Way (7)	Cllr Mrs Blatchford Cllr Cunio Cllr Lloyd Cllr Lewzey	Cllr Claisse Cllr L Harris Cllr Norris	0	0	7
Employment and Appeals Panel (7)	Cllr McEwing Cllr Mintoff Cllr Laming Cllr Whitbread	2 Cllr Kolker Cllr B Harris	0	Cllr Thomas	7
Chief Officer Employment Panel (7)	Cllr Letts Cllr Rayment Cllr Barnes Andrews Cllr Burke	Cllr Moulton Cllr Smith	0	0	6
Licensing Committee (13)	Cllr Mrs Blatchford Cllr Cunio Cllr Laming Cllr Lewzey Cllr Lloyd Cllr Spicer Cllr Pope	Cllr Fitzhenry Cllr B Harris Cllr L Harris Cllr Parnell Cllr Vassiliou	0	Cllr Thomas	13

Governance Committee - (9) includes 2 Independent Members	Cllr Laming Cllr Furnell Cllr Kaur Cllr Keogh	Cllr Daunt Cllr Parnell Cllr Inglis	0	0	7
Sub-Committees					
	Labour	**Con**	**Lib Dem**		
Health Overview and Scrutiny Panel (7)	Cllr Jeffery Cllr Lewzey Cllr Chaloner Cllr Spicer Cllr Cunio	Cllr Claisse Cllr Parnell	0	0	7
Scrutiny Panel A (7)	Cllr McEwing Cllr Kaur Cllr Mintoff Cllr Lloyd	Cllr Daunt Cllr Parnell	Cllr Vinson	0	7
Scrutiny Panel B (7)	Cllr Furnell Cllr Kaur Cllr Dr Paffey Cllr Jeffery	Cllr Baillie Cllr Norris	Cllr Turner	0	7
Licensing General Sub-Committee (5) (Membership must come from membership of Licensing Committee)	Cllr Mrs Blatchford Cllr Cunio Cllr Lewzey	Cllr Parnell Cllr Vassiliou	0	0	5
Standards Sub-Committee (4) Including 1 Independent Member (Membership from Governance Committee)	Cllr Kaur Cllr Keogh	Cllr Parnell	0	0	3
Standards Appeal Sub-Committee (4) Including 1 Independent Member (Membership from	Cllr Laming Cllr Furnell	Cllr Inglis	0	0	3

Governance Committee)					
TOTAL	**48**	**28**	**3**	**3**	**82**

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

Committee/Sub-Committee	**Labour**	**Con**	**Lib Dem**	**Labour Councillors Against The Cuts**	**Number of Seats to Groups**
Licensing and Gambling Sub-Committee (3) (Any 3 Members drawn from the Licensing Committee membership on rotation basis)	1 (+1)	1(+1)	0	0	3

Other bodies	**Labour**	**Cons**	**Lib Dem**	**Labour Councillors Against The Cuts**	**Number of Seats to Groups**
Hampshire Fire and Rescue Authority (3)	Cllr Pope Cllr Mintoff	Cllr Smith	0	0	3
South East Employers (3 + 3)	Cllr Jeffery Cllr Poper (Deputy)	1 (+1) (Deputy)	Cllr Vinson Cllr Turner (Deputy)	0	6
Local Democracy Network for Councillors (2)	0	1	Cllr Vinson	0	2
Partnership for Urban South Hampshire – Overview and Scrutiny Committee (1)	0	0	Cllr Vinson	0	1
Hampshire Police and Crime Panel *(Overall proportionality is calculated across the County. This may require a change in appointment*	Cllr Rayment Cllr Mrs Blatchford (Deputy)				1

(b) APPOINTMENT OF CHAIRS

RESOLVED that the following Chairs be elected for the 2013/14 municipal year and that the Vice-Chairs be elected at their first meetings of the municipal year:-

Committee/Panel	Chair
Overview and Scrutiny Management	Cllr Moulton
Planning and Rights of Way	Cllr Mrs Blatchford
Employment and Appeals	Cllr McEwing
Chief Officer Employment	Cllr Letts
Licensing	Cllr Cunio
Governance	Cllr Furnell
Health Overview and Scrutiny	Cllr Jeffery
Scrutiny A	Cllr Kaur
Scrutiny B	Cllr Dr Paffey
Licensing General Sub-Committee	Cllr Cunio
Standards Sub-Committee	To be appointed as and when necessary
Standards Appeal Sub-Committee	To be appointed as and when necessary

14. CALENDAR OF MEETINGS

RESOLVED that the following dates for meetings of the Council in the 2013/14 Municipal Year be approved:

17th July 2013
18th September 2013
20th November 2013
12th February 2014 (Budget)
19th March 2014
4th June 2014 – Date reflects current understanding of date of European Elections which would be combined with Local Elections.

15. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

(i) The Council received and noted a deputation from Maybush Residents Association and pupils from Newlands School – 20mph.

(ii) The Council received and noted a deputation from Steve Squibb on behalf of Southampton against the Bedroom Tax.

(iii) The Council received and noted a petition having reached 1,500 signatures under the Council's Procedure Rules regarding Government Changes to the NHS from Jane Freeland.

The Council agreed to suspend Council Procedure Rule 14.4 to enable flexibility in debate.

With the consent of the meeting, Councillor Shields altered and moved his motion and Councillor Pope seconded

“The Council notes the petition from Southampton Keep Our NHS Public / Southampton Defend NHS Group, and recognises the concern expressed in relation to the potential effect of the National Health Service (Procurement, Patient Choice and Competition) Regulations on service provision and delivery.

Council reaffirms its commitment to the policy on the NHS reforms agreed at its meeting of 20th March

Council resolves:

- That the position set out in the petition that services available though the NHS should be delivered by NHS providers in preference to private providers be supported provided that the quality of patient safety is not compromised.

- That a letter be sent to local Members of Parliament seeking their support in encouraging commissioners of services provided to local people to ensure they are delivered by NHS providers wherever possible.

- That the Council will work closely with local NHS commissioners, neighbouring local authorities and the Local Government Association to promote and develop a high quality integrated care system in the Solent/ Wessex region based on democratically accountable public ownership.

- That the Health Overview and Scrutiny Panel works with Healthwatch Southampton and other patient and user groups to monitor the impact of the implementation of the Health and Social Care Act 2012 on the development of local health services.”

With the consent of the meeting Councillor Vinson altered and moved an amendment seconded by Councillor Turner

First bullet point third line DELETE

“safety is not compromised”

INSERT

“care is always the overriding consideration”

Second Bullet point third line after ensure they are

INSERT

“available to be delivered by”

Third bullet point last line
DELETE

“Ownership”

REPLACE with

"Services"

AMENDED MOTION TO READ:

"The Council notes the petition from Southampton Keep Our NHS Public / Southampton Defend NHS Group, and recognises the concern expressed in relation to the potential effect of the National Health Service (Procurement, Patient Choice and Competition) Regulations on service provision and delivery."

Council resolves:

- That the position set out in the petition that services available though the NHS should be delivered by NHS providers in preference to private providers be supported provided that the quality of patient care is always the overriding consideration;

- That a letter be sent to local Members of Parliament seeking their support in encouraging commissioners of services provided to local people to ensure they are available to be delivered by delivered by NHS providers wherever possible.

- That the Council will work closely with local NHS commissioners, neighbouring local authorities and the Local Government Association to promote and develop a high quality integrated care system in the Solent/ Wessex region based on democratically accountable public services.

- That the Health Overview and Scrutiny Panel works with Healthwatch Southampton and other patient and user groups to monitor the impact of the implementation of the Health and Social Care Act 2012 on the development of local health services.

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED LOST

UPON BEING PUT TO THE VOTE THE ALTERED MOTION IN THE NAME OF COUNCILLOR SHIELDS WAS DECLARED CARRIED

RESOLVED that the altered motion be approved.

16. EXECUTIVE BUSINESS

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

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

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

1. **Sea City Museum**
Question from Councillor Keogh to Councillor Payne

What is the predicted payback period for the SeaCity Museum and does the recent good attendance for its first year suggest it is generating net revenue to repay the debt required to support its building?

Answer
The first year's visitor numbers have been very encouraging. The aim is for SeaCity to cover its operational costs. It is not anticipated that surplus funds will be generated to accelerate the payback of borrowing.

2. St Mark's School
Question from Councillor Moulton to Councillor Bogle

Can the Cabinet Member provide an update on Council efforts to resolve the damage caused by flooding at St Mark's school last year?

Answer
The works to the roof at St. Marks have been phased as follows:

- The Authority was first notified of lead theft at the school in September 2012. The work to rectify this problem was completed in October 2012;
- The Authority was notified of further lead theft in October 2012. These issues were rectified in November 2012;
- The Authority took the decision to prevent the potential for further lead theft by replacing all vulnerable areas of lead on the school roof with an ubiflex solution (which has no resale value). It is anticipated that this work will be completed this month (May).
  Repair of internal damage resulting from the water ingress into the property, together with the rectification of any remaining leaks (which classify as minor repairs) are the responsibility of the school, as set out in the Council's Scheme for financing Schools.

3. Education Costs
Question from Councillor Moulton to Councillor Bogle

How much does the Cabinet Member think is an adequate sum to educate a child in a Southampton School?

Answer
The factors in the formula and the data for each school are defined by the Department for Education.
Each Primary and Secondary school and Academy's budget share is calculated according to the Southampton funding formula.
The funding unit value assigned to each factor is agreed locally by the Cabinet Member for Children's Services following consultation with the Schools Forum.
Southampton's formula is made up of ten factors

Group	**Factor**	**Primary Unit Value**	**Secondary Unit Value**
1) Age Weighted Pupil Unit (AWPU)	AWPU	£2,662.49	£4,131.42
2) Deprivation	Free School Meals	£470.55	£679.12
	IDACI (1)	£0.00	£0.00

	IDACI (2)	£0.00	£0.00
	IDACI (3)	£500.00	£500.00
	IDACI (4)	£800.00	£800.00
	IDACI (5)	£1,200.00	£1,200.00
	IDACI (6)	£1,500.00	£1,500.00
3) Looked After Children	LAC	£679.12	£679.12
4) Low cost, high incidence SEN	Low Attainment	£847.33	£2342.52
5) English as an Additional Language	EAL	£702.91	£702.91
6) Mobility	Mobility	£679.12	£679.12
7) Lump Sum	Lump Sum	£114,200.00	£114,200.00
8) Split Sites	Split Sites	£28,452.00	£28,452.00
9) Rates	Rates	Actual Cost	Actual Cost
10) PFI funding	PFI funding	£0.00	£450,000 allocated to 3 PFI schools

Pupils will attract a different amount of funding depending on their age, attainment, FSM, where they live (IDACI) etc.

Further to this, the Schools Forum has agreed that a small proportion of the funding is held centrally by the local authority for a number areas and contingencies, one of which is in-year growth in numbers.

The DfE has produced benchmarking data comparing all authority funding formulas and Southampton is certainly in line with the most common amounts funded through each factor

4. 20mph limits

Question from Councillor Moulton to Councillor Thorpe

Many constituents in Freemantle Ward would like 20mph limits introduced in their road. How much longer will they have to wait before the Council introduces such speed limits?

Answer
The Council is examining the feasibility and value of introducing 20mph speed limits, as opposed to 20mph ‘Zones’ with traffic calming, across residential areas of the City.
Consultation on a pilot 20mph speed limit, with signs and markings only, will be taking place in the next few weeks, in an area in the north-west of the City
The scheme, if supported, will be introduced by the end of the summer.
Officers will then monitor the outcomes in terms of accidents, vehicle speeds, travel trends and residents’ perceptions.

Where similar projects have been introduced in other areas of the country without comprehensive before and after monitoring, it has been difficult to demonstrate the effectiveness of these measures.
It is expected that the monitoring of the pilot scheme will be completed early next year, around 6 months after scheme introduction.
If the pilot scheme is found to be successful against its objectives, the Council may decide to allocate an element of future Local Transport Plan funding towards a roll-out of 20mph limits in other residential areas across the City.

5. Question withdrawn by the Councillor

6. Policies
Question from Councillor Smith to the Leader

Can the Leader explain how their policies will differ from the last Leader?

Answer
Key priorities for the City would be thinking creatively to resolve

- Economy – Self Employed businesses were significantly lower in Southampton than surrounding areas; these would be encouraged to take forward to promote economy growth and wellbeing.
- Wages in the City – Were lower than neighbouring regions, engagement would take place with partners to encourage higher paid jobs to the City.
- City Deal – Engagement with investors would take place to encourage them to come to Southampton.
- Raising Living Standards – Engagement with Health colleagues to promote the raising of living standards. It was noted that statistics indicated that life expectancy could vary by 10yrs depending on which part of the City residents lived due to high levels of deprivation in parts. There would also be encouragement to "get people working".
- Public Engagement – Ways to engage the public in identifying priorities and decision making to be developed.
- Referendums – Opportunities to be explored balanced with budget constraints.
- Budget – Change Programme will see the implementation of new structures which would contribute to a future balanced budget.
- Generate Income – Opportunities to be explored.

7. Monitoring Officer Report / Investigation
Question from Councillor Smith to the Leader

Can the Leader explain what their involvement was in the 'Councillor Morrell affair'?

Answer
This item was debated in full at the March Council meeting, the report was a fair summary of the facts and there was nothing more to add.

8. Cared-for Children
Question from Councillor Les Harris to Councillor Bogle

Can the Cabinet Member, please tell us how many children there are in Council care, how many of those are in foster care, and how many were adopted or in the process of adoption last year?

Answer
There are currently 474 children looked after by the Council. 408 of those children are placed with foster carers. Of those 408, 320 are placed with Southampton foster carers and 88 are placed Independent Fostering Agencies. In financial year (2012/13) 31children were linked with prospective adopters. 27 children were adopted.

9. HIV Funding
Question from Councillor Parnell to Councillor Letts

Why has the funding for Groundswell been reduced for their work with aids/ HIV when the Government has given Southampton City Council £154,000 earmarked as a grant expressly to help address the specific and complex social care needs of people living with HIV in Southampton?

Answer

The funding for HIV/AIDS services is not ring-fenced and is part of the total grant settlement for Southampton from central government. As such, the funding identified is only nominally set against this spending.
Since the ring-fence for this grant was withdrawn in 2009/10, Southampton has not used the full grant on HIV/AIDS services. Instead, a smaller amount has been allocated. This reflects the city's priorities and the fact that services are not statutorily required, although there is recognition of their positive impact.
The reduction in funding from 2013 follows the ending of current contracts, and a retendering process being undertaken. In addition, in light of the budget situation and priorities for expenditure the full Council made the decision to reduce the funding for HIV/AIDS services in the city to £33k from 2013/14. Agency comments were available following the consultation process from November 2012 to February 2013.

10. Youth Services
Question from Councillor Thomas to Councillor Bogle

Can the Cabinet Member confirm that the undertaking given at the February Council meeting to maintain all youth service sessions until December is being honoured, and tell us what plan is in place to maintain them after December?

Answer
The strategy for youth and play in this financial year is to maintain targeted work at:

- Woolston
- Newtown
- Millbrook
- Zoe Braithwaite Play Centre
- Newtown Adventure Playground
- Thornhill Adventure Playground

And universal services at:

- Northam,
- Swaythling,
- Woodlands
- Sholing

Throughout 2013/14 strategic partnerships with faith, community and voluntary sectors are developing to continue provision post 2013/14.

Location	Activity per week	Time commitment
Woolston	X1	March 14
Newtown	X4	March 14
Millbrook	X2	March 14
ZBPC	X5	March 14
NAP	X5	March 14
TAP	X5	March 14
Northam	X1	December 13
Swaythling	X1	December 13
Woodlands	X1	December 13
Sholing	X1	December 13

11. Youth Services
Question from Councillor Turner to Councillor Bogle

Does the Cabinet Member consider that to hold reserves of up to £2m while abandoning youth work accords with good governance of the City?

Answer
A number of groups and activities as well as funding for various buildings to host such activities have been continued this year, as a result of changes to the budget agreed in February. A series of options for the future are now being explored, within the context of a redesign of Children’s Services as part of the People Directorate changes.
Some difficult decisions were taken in the 2013/14 budget, and putting some funds into reserves makes sense in a financial climate where similar levels of savings will need to be found in the 2014/15 budget round.
In the medium term the level of balances set aside by the Council will be the minimum level assessed by the Chief Financial Officer as being required based on an analysis of the risks the Council faces.

12. Cultural City
Question from Councillor Norris to Councillor Payne

With the advent of the competition to join with Portsmouth as the Cultural City of the South, what do you perceive will be the impact on Southampton's credibility following the reduction in opening hours for the City Art Gallery, along with the reduction in staff in the Archaeology Department and the proposed reduction of the Events Team?

Answer

Whilst the public sector, including local government and key cultural organisations such as the Arts Council, experiences significant funding reductions, there are inevitably some difficult decisions to be made about revenue funding. Southampton has a vibrant cultural economy and for a sustainable future, we need to encourage less reliance on the public sector. The UK City of Culture bid seeks to raise aspirations and provide a platform to help all sectors of both Cities cultural offer, to grow and develop. Taking opportunities such as this to raise the profile of the City and promote its cultural offer will help us face the challenges that many other Cities are also inevitably facing.

13. Nolan Principles
Question from Councillor Vinson to the Leader of the Council

Does the Leader regard the Nolan Principles as optional or obligatory?

Answer
All members were aware of the Nolan Principles and were encouraged to abide by them. Any concerns of breaches should be taken up with the Monitoring Officer

14. Surveillance
Question from Councillor Vinson to the Leader of the Council

Has the Council made use of private investigators during the past two years, and if so for what purposes?

Answer
The Council has not made use of private investigators during the past two years.

15. Proceeds of Crime
Question from Councillor Vinson to the Leader of the Council

On how many occasions has the Council made use of the 2002 Proceeds of Crime Act during the past five years to recoup fraudulent claims?

Answer
Regulatory Services has arrangements in place to carry out financial investigations to pursue POCA action in relevant cases, however, no funding has been recovered to date over the last five years.

16. Confidentiality Clauses
Question from Councillor Vinson to the Leader of the Council

Has the Council made use of confidentiality clauses in any staff compromise agreement during the past two years? If so, were ex gratia payments involved?

Answer

The Council has made use of confidentiality clauses in some staff compromise agreements over the last two years. Of these some would have included ex gratia payments.

17. Council Tenants' Spare Rooms
Question from Councillor Vinson to Councillor Payne

Has the Council issued any advice to its tenants regarding the letting of spare rooms to offset the so-called 'bedroom tax'?

Answer
There has been a range of advice given to council tenants about how to manage the impact of the reduction in housing benefits due to under occupying their home. This includes looking for work, seeking an increase in hours of work, moving via mutual exchange and considering taking in a lodger to help meet the shortfall in rent. The Money tree magazine was delivered to every tenant household where these options are detailed. The welfare benefit reform pages of the city council's website provides more detail on how to go about taking in a lodger and what a tenant needs to do if they wish to take up this option. There is also on the housing website, a page to promote "rent a room scheme" where links to external websites for searching for a lodger are given.
In addition all affected SCC tenants have been contacted by Housing staff over the past few months. A summary advice sheet was produced for staff to use when explaining the new rules and this includes advice about taking in a lodger. Housing benefit letters also include this advice.

18. Buy-to-let
Question from Councillor Vinson to Councillor Payne

Is the Cabinet Member aware that, according to statistics published by HSBC, Southampton heads the list of towns and cities with the highest buy-to-let rental yields?

Answer
Yes – this was in The Times four weeks ago. The research revealed that comparatively low property prices for the region coupled with strong rental demand in Southampton led to the City topping the list of locations with the highest average rental payback at 7.82 per cent per year. The average Southampton property for rental costs £138,311, while the average rent is £901 per month. About 24% of properties in the City are privately rented, which is twice the national average.

19. Newly Built Homes
Question from Councillor Baillie to Councillor Payne

What is your policy regarding setting the rent levels of newly built homes?

Answer
The Council is complying with Government policy for providing new affordable housing (as set out in the last comprehensive spending review) that Affordable Rent - up to 80 per cent of market rate - should be charged.

20. Labour Manifesto
Question from Councillor Baillie to the Leader of the Council

Now that your manifesto from last year has been independently and systematically rubbished, and with you no doubt wishing to set an example of honesty, what other promises from that manifesto will you now tell the people of Southampton you are going to ditch?

Answer
There would be a review which would be reflected in the Council Plan and submitted to the July meeting for debate.

17. MOTIONS

a) 20mph Zones

The Council agreed to suspend Council Procedure Rule 14.4 to enable flexibility in debate.

Councillor Furnell moved and Councillor Pope seconded

"This Council believes that the introduction of 20mph zones across the City increases road safety for pedestrians. We support the proposed introduction of a trial 20mph zone in the Maybush and Redbridge areas. If this pilot scheme proves a success then Council calls on the Executive to bring forward proposals for similar schemes in other parts of the City as and when resources allow".

Amendment moved by Councillor Moulton and seconded by Councillor Smith

Third line following Maybush and Redbridge areas ADD

"subject to support from local residents".

DELETE the third sentence and REPLACE with the following

"Council also resolves to roll out further schemes across the city as a priority, where residents are supportive".

AMENDED MOTION TO READ

This Council believes that the introduction of 20mph zones across the City increases road safety for pedestrians. We support the proposed introduction of a trial 20mph zone in the Maybush and Redbridge areas subject to the support of local residents. Council also resolves to roll out further schemes across the city as a priority, where residents are supportive.

With the consent of the meeting, Councillor Turner withdrew her amendment

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED LOST

UPON BEING PUT TO THE VOTE THE MOTION IN THE NAME OF COUNCILLOR FURNELL WAS DECLARED CARRIED

RESOLVED that the motion be approved.

b) Charges for Residents Parking Schemes in the City

Councillor Moulton moved and Councillor Fitzhenry seconded

“This Council calls for a rethink of the Executive's plans to introduce new charges for residents parking schemes in the City. Council believe that in these difficult times we should be keeping costs down for residents and not lumbering them with new taxes. Council believes that first permits should remain free”.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED LOST

RESOLVED that the motion be not approved.

c) Council Finances

Councillor Hannides moved and Councillor Moulton seconded

“Following the resignation of former Cllr Richard Williams, this Council calls for his half a million pound 'slush fund' for Leader's pet projects to be returned to Council balances and that this money should then instead be used to either help protect existing services under threat of cuts or instead be put to use repairing the City's roads and pavements”.

Amendment moved by Councillor Vinson and seconded by Councillor Turner

Forth Line DELETE

instead be

Fifth line INSERT

or to promote specific costed projects to generate employment.

AMENDED MOTION TO READ

Following the resignation of former Cllr Richard Williams, this Council calls for his half a million pound 'slush fund' for Leader's pet projects to be returned to Council balances and that this money should then instead be used to either help protect existing services under threat of cuts or be put to use repairing the City’s roads and pavements, or to promote specific costed projects to generate employment.

UPON BEING PUT TO THE VOTE THE AMENDMENT WAS DECLARED LOST

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED LOST

RESOLVED that the motion be not approved.

d) **Bedroom Tax**

Councillor Morrell moved and Councillor Thomas seconded

"Further to the resolution of the Council concerning the under-occupation penalty (so-called 'Bedroom Tax'), Southampton Council further resolves not to evict any tenant who goes into rent arrears because of the 'Bedroom Tax' and calls on other local social housing providers to do the same. This Council also calls on the next Government to scrap the 'Bedroom Tax' legislation and reimburse councils where debts have accrued through non-payment".

Amendment moved by Councillor Payne and seconded by Councillor Kaur

Second line after (so-called "Bedroom Tax") DELETE

Southampton Council further resolves not to evict any tenant who goes into rent arrears because of the 'Bedroom tax' and calls on other social housing providers to do the same.

And REPLACE with

Council should review its procedures to ensure that tenants effected by the bedroom tax have the maximum opportunity to downsize if that is their wish.

Forth line INSERT between next and Government

Labour.

Fifth line after legislation DELETE

and reimburse councils where debts have accrued through non-payment.

AMENDED MOTION TO READ:

Further to the resolution of the Council concerning the under occupancy penalty (so called 'Bedroom tax) Council should review its procedures to ensure that tenants affected by the bedroom tax have the maximum opportunity to downsize if that is their wish. This Council also calls on the next Labour Government to scrap the 'Bedroom Tax' legislation.

Further amendment moved by Councillor Vinson and seconded by Councillor Turner

Second Line DELETE

further resolves not to evict any tenant who goes into rent arrears because of the 'Bedroom Tax' and calls on other local social housing providers to do the same. This Council also calls on the next Government to scrap the 'Bedroom Tax' legislation and reimburse councils where debts have accrued through non-payment.

REPLACE with

to review the definition of a bedroom in Council properties and encourage Housing Association to do likewise, optimise priority in the Council's housing allocation policies for those seeking to downsize as a result of the under-occupation penalty, accept payment of rent in arrears, recognise those evidencing a genuine desire to downsize as a priority in the allocation of contingencies within the Council's welfare budgets pending identification of a suitable property, and promote the provision of more single-bedroom properties in the Council and Housing Association sectors until such time as the demand and supply have been balanced.

'This Council also calls on the Government to review the housing benefit rules (a) to exempt from the under-occupancy penalty those evidencing a genuine desire to downsize, pending identification of a suitable property and (b) to introduce additional flexibility into extend the grounds on which additional bedroom space is justified without penalty to cover e.g. single parents with shared custody or people with disabilities in need of occasional overnight support.'

AMENDED MOTION TO READ:

Further to the resolution of Council concerning the under-occupation penalty (so-called 'Bedroom Tax'), Southampton Council further resolves to review the definition of a bedroom in Council properties and encourage Housing Association to do likewise, optimise priority in the Council's housing allocation policies for those seeking to downsize as a result of the under-occupation penalty, accept payment of rent in arrears, recognise those evidencing a genuine desire to downsize as a priority in the allocation of contingencies within the Council's welfare budgets pending identification of a suitable property, and promote the provision of more single-bedroom properties in the Council and Housing Association sectors until such time as the demand and supply have been balanced.

UPON BEING PUT TO THE VOTE THE AMENDMENT IN THE NAME OF COUNCILLOR MORRELL WAS DECLARED LOST

UPON BEING PUT TO THE VOTE THE AMENDMENT IN THE NAME OF COUNCILLOR PAYNE WAS DECLARED CARRIED

UPON BEING PUT TO THE VOTE THE MOTION IN THE NAME OF COUNCILLOR PAYNE AS AMENDED WAS DECLARED CARRIED

RESOLVED that the motion as amended be approved.

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

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

19. *REBUILD OF ERSKINE COURT, LORDSHILL

The report of the Cabinet Member for Housing and Leisure Services was submitted seeking approval for the phased rebuild of Erskine Court. (Copy of report circulated with the agenda and appended to the signed minutes).

RESOLVED that subject to obtaining Care and Specialist Supported Housing (CASSH) Grant of £2,7000,000 from the Homes and Communities Agency:-

i. acceptance of the CASSH grant to part fund the rebuild of Erskine Court be approved;
ii. in accordance with Financial Procedure Rules, the addition of £9,800,000 to the HRA Capital Programme for the rebuild of Erskine Court funded by the CASSH grant, any available capital receipts and the balance from additional borrowing within the HRA Business Plan be approved; and
iii. in accordance with Financial Procedure Rules, expenditure of £1,000,000 in 2013/14, £5,200,000 in 2014/15, and £3,600,000 in 2015/16 on the rebuild of Erskine Court be approved.

20. ACCOMMODATION STRATEGY UPDATE 2013

The report of the Cabinet Member for Resources was submitted updating the Council's Accommodation Strategy and seeking approval to implement measures necessary to vacate Marland House. (Copy of report circulated with the agenda and appended to the signed minutes).

RESOLVED that the addition of up to £1.2m, if required, to the Resources Capital Programme, phased £1M in 2013/14 and £200k in 2014/15, to complete work necessary to enable vacation of Marland House, to be funded by Council Resources be approved.

21. ADDITIONAL FUNDING TO BE ADDED TO THE ENVIRONMENT AND TRANSPORT CAPITAL PROGRAMME

The report of the Cabinet Member for Environment and Transport was submitted seeking approval for additional funding to be added to the Environment and Transport Capital Programme. (Copy of report circulated with the agenda and appended to the signed minutes).

RESOLVED

i. That the award of £2,470,000 of Local Pinch Point funding from the Department for Transport (DfT) be accepted;
ii. That the addition of £2,470,000 to the Environment and Transport Capital Programme funded from the DfT Local Pinch Point Fund Government Grant be approved;
iii. That the addition of £410,000 to the Environment and Transport Capital Programme funded from the 2015/16 Itchen Bridge Maintenance Fund (Revenue) be approved;
iv. That the addition of £400,000 to the Environment and Transport Capital Programme funded from the 2014/15 Local Transport Plan Government Grant be approved;
v. That capital variations to the Environment and Transport Capital Programme totalling £910,000 in 2013/14 as detailed in Appendix 3 of the report be approved;
vi. That as part of the above recommendations, a major scheme called "Bridges to Prosperity" would be created in order to maintain the major bridges in the City with a total budget of £4,190,000 and that the funding and detailed project expenditure as set out in Appendices 1 and 2 of the report be noted;
vii. That in accordance with Financial Procedure Rules, capital expenditure of £4,190,000 on the Bridges to Prosperity scheme with phasing of £1,590,000 in 2013/14, £2,190,000 in 2014/15, and £410,000 in 2015/16 be approved; and

viii. That there was an obligation on the Council from DfT to cover any unbudgeted additional costs associated with the scheme be noted.

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

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

The appendix is considered to be confidential, the confidentiality of which is based on category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules.

It is not considered to be in the public interest to disclose this information because this appendix would prejudice the authority's ability to achieve best consideration for the disposal of land (the identity of the preferred developer and the figures associated with the land transaction are commercially sensitive.

23. SOUTHAMPTON NEW ARTS COMPLEX SCHEME

The report of the Leader was submitted regarding the new arts complex scheme. (Copy of report circulated with the agenda and appended to the signed minutes).

RESOLVED

i. That additional funding, up to the sum set out in confidential Appendix 1, of the report to the existing Southampton New Arts Complex Scheme and an increase in the capital programme by up to this additional sum be approved;
ii. That authority be delegated to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, authority to determine the most appropriate way of financing this sum; and
iii. That the potential for increased costs on the Arts Shell Fit Out, as set out in confidential Appendix 1of the report be noted.

24. OVERVIEW AND SCRUTINY ANNUAL REPORT 2012/13

RESOLVED that the report of the Chair of the Overview and Scrutiny Management Committee detailing the Overview and Scrutiny Annual Report 2012/2013 in accordance with the Council's Constitution be noted.

SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON 15 MAY 2013

Present:

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

25. APOLOGIES

Apologies for absence were received on behalf of Councillor McEwing and Councillors Morrell and Thomas.

26. HONORARY ALDERMEN

RESOLVED unanimously:

That in pursuance of the provisions of Section 249(5) of the Local Government Act 1972, the office of Honorary Alderman be conferred on former Councillors Mrs Edwina Cooke, Mrs Elizabeth Mizon and Mr Dennis Harryman in recognition of their eminent service to the City and their names be recorded in the Roll of Honorary Alderman.

DECISION-MAKER:		COUNCIL		
SUBJECT:		EXECTIVE BUSINESS		
DATE OF DECISION:		17 JULY 2013		
REPORT OF:		LEADER OF THE COUNCIL		
CONTACT DETAILS				
AUTHOR:	**Name:**	**Suki Sitaram**	**Tel:**	**023 8083 2060**
	E-mail:	**suki.sitaram @southampton.gov.uk**		
STATEMENT OF CONFIDENTIALITY				
NONE				

BRIEF SUMMARY

This report outlines Executive Business conducted since the last Council meeting on 15th May 2013.

RECOMMENDATIONS:

(i) That the report be noted.

REASONS FOR REPORT RECOMMENDATIONS

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

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not applicable

DETAIL (Including consultation carried out)

INTRODUCTION

3. The agenda for this Full Council meeting includes consideration of the draft Council Plan 2013-16 which has the following priorities:
    - Promoting Southampton and attracting investment
    - Raising ambitions and improving outcomes for children and young people
    - Improving health and keeping people safe
    - Helping individuals and communities to work together and help themselves
    - Encouraging new house building and improving existing homes
    - Making the City more attractive and sustainable
    - Developing and engaged, skilled and motivated workforce
    - Implementing better ways of working to manage reduced budgets and increased demand

    Therefore, my report highlights the contribution of different Portfolios towards these priorities since the last Council meeting in May 2013.

4. I would like to highlight the following work since the last report:
   - Recruitment of new Chief Executive: The external advertisements for the recruitment of the new Chief Executive were placed in late pring and interviews took place on 24th/25th June 2013. The recommendation from the Chief Officer Employment Panel is contained in a separate report on this agenda.
   - We have been working on a number of strands relating to our City Deal bid in preparation for our presentation to government ministers on 17th July.
   - I would like to highlight a correction to my previous report which stated that we have been successful in securing £3.5m from the Regional Growth Fund for the Redbridge Roundabout for the creation of a priority access corridor for strategic traffic exiting the City on to the M271. This was an editing error as the outcome is expected in August this year and we are hopeful of securing this funding.
   - The City has benefited from the following successful bids which have all brought more money into the City:
     - Staff at St Marys School and in Housing services have worked with St Marys Tenants and Residents Association and the Saints Foundation to secure £140,000 funding for a multi-use games area for the children and community of Golden Grove.
     - Our application to the PUSH Joint Committee for £86,000 for the public realm scheme project at the Southampton Station Quarter.
     - £50,000 from Sport England towards a £175K project at Lordshill Recreation Ground to improve the drainage.

PROMOTING SOUTHAMPTON AND ATTRACTING INVESTMENT

5. The Interim Chief Executive and I attended a successful event hosted by CBRE in London at which we showcased the wealth of investment and development opportunities available in Southampton. We presented to around 100 prospective investors, developers and occupiers and showed why Southampton is THE place to be on the south coast. The event enabled us to create a number of new contacts who are looking to invest and can help us realise our City Centre Master Plan vision.
6. The Council is keen to see poor quality office accommodation that is at the end of its life be used for alternative uses. As an example of this, planning permission has been granted for Portcullis House, Platform Road to provide 36 self-contained students flats.
7. SNAC – the Council has approved additional resources to ensure that the project goes ahead. Approval for the sale of the upper floors above the Frog and Parrot next door will provide a complementary space to SNAC. This will be through providing a refurbished upper floor space above the Frog & Parrot pub to provide at least 2,500 square metres of creative industry orientated innovation space, focussing on arts and digital media, with public access via an arts branded foyer within the currently vacant unit 176 next door.

8. On Sunday 26th May we saw a new development in the City centre - the Antiques and Collectables market. There was a marked increase in the footfall in the City Centre for a Sunday and will be a monthly feature until November. If this proves to be successful, the markets could become a permanent feature.

9. Cabinet approved that additional funding to be added to the Environment and Transport capital programme relating to:
   - The award of £2,470,000 of Local Pinch Point funding from the Department for Transport (DfT)
   - £410,000 funded from the 2015/16 Itchen Bridge Maintenance Fund (Revenue)
   - £400,000 funded from the 2014/15 Local Transport Plan Government Grant
   - Capital variations totalling £910,000 in 2013/14
   - £4,190,000 on the Bridges to Prosperity scheme with phasing of £1,590,000 in 2013/14, £2,190,000 in 2014/15, and £410,000 in 2015/16.

10. Another significant milestone was reached in progressing the City's cultural quarter ambitions when Cabinet gave delegated authority to the Director of Environment and Economy, after consultation with the Chief Financial Officer, to spend up to the overall new scheme value, and to enter into any documentation necessary to enable the Southampton New Arts Complex Scheme to proceed.

11. Officers from Planning, Transport, and Economic Development met representatives from the Marine Management Organisation, Environment Agency, and Natural England to agree a pilot approach to regulation which will trial a new way of working with the Local Government Association (LGA) and the Department for Environment, Food and Rural Affairs (DEFRA). This is a real coup for Southampton and will allow us to work closely with central government to deliver the Royal Pier scheme in particular.

RAISING AMBITIONS AND IMPROVING OUTCOMES FOR CHILDREN AND YOUNG PEOPLE

12. I would like to congratulate the following schools on their successful outcomes from recent OfSTED inspections:
    - Mansbridge Primary School and Maytree Nursery and Infants' School which were both judged as 'good' in their recent OfSTED inspections.
    - The Community Learning Service was inspected by OfSTED in May this year and was awarded a judgement of 'good', an improvement on the 'satisfactory' grading achieved some three years ago. The Council commissions a wide range of local organisations and therefore the credit for this is shared with our partners.

13. Cabinet noted and accepted the risks in relation to the conversion of the City's three PFI schools (Cantell Maths and Computing College, Redbridge Community School and Woodlands Community College) to academy status.

14. In relation to Primary school development, Cabinet considered the outcome of statutory consultation and approved the implementation of published proposals to discontinue:
    - Bitterne Park Infant and extend the age range of Bitterne Park Junior, to establish a primary school from the 1 September 2013
    - Tanners Brook Junior and extend the age range of Tanners Brook Infant, to establish a primary school from the 1 September 2013
    - Oakwood Infant and extend the age range of Oakwood Junior, to establish a primary school from the 1 January 2014.
    - Heathfield Junior and extend the age range of Valentine Infant, to establish a primary school from the 1 January 2014.
15. In relation to Primary school development, Cabinet also considered the outcome of statutory consultation and approved modification to the published proposals to:
    - Discontinue St Monica Junior and extend the age range of St Monica Infant, to establish a primary school from the 1 January 2014. The modification will have the effect of changing the implementation date from 1 January 2014 as originally published above to an implementation date of 1 April 2014 as requested by the Governing Body of each school.
    - The modified proposal is to discontinue St Monica Junior and extend the age range of St Monica Infant, to establish a primary school from the 1 April 2014.

IMPROVING HEALTH AND KEEPING PEOPLE SAFE

16. We were invited to make a presentation at the Department of Health last week on the Liverpool Care Pathway review to Dame Julia Neuberger and Lord Guthrie and others. This is to increase improve understanding of the role of safeguarding in those cases where poor end of life care practice is found and to improve End of Life Care in nursing homes and specifically for people with dementia.
17. The Council's Housing Services currently provide monitoring of the personal alarm system in all of Portsmouth City Council's Sheltered Housing Schemes through a contract agreement. This contract has been in place since 1999 and is currently, after agreement from all of Portsmouth City Council's Sheltered Housing Schemes through a contract agreement. The contract has been in place since 1999 and is currently, after agreement from both parties, being updated as part of normal contract and business arrangements. Therefore Cabinet approved a time limited extension to the existing service with Portsmouth City Council for the provision of telecare alarm monitoring services, for the maximum period May 2013 to March 2015. .

HELPING INDIVIDUALS AND COMMUNITIES TO WORK TOGETHER AND HELP THEMSELVES

18. I was immensely privileged to sign the covenant to build on support for the armed forces today on behalf of the people of Southampton. As a Council we are committed to doing all we can to support those that have served in our armed forces both past and present. On Monday 24 June, Southampton City Council consolidated its support for serving military and veteran communities by signing the 'community covenant' was signed with

representatives from the armed forces at the Civic Centre in Southampton followed by the annual flag raising ceremony. Very appropriately, this was timed at the start of Armed Forces Week which culminated with Armed Forces Day on Saturday 29 June.

19. This was an opportunity for us to publically thank those who continue to put themselves in danger to protect the free and democratic society that we Britain's are able to enjoy today. The Council has produced an action plan to support this pledge of support which outlines how organisations in the City will work together to ensure the armed forces community is supported to integrate into civilian life and able to access the same services as all other residents in Southampton. Cllr Derek Burke is the City's first armed forces champion to ensure that the Council stands by this commitment.

20. We were one of 100 local authorities targeted by the Big Lottery fund as one of the geographical areas to be considered for funding through "Fulfilling lives: Ageing Better" and have submitted an expression of interest following consultation with a range of stakeholders. We have detailed our approach to supporting older people at risk of social isolation and await to see if we will be selected, initially to the shortlist of 30 areas to go ahead to the next stage.

21. Cabinet agreed the establishment of an independent, time-limited Fairness Commission to consider issues of fairness and equality in Southampton and nominated Cllr Darren Paffey as the Council's representative and vice chair of the Commission. A Fairness Commission is group or body of senior influencers, often independently chaired which explores and recommends ways to increase fairness and reduce inequality for residents. The commitment to establish a Fairness Commission for Southampton was included in the 'Southampton Transition Plan: The first 100 days (May 16th 2012- August 2012). Cabinet have also delegated authority to officers to undertake detailed work on the issues and impacts of introduction of a Living Wage will inform further work within the Council.

22. Cabinet approved the Community Asset Transfer Strategy and delegated authority to officers to progress applications for community asset transfers so that they can be presented for Cabinet consideration. The implementation will be on a phased basis, starting with a pilot programme focused on and community buildings. The Council expects a proactive community asset transfer programme to help retain valued local provision, support community empowerment and capacity building through the use of local skills, experience and knowledge. Decisions will be made by Cabinet on a case by case basis and will need to demonstrate financial viability, long term sustainability and external investment.

23. The drivers are the Localism Act, the Council's financial position, commitment to support community development and speculative interest from organisations. Community Asset Transfer is one of the three priorities for the Council's Change Programme. Community, voluntary and faith organisations in the City have owned or managed buildings and land for many years. In Southampton this includes buildings owned by the Council and leased or licensed to local organisations. As part of its transformation agenda, the Council is committed to extending this much further through a proactive work programme on Community Asset Transfer (CAT) over the

next five years.

24. We have been chosen to be a pilot area for the Single Fraud Investigation Service (SFIS) project which will give us an opportunity to influence national policy. This pilot aims to bring together investigators from the Department of Work and Pensions, Her Majesty's Revenues and Customs and Local Authorities in preparation for Universal Credit. Our Capita colleagues will be working on this project on our and will play a key role in the development of the SFIS project and help provide valuable lessons that can be used to inform the national rollout.

25. One of the key policy changes that will have a sifgnicant impact on many residents is Welfare Reforms. Cabinet were very pleased to consider the recommendations of the Overview and Scrutiny Management Committee's report on the Welfare Reforms Inquiry and approved all the recommendations. Cabinet also agreed to allocate £128,800 from the General Fund Revenue Budget to provide additional resources to enable full implementation of the recommendations from the Scrutiny Panel A.

ENCOURAGING NEW HOUSE BUILDING AND IMPROVING EXISTING HOMES

26. The Council has continued to make progress on stalled sites for residential development. Planning permission has been granted at 165 St Marys Street and Former Chantry Hall Site for the redevelopment of a site for 3-6 storey building with 59 flats (by local builders Drew Smith). This site on a prominent corner of St Marys has been vacant for a number of years.

27. Estate regeneration - A planning application has been submitted for the Weston Estate Regeneration project. The Hinkler Parade redevelopment will be formally opened on 2nd July 2013. Hants Fire Service USAR team did some training at the Exford Avenue Shopping Parade site on 5 June 2013 and again on 19 June 2013. Crews from Hampshire Fire and Rescue Service and the Hampshire Ambulance Rescue Team tackled an emergency scenario.

MAKING THE CITY MORE ATTRACTIVE AND SUSTAINABLE

28. Cabinet considered and approved the following which will contribute to improving local neighbourhoods:
    - Implement a recycling reward scheme for houses in phase 1 and a reward scheme for flats in phase 2.
    - Provide on street resident permit parking within the City Centre to allow occupiers of City Centre developments approved since 2001, the entitlement to on street resident permit schemes
    - Transfer of £429,000 from the unapproved Future Decent Neighbourhoods scheme to a new Estate Parking Improvements scheme within the Well Maintained Communal Facilities section of the Housing Revenue Account (HRA) capital programme
    - Dispose of part of 164-176 Above Bar Street to the recommended bidder
    - Accept a grant of £472,000 from Defra through the Flood Resilience Community Pathfinder Scheme to deliver the flood risk management project in St. Denys.

29. The Council offered residents an exclusive discount on compost bins and food digesters as part of our commitment to reducing the City' s carbon footprint and the amount that goes to landfill.

DEVELOPING AND ENGAGED, SKILLED AND MOTIVATED WORKFORCE

30. As at the beginning of June 33 people have successfully been redeployed as a result of introducing the STEP programme. Up to 75 people could still unfortunately be made redundant as a result of the 13/14 budget but only 3 to date have been compulsory.

31. We continue to make progress with our Trade Union relationships. We have resolved the dispute over Terms & Conditions and all parties have now signed the Collective Agreement. We are also holding informal discussions on whether we need to future proof ourselves against equal pay claims and how we might introduce greater fairness in reward including the introduction of the Living Wage.

IMPLEMENTING BETTER WAYS OF WORKING TO MANAGE REDUCED BUDGETS AND INCREASED DEMAND

32. We started the journey to radically improve safeguarding services with the assistance of additional capacity from external consultants in the latter part of 2012/13. This created an appetite for change and I am pleased to inform you that the new Director of People has maintained the momentum in driving the redesign of services to achieve long term improvements. An Implementation Board has been established, chaired by the Director to finalise and roll out the Implementation Plan. A Programme Manager has been appointed and additional project management capacity is currently being identified. The Interim Chief Executive had established arrangements for close oversight of Children's Safeguarding services to give it "intensive care". This is now being strengthened with the arrival of a new interim Head of Safeguarding until the position is filled on a permanent basis.

RESOURCE IMPLICATIONS

<u>Capital/Revenue</u>

33. N/A

<u>Property/Other</u>

34. N/A

LEGAL IMPLICATIONS

<u>Statutory power to undertake proposals in the report</u>:

35. As defined in the report appropriate to each decision.

<u>Other Legal Implications</u>:

36. N/A

POLICY FRAMEWORK IMPLICATIONS

37. N/A

KEY DECISION? N/A

WARDS/COMMUNITIES AFFECTED:	N/A

SUPPORTING DOCUMENTATION

Appendices

1.	None

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/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.	None	

DECISION-MAKER:	COUNCIL			
SUBJECT:	WOOLSTON BY-ELECTION - 13 JUNE 2013			
DATE OF DECISION:	17 JULY 2013			
REPORT OF:	THE RETURNING OFFICER			
CONTACT DETAILS				
AUTHOR:	**Name:**	**MARIJKE ELST**	**Tel:**	**023 80 2422**
	E-mail	**Marijke.elst@southampton.gov.uk**		
RETURNING OFFICER	**Name:**	**MARK HEATH**	**Tel:**	**023 80 2028**
	E-mail	**Marik.heath@southampton.gov.uk**		

STATEMENT OF CONFIDENTIALITY
NONE

BRIEF SUMMARY

This report details the results of the Woolston by-election held on 13th June 2013

RECOMMENDATIONS:

(i) To note the report

DETAIL (Including consultation carried out)

1. A by-election was held in the Woolston Ward on 13th June 2013. Christopher Hammond was duly elected to fill the vacancy which will expire in 2016

RESOURCE IMPLICATIONS

Capital/Revenue/Property

2. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

3. The report is to note the results of a by-election. There are no actions arising.

POLICY FRAMEWORK IMPLICATIONS

4. None

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	Woolston

SUPPORTING DOCUMENTATION

Appendices

1.	None

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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.	None	

DECISION-MAKER:	COUNCIL			
SUBJECT:	FINANCIAL STATEMENTS FOR 2012/13			
DATE OF DECISION:	17 JULY 2013			
REPORT OF:	HEAD OF FINANCE & IT (CHIEF FINANCIAL OFFICER)			
CONTACT DETAILS				
AUTHOR:	**Name:**	Alison Chard	**Tel:**	023 8083 4897
	E-mail:	Alison.Chard@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

In accordance with the Accounts and Audit Regulations 2011 the Financial Statements 2012/13 were signed by the Chief Financial Officer (CFO) on 28 June 2013. The Financial Statements will be submitted to the Governance Committee on 23 September 2013. A copy of the draft unaudited Financial Statements is available in the Members Room.

Presenting the accounts at this time means that the Annual Audit, carried out by our newly appointed Auditors Ernst & Young, will not have been completed. Any major changes to the Financial Statements arising from the annual audit will be reported to the Governance Committee after the completion of the audit on 30 September 2012.

RECOMMENDATIONS:

It is recommended that Council:

(i) Notes that the Financial Statements 2012/13 have been signed by the Chief Financial Officer.

(ii) Notes that the approval of the Financial Statements 2012/13 by the Governance Committee will take place on 23 September, subject to any changes required after the completion of the Audit. Any such changes will be presented to the Governance Committee.

REASONS FOR REPORT RECOMMENDATIONS

1. It is a legal requirement that the Chief Financial Officer (CFO) signs the Financial Statements by 30 June 2013 and certifies that they present '*a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year*'.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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

DETAIL (Including consultation carried out)

CONSULTATION

3. Not applicable.

FINANCIAL STATEMENTS

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

CHANGES TO THE 2012/13 ACCOUNTS

5. There were no major changes to the 2012/13 Accounts. However, there are a number of Future Changes in Local Government Finance which will impact on the Financial Statements from 2013/14 onwards. These changes are as follows:
   - Technical Reforms of Council Tax;
   - Retention of Business Rates:
   - Localisation of Council Tax Support;
   - Universal Credit;
   - Academy Funding Transfers 2013/14; and
   - Public Health Transfer.

Technical Reforms of Council Tax

6. The Department for Communities and Local Government (DCLG) issued a consultation paper in October 2011 outlining reforms to Council Tax. These changes were included within the Local Government Finance Act 2012 and gave the Council local discretion from April 2013 to make significant changes to the discounts and exemptions that are currently offered on Council Tax , as follows:
   - The application of exemptions to Council Tax to a number of classes of empty property, for example, where improvement works make the building uninhabitable;
   - The introduction of an empty homes premium; and
   - The abolition of the second homes discount.

The Council approved its Local Scheme in January 2013 to apply from 1 April 2013 and took advantage of those changes which will increase the level of Council Tax that is raised and mitigate some of the potential effects of the Localisation changes set out in paragraphs 11 to 13 below.

<u>Retention of Business Rates</u>

7. New arrangements come into force for the Business Rate Retention (BRR) Scheme from 1 April 2013. Historically the Council has purely collected business rates on behalf of Central Government but in the future this income will be shared between Central Government (50%), the Council (49%) and the Hampshire Fire and Rescue Authority (HFRA) (1%).

8. It is recognised that the introduction of BRR whilst offering an incentive to Local Authorities to grow their economies and resulting business rate income, also transfers risks. A reduction in the level of business rates collected below the level assumed and built into the General Fund revenue budget, will directly impact on the Council's bottom line through reduced income. A fall in business rates income could be due to the impact of businesses closing with insufficient new business opening to offset the reduction in rateable value, or it could be due to a higher than anticipated reduction in income due to lost appeals.

9. From 1 April 2013 the Council assume some liability for refunding ratepayers who successfully appeal against the rateable value of their properties on the rating list. This will include amounts that were paid over to Central Government in respect of 2012/13 and prior years. Previously, such amounts would have been deducted from the total paid to Central Government. However, under the new BRR arrangements Central Government is only liable for 50% of future successful appeals refunds, the Council being liable for 49% and the HFRA for the remaining 1%.

10. In January 2013, the Council were required to submit an estimate (NNDR1 form), to Central Government, of how much they expected to collect in Business Rates in 2013/14. The NNDR1 included an adjustment for future successful appeals of approximately £5.8M, of which the Council is liable for £2.9M. In accordance with CIPFA guidance no provision has been made in the Financial Statements for 2012/13 as the liability does not crystallise until 1 April 2013.

<u>Localisation of Council Tax Support</u>

11. The Comprehensive Spending Review (CSR) 2010 included proposals to localise support for Council Tax from the beginning of the financial year 2013/14. The main change for the Council is that a grant will be paid to the General Fund to replace the funding for Council Tax Benefit paid into the Collection Fund. The major change for recipients is that the grant will cover only around 90% of the current benefits and Local Authorities were expected to introduce revised local benefit schemes that in total reduce benefits by 10% overall, or alternatively fund the reductions through other means. This will not be a uniform reduction as certain recipients, (such as pensioners) are legally excluded from the reduction.

12. A scheme was adopted by Council by the statutory deadline of 31 January 2013, to be implemented from 1 April 2013. The move away from a nationally prescribed scheme for calculating council tax benefit, and the introduction of a local scheme based on a reduction of 10% in the overall grant available from the government brings with it increased risk. One of these risks is that there will be an increase in council tax arrears due to non payment as, some current benefit recipients will be required to pay a higher contribution towards their Council Tax bill or in many cases pay Council Tax for the first time under the new local scheme.

13. Linked to this change is the introduction of the "Universal Credit" a new system for benefit payments, which is to be introduced from October 2013. The financial implications for the Council, who administer Housing Benefit on behalf of the Department for Work and Pensions (DWP), will become clearer as the detailed proposals are developed.

Universal Credit

14. Universal Credit (UC) is one of the key benefit changes introduced by the Welfare Reform Act 2012. This will see the introduction of a single benefit to replace six benefits currently paid by DWP, HM Revenue & Customs (HMRC) and Local Authorities. This includes Housing Benefit which is currently paid by Local Authorities.

15. The introduction of UC will have a significant impact on the residents of the city as they will need to adjust to receiving a single monthly benefit payment which will include an element to cover their housing costs. They will need to manage their finances on a monthly basis, pay their rent to their landlord and apply and manage their benefit claim online. UC will have a significant impact on the Council as it will no longer receive Housing Benefit, direct from Central Government, with respect to Council Dwellings Rent Rebates which in 2012/13 amounted to approximately £40M.

Academy Funding Transfers 2013/14

16. From 2013/14, new funding arrangements for education services will apply for Local Authorities. When a school becomes an Academy, it receives a grant called the Local Authority Central Spend Equivalent Grant (LACSEG) to cover the cost of services previously provided by the Local Authority. The services provided by the Local Authority to schools have previously been funded through a combination of Dedicated Schools Grant (DSG) and Total Formula Grant (TFG). From 2013, the LACSEG for academies and the corresponding element of local government revenue funding will be replaced by the new Education Services Grant (ESG). ESG will be allocated on a simple per-pupil basis to Local Authorities and Academies according to the number of pupils for whom they are responsible.

17. The likelihood is that the number of Academies will increase during 2013/14 and this funding will be reduced accordingly for the Council.

Public Health Transfer

18. The Health and Social Care Act 2012 has provoked the most radical restructure of the National Health Service (NHS) since its inception. As part of its implementation, Primary Care Trusts (PCTs) have been abolished and replaced with Clinical Commissioning Groups (CCG). One of the key outcomes of this move has been to transfer Public Health responsibilities to Local Authorities from 1 April 2013. This places a responsibility on the Council to secure services to prevent disease, prolong life and promote health. To support the commissioning of Public Health services the Council will receive £14.3M as a ring fenced grant in 2013/14and £15.1M in 2014/15.

19. The Director of Public Health has been based within the Council offices for some time, and work to integrate the new responsibilities has now been completed to ensure a smooth transition to the new operating model, with the process being managed through strategic planning and delivery groups and detailed action plans. As the service further embeds the Council will benefit from synergies between existing Council arranged services and those previously secured by Southampton PCT. This is expected to deliver not only cost efficiencies but also better outcomes for residents of Southampton.

GENERAL FUND REVENUE EXPENDITURE AND INCOME

20. The Financial Statements present the Income & Expenditure Account in a statutory format which includes notional costs that have no impact on the Council Tax charge. The Table on page 4 of the Financial Statements presents the Council's expenditure and income in a format that shows the net impact on the General Fund Balance, compared to budget. This shows that the revised budget assumed a total addition to reserves of £3.9M.

21. However, during the year, the Council has made changes to the revised budgets which were reported to Cabinet in February 2013. Compared to this working budget, the Council's actual expenditure for the year is £7.4M under budget and this is made up as follows:

	£000's
Reductions in Portfolio Spending	6,093
Reduced Net Borrowing Costs Due to Lower Interest Rates and Re-phasing of the Capital Programme	810
Unused Contingency	344
Other Variations	142
Total	**7,390**

22. Against this are requests to carry forward budget of £926,300 (of which £690,600 relates to central repairs and maintenance) which will be subject to approval by Council.

23. In addition it is proposed to add £300,000 to the General Fund Contingency in 2013/14 (subject to approval by Full Council) to meet possible unplanned pressures in that year.

24. Further draws on the overall favourable position of £7.4M (subject to approval by Full Council) include:

- Pay Reserve (£1.4M) – It is proposed this year to add £1.4M to the Pay Reserve to make provision for any costs that may be incurred in relation to pay related issues. This will increase the total sum set aside in the Reserve in 2013/14 to just over £1.7M.
- Festivals (£50,000) – It is proposed to allocate £50,000 to enable events to be progressed and supported in the City in 2013/14.
- Internships (£25,000) – It is proposed to allocate £25,000 to enable an internship scheme to be developed and implemented in 2013/14.

GENERAL FUND BALANCES

25. The General Fund balance stands at £29.9M and is used as a working balance and to support future spending plans. This compares to a balance of £23.5M at the end of 2011/12.

26. Commitments have been proposed which subject to approval by Council will leave an uncommitted value of balances totalling £10.5M in the medium term which is £5.0M above the minimum level recommended by the CFO following a risk assessment of the required level to be maintained.

HOUSING REVENUE ACCOUNT (HRA)

27. The Table on page 6 of the Financial Statements presents the Council's expenditure and income in a format that shows the net expenditure within the HRA compared to budget. This shows that the budget assumed a deficit of £0.3M. Actual net expenditure for the year is a surplus of £0.7M which compared to the budgeted deficit results in an under spend of just over £1.0M. This is made up as follows:

	£000's
Net Saving on Total Repairs	430
Savings on Supervision & Management	1,193
Increase in Direct Revenue Financing	(1,945)
Reduction in Capital Financing Charges	261
Saving on Depreciation	966
Other Variances	103
Total	**1,008**

CAPITAL EXPENDITURE

28. In 2012/13 the Council spent £78.5M on capital projects. This was £9.8M less than the latest approved estimates, due largely to re-phasing of expenditure which will now be incurred in 2013/14. Of this expenditure £54.2M related to the General Fund and £24.3M to the HRA.

29. The General Fund Capital Outturn 2012/13 and the Housing Revenue Account Revenue and Capital Outturn 2012/13 reports elsewhere on the Council Agenda contain further details; including setting out how it is proposed that this expenditure is financed.

THE COLLECTION FUND

30. The Collection Fund had a deficit for the year of £116,300. There was a surplus brought forward from 2011/12 of just over £1.6M, to give a surplus to be carried forward of just over £1.5M.

31. When setting the Council Tax for 2013/14 in February 2013, it was estimated that there would be a surplus of £1.2M to be carried forward. This estimated surplus was taken into account in setting the 2013/14 Council Tax and was shared by the City Council, the Police & Crime Commissioner for Hampshire and the HFRA in proportion to the precepts levied by each authority in 2012/13. This leaves a surplus of £319,400 that will be carried forward to 2013/14 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2014/15 is set.

PENSIONS

32. In 2012/13 the Council paid an employer's contribution of £20.1M into Hampshire County Council's Pension Fund. The employer's rate set for 2011/12 to 2013/14 is 13.1% of employees' pay plus a fixed payment. This fixed payment was calculated by the actuary for the Hampshire County Council pension fund and is equivalent to 6.0% of the value of the payroll as at 31 March 2010.

33. The Council's share of the assets in the Hampshire County Council pension fund at 31 March 2013 was £558.6M, compared to its estimated liabilities of £976.8M, giving an estimated deficit on the Fund of £418.2M (£384.5M in 2011/12).

34. The deficit will be made good by taking into account anticipated changes in market conditions, levels of anticipated employee contributions and future employer contributions.

ACCOUNTING POLICIES

35. The Council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain, which is recognised by statute as representing proper accounting practices and meets the requirements of the Accounts and Audit regulations 2011.

36. The Accounting Policies are described in detail on pages 16 to 31 of the Financial Statements and cover such items as:

- Property, Plant and Equipment
- Depreciation
- Heritage Assets
- Pensions
- Accruals
- PFI contracts
- VAT

There were no major accounting policy changes in 2012/13. The Governance Committee will be asked to review the policies adopted.

37. The majority of the accounting policies adopted by the Council are in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting and the Governance Committee would therefore be more likely to be interested if the Council were to depart from the recognised practice

RESOURCE IMPLICATIONS

Capital/Revenue

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

Property/Other

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

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

40. Accounts and Audit Regulations 2011.

Other Legal Implications:

41. None.

POLICY FRAMEWORK IMPLICATIONS

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

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	

SUPPORTING DOCUMENTATION

Appendices

1.	None

Documents In Members' Rooms

1.	Draft Unaudited Financial Statements 2012/13 http://www.southampton.gov.uk/council-partners/decisionmaking/soa/default.aspx

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/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.	None	

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DECISION-MAKER:		COUNCIL		
SUBJECT:		GENERAL FUND REVENUE OUTTURN 2012/13		
DATE OF DECISION:		17 JULY 2013		
REPORT OF:		CABINET MEMBER FOR RESOURCES		
CONTACT DETAILS				
AUTHOR:	**Name:**	Alison Chard	**Tel:**	023 8083 4897
	E-mail:	Alison.Chard@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

The purpose of this report is to summarise the overall General Fund revenue outturn for 2012/13. It compares actual spending against the revised budget approved at Council in February 2013, adjusted for approved changes made subsequently.

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

The overall position on the General Fund shows that Portfolios had a net under spend of £6.1M against the working budget. After taking into account the outturn on other spending items and approved movements from balances, there was an overall favourable variance of £7.4M for the year. This report seeks to commit £0.9M of carry forwards to be funded from the surplus, together with other provisions totalling £1.8M.

The level of General Fund balances at 31 March 2013 after taking into account the outturn on the revenue account, the capital programme and movements from the Strategic Reserve is £14.5M, which reduces to £10.5M over the medium term after taking into account the commitments outlined in this report and previously approved decisions.

RECOMMENDATIONS:

It is recommended that Council:

i) Notes the final outturn for 2012/13 detailed in Appendix 1 which is an under spend of £7.4M.

ii) Notes the performance of individual Portfolios in managing their budgets as set out in paragraph 9 of this report and notes the major variances in Appendix 2.

iii) Notes re-phasing on the capital programme means that funding of £313,000 will be needed in future years when the capital spending takes place, as set out in paragraph 14.

iv) Approves the carry forward requests totalling £926,300, (of which £690,600 relates to central repairs and maintenance), as outlined in paragraph 15 and set out in detail in Appendix 3.

v) Approves the allocation of £300,000 of the 2012/13 under spend to increase Contingencies in 2013/14, as set out in paragraph 16.

vi) Approves the use of £1.5M of the 2012/13 under spend to fund the cost of the corporate items, as set out in paragraph 17.

vii) Approves the transfer to balances of £500,000 previously allocated within the 2013/14 budget to the Leaders Portfolio, as set out in paragraph 18.

viii) Notes that the forecast level of General Fund balances at 31 March 2013 is £14.5M, which reduces to £10.5M over the medium term after taking into account the commitments outlined in this report and previously approved decisions.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn for 2012/13 forms part of the approval of the statutory accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None as the final accounts have been prepared in accordance with statutory accounting principles.

DETAIL (Including consultation carried out)

CONSULTATION

3. Not applicable.

GENERAL FUND REVENUE BUDGET

4. The original budget as approved by Council on 15 February 2012 was revised by Council in February 2013. Whilst the revised budget remains fixed, the working budget is amended throughout the year and takes account of various budget adjustments and virements which managers can make under delegated powers as well as those that go to Cabinet for approval. Each Portfolio within the General Fund is responsible for monitoring net controllable spend against the working budget throughout the financial year.

5. Whilst there are significant numbers of under and over spends highlighted in this report (Appendix 2), many of these have already been reported to Cabinet and Scrutiny as part of the corporate financial monitoring process throughout the year. In general terms, Portfolios are required to manage their budgets “within the bottom line” and where potential problems have been identified, Directors have prepared and implemented action plans to bring spending back in line.

6. This report covers the outturn position for 2012/13 and analyses spending against the working budget, identifying where applicable, where any under spend has been requested to be carried forward into 2013/14.

OVERALL GENERAL FUND REVENUE POSITION

7. The overall year end position is an under spend of £7.4M, the key reasons for which are summarised below:

	(Under) / Over Spend £000's
Portfolio Total	**(6,093.0)**
Levies & Contributions	5.8
Capital Asset Management	(810.6)
Direct Revenue Financing of Capital (DRF)	(313.0)
Other Variances	(179.2)
NET GF SPENDING	**(7,390.0)**

8. Further details can be found in Appendix 1. It should be noted that the format of the accounts in Appendix 1 is different from the Comprehensive Income and Expenditure Account in the Statement of Accounts as the Comprehensive Income and Expenditure Account format is prescribed in Codes of Practice. It should also be noted that Appendix 1 does not take account of requests for carry forwards detailed in this report.

9. As shown in the above table, the Portfolio revenue outturn is an under spend of £6.1M and this is analysed below:

Portfolio	(Under) / Over Spend	
	£000's	%
Adult Services	(286.1)	0.4
Children's Services	76.6	0.2
Communities	(460.4)	9.6
Environment & Transport	(1,521.5)	6.5
Housing & Leisure Services	125.3	0.9
Leader's Portfolio	(527.2)	12.3
Resources	(2,326.9)	5.1
Net Controllable Spend Total	**(4,920.2)**	**2.5**
Environment Trading Areas	29.4	
Risk Fund	(1,202.2)	
Portfolio Total	**(6,093.0)**	**2.8**

10. Potential pressures that arose during 2012/13 relating to volatile areas of expenditure and income have been managed through the Risk Fund. A sum of £3.4M was included in the revised budget to cover these pressures, to be released during the year if additional expenditure against the specific items was identified. The final draw on the Risk Fund totalled £2.2M, being £1.2M lower than estimated.

11. Details of corporate issues and significant variations in net controllable spending on Portfolios, including those which take into account amounts held in the Risk Fund for specific service areas, are given in Appendix 2.

NON-PORTFOLIO VARIANCES

12. <u>Levies & Contributions (£5,800 Adverse)</u> – Additional charges have been incurred from Hampshire County Council for the provision of the Coroner's Service, although this has been partially offset by under spends on other levies and contributions.

13. <u>Capital Asset Management (£810,600 Favourable)</u> – Net interest payable was below that estimated as a consequence of the fact that we have borrowed at lower rates than assumed. Lower rates have been achieved through a conscious decision to continue to utilise short term variable rate debt which remains available at lower rates than long term fixed rate debt due to the depressed market. In addition interest earned on temporary balances invested externally was higher than originally forecast, mainly due to the use of Money Market Funds and call accounts which currently pay a higher rate than short term fixed rates and also the reintroduction of the rolling yearly investment programme from November 2012.

14. Direct Revenue Financing (DRF) (£313,000 Favourable) – Re-phasing on the capital programme detailed in the Capital Outturn report, also on the Agenda, has meant that not all of the DRF has been required in year. However, this funding will be needed in future years when the capital spending takes place.

CARRY FORWARD REQUESTS AND OTHER NEW SPENDING

15. Carry forward requests totalling £235,700 have been put forward by Officers and details of the requests are given in Appendix 3. Council is asked to approve the carry forwards which would then be incurred in 2013/14 and be funded from balances. In addition there is an under spend of £690,600 on the central repairs and maintenance budget which Council has agreed to automatically carry forward subject to the overall financial position of the Authority.

16. In addition, Council is asked to add £300,000 to the General Fund Contingency in 2013//14 to meet possible unplanned pressures in that year.

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

- Pay Reserve (£1.4M) – It is proposed this year to add £1.4M to the Pay Reserve to make provision for any costs that may be incurred in relation to pay related issues. This will increase the total sum set aside in the Reserve in 2013/14 to just over £1.7M.
- Festivals (£50,000) – It is proposed to allocate £50,000 to enable events to be progressed and supported in the City in 2013/14. This will include support for Music in the City which is Southampton's premier music event celebrating and promoting musical talent within the City for the benefit of all residents and city visitors.
- Internships (£25,000) – It is proposed to allocate £25,000 to enable an internship scheme to be developed and implemented in 2013/14. The aim is to offer 20 six week placements.

18. In February 2013 Council approved the addition of funding to the Leader's Portfolio to provide investment for a number initiatives in 2013/14 and future years with the aim of "Getting Our Economy Moving". It is proposed that this funding which totals £500,000 is returned to balances.

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

	2012/13	2013/14	2014/15	2015/16	Future Years
	£000's	£000's	£000's	£000's	£000's
Opening Balance	23,529.6	29,923.5	14,507.1	14,807.6	13,415.5
(Draw to Support) / Contribution from Revenue	9,561.5	875.2	4,384.4	2,782.0	1,687.4
Draw to Support Capital		(522.6)			
Contributions (to) / from Other Reserves	(1,300.0)	(1,400.0)			
Draw for Strategic Schemes	(1,867.6)	(14,369.0)	(4,083.9)	(4,174.1)	(4,627.2)
Closing Balance	**29,923.5**	**14,507.1**	**14,807.6**	**13,415.5**	**10,475.7**

20. The uncommitted value of balances totals £10.5M which is £5.0M above the minimum level recommended by the Chief Financial Officer following a risk assessment of the required level to be maintained.

RESOURCE IMPLICATIONS

Capital/Revenue

21. As set out in the report details.

Property/Other

22. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

24. None.

POLICY FRAMEWORK IMPLICATIONS

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

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	

SUPPORTING DOCUMENTATION

Appendices

1.	General Fund Revenue Outturn 2012/13
2.	Main Variances on Controllable Portfolio Spending
3.	Carry Forward Requests

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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 2013/14 2015/16 – Council 13 February 2013	

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Appendix 1

GENERAL FUND REVENUE OUTTURN 2012/13

Revised Budget £000's		Working Budget £000's	Final Outturn £000's	(Under) / Over Spend £000's
67,523	Adult Services	64,526	64,240	(286)
39,688	Children's Services	39,906	39,983	77
5,533	Communities	4,801	4,341	(460)
22,398	Environment & Transport	23,409	21,887	(1,522)
13,156	Housing & Leisure Services	13,445	13,570	125
4,274	Leader's Portfolio	4,274	3,747	(527)
43,981	Resources	45,219	42,892	(2,327)
196,553	**Sub-total (Net Controllable Spend) for Portfolios**	**195,580**	**190,660**	**(4,920)**
23,434	Non-Controllable Portfolio Costs	23,434	23,434	0
(168)	Environment Trading Areas	(168)	(139)	29
3,360	Risk Fund	1,202	0	(1,202)
223,179	**Portfolio Total**	**220,048**	**213,955**	**(6,093)**
	Levies & Contributions			
46	Southern Seas Fisheries Levy	46	31	(15)
43	Flood Defence Levy	43	42	(1)
560	Coroners Service	560	581	21
649		**649**	**655**	**6**
	Capital Asset Management			
12,264	Capital Financing Charges	12,264	11,385	(879)
(25,565)	Capital Asset Management Account	(25,565)	(25,496)	69
(13,301)		**(13,301)**	**(14,111)**	**(810)**
	Other Expenditure & Income			
313	Direct Revenue Financing of capital	313	0	(313)
(882)	Net Housing Benefit Payments	(882)	(878)	4
127	Contribution to Pay Reserve	126	126	0
(121,291)	Non-Specific Government Grants	(122,388)	(122,115)	273
0	Other Expenditure & Income	0	(104)	(104)
(373)	Collection Fund Surplus	(373)	(373)	0
(2,071)	Council Tax Freeze Grant	(2,071)	(2,080)	(9)
436	Open Space and HRA	436	436	0
344	Contingencies	344	0	(344)
(123,397)		**(124,495)**	**(124,988)**	**(493)**
87,130	**NET GF SPENDING**	**82,901**	**75,511**	**(7,390)**
	Draw from Balances:			
(2,982)	(Draw from) / Addition to Balances (General)	1,808	8,885	7,077
(630)	Draw from Strategic Reserve	(1,191)	(1,191)	0
(313)	To fund the capital programme	(313)	0	313
(3,925)		**304**	**7,694**	**7,390**
83,205	**Council Tax Requirement**	**83,205**	**83,205**	**0**

MAIN VARIANCES ON CONTROLLABLE PORTFOLIO SPENDING

ADULT SERVICES PORTFOLIO

The Portfolio has under spent by **£286,100** at year-end, which represents a percentage under spend against the budget of **0.4%**.

AS 1 – Adult Disability Care Services (adverse variance £5,000)

There is an over spend of £740,800 on Nursing, £160,300 on Direct Payments and £619,700 on Domiciliary, offset by an under spend on Residential of £275,700; £500,000 of secured transfer funding for care packages that support people to stay a home and £0.7M of savings from the moratorium on non essential spend across the Portfolio.

There is an over spend on Nursing of £740,800 which is predominantly due to an increase in numbers of clients and changes to existing packages but also reflects the difficulties being experienced in procuring services at a price historically charged to meet these client needs. In addition, this reflects the increased activity noted at outturn 2011/12. The outturn position reflects the fact that specific budgeted income of £80,000 was not achieved due to a contract having ended and that the maximum reimbursement achievable from a nursing block contract is £67,000 less than previously anticipated.

Direct Payments are over spent by £160,300 that is predominantly due an increase in the number of clients receiving a direct payment and in relation to clients who were previously funded as continuing health care clients.

Domiciliary is over spent by £619,700. However, transfer funding received in 2012/13 of £500,000, has been used to fund the increase in demand on care packages required to support people staying at home which has reduced the headline overspend position for this service activity correspondingly.

In addition, a full review of all expenditure budgets across the Adult Services Portfolio was carried out in line with the moratorium on non-essential spend. The resultant £0.7M reduction in the Portfolio position is being reported within Adult Disability Care Services to offset the over spend in this area. The following table demonstrates the effect of these changes on the equivalent number of units:

	Net Budget £000's	Unit Prices	Budgeted Units	Outturn £000's	Outturn Units	Difference (Units)	Variance to Budget £000's
Day Care	86.6	£58.43	1,482	46.5	795	(687)	(40.1)
Direct Payments	2,538.3	£11.39	222,853	2,698.6	236,930	14,077	160.3
Domiciliary	4,958.5	£13.69	362,199	5,578.2	407,464	45,265	619.7
Nursing	2,341.2	£66.12	35,408	3,082.0	46,612	11,204	740.8
Residential	4,632.5	£50.13	92,410	4,356.8	86,910	(5,499)	(275.7)
Health Monies	N/A	N/A	N/A	(500.0)	N/A	N/A	(500.0)
Moratorium	N/A	N/A	N/A	(700.0)	N/A	N/A	(700.0)
Total	**14,557.1**			**14,562.1**			**5.0**

<u>AS 2 – Learning Disability (adverse variance £612,700)</u>

There has been an increase in new clients/changes in client costs. The above variance is after a draw from the Risk Fund of £0.7M.

A budget pressure arising from the impact of an aging population and new transitional clients was identified as part of setting the 2012/13 budgets. A sum of £0.7M was allowed for within the Risk Fund to meet this pressure which can now be evidenced by an increase in residential activity of £859,100, an increase in spend for Supported Living clients of £475,900 and £54,500 for Day Care. There is an ongoing pressure of £0.6M, after the Risk Fund allocation that will be carried forward from 2012/13 and will need to be addressed in 2013/14.

<u>AS 3 – Provider Services City Care (favourable variance £141,600)</u>

There were staff savings within City Care First Support (£375,600) offset by additional costs within the internal units (£234,000).

Some staff resources within the City Care First Support Team, (CCFS) provided support to the Care Closer to Home project. This project is funded from external sources and the level of funding for this element totalled £335,000. This resulted in a reduced cost to CCFS of the same amount. There have been further staff savings because of delays in recruiting to vacant posts. This is offset by an over spend of £234,000 predominantly within the residential homes on staffing which arose from higher than expected levels of agency usage.

<u>AS 4 – Adult Disability Commissioning (favourable variance £433,400)</u>

Savings within the Supporting People Programme £469,200, offset by reduced income from SCPCT in respect Nursing Care purchased through the BUPA block contracts.

One off savings of £200,000 have been made within the supporting people programme, as the full year impact of some contracts will not occur until 2013/14. In addition a recurring saving of £269,200 was achieved through early renegotiation of contracts in preparation for meeting 2013/14 savings proposals. The number of voids at Northlands was higher than the budgeted level. SCPCT are contracted to reimburse the Council for the Funded Nursing Care (FNC) cost paid to BUPA based on bed usage only. The level of income not achieved from SCPCT as a result is £48,000.

<u>AS 5 – Mental Health Commissioning (favourable variance £129,700)</u>

Contract savings

There was a delay in implementing various new contract tenders giving one off savings of £75,000 and small general under spends across a number of contracts of £54,700.

<u>AS 6 – Administration and Business Support (favourable variance £113,900)</u>

Under spends including Staffing of £89,900 and Premises of £16,900.

The staff savings of £89,900 are mainly due to vacant Business Support Officer posts held vacant pending the outcome of the ongoing Business Support review. There are various premises under spends including rent and rates for leased property totalling £16,900.

AS 7 – Substance Misuse (favourable variance £104,800)

Alternative service provision available.

There was lower than anticipated use of Council funded services due to the availability of alternative services funded by Southern Health Foundation Trust.

CHILDREN'S SERVICES PORTFOLIO

The Portfolio has over spent by **£76,600** at year-end, which represents a percentage over spend against the budget of **0.2%**.

CS 1 – Commissioning, Education and Inclusion (favourable variance £954,500)

Moratorium on all non essential spend to offset over spends in the portfolio. The above variance is after a draw from the Risk Fund of £218,000.

A number of expenditure budgets within the Commissioning, Education and Inclusion Division have under spent following action taken to offset over spends elsewhere:

- Commissioning, Performance and Contracts (£842,100 favourable) – There have been general savings on contracts of £200,000 including Aiming High for Disabled Children, Secure Accommodation and Children's Centres. In addition the variance above includes an under spend on 3 & 4 year old nursery placements of £868,000 funded from Dedicated Schools Grant, which will be carried forward into 2013/14.
- Operations and Services (£219,300 favourable) – The under spend is a result of a number of posts, equivalent to 10 FTE, being held vacant within Business Support in preparation to meet savings targets.
- Operations and Services - Transport (£48,600 adverse) – The costs of pupil transport have increased, as a result of the relocation of the Pupil Referral Unit, a shortage of primary school places in some areas and an increase of post 16 pupils qualifying for transport support. All expenditure is in line with the existing policy.

CS 2 – School Support (favourable variance £409,300)

Savings in Workforce development expenditure and additional income generation in trading areas

In line with the savings proposals for 2013/14 the council has reduced the level of financial support for the Early Years Practitioner qualification, based on reducing demand. In addition, a reduction in general workforce development has been secured through integrating all workforce development activity into one place and Inspire has generated more income than forecast from running courses and partnership working with the Isle of Wight.

However there has been a greater than anticipated demand for support for children with Special Educational Needs leading to an adverse variance of £324,300

CS 3 – Tier 4 Safeguarding Specialist Services (adverse variance £1,539,300)

This budget funds the cost of children taken into care. The number of children currently in care is 1% of the city's child population and the number of children in care has increased by 73, (21%) during the year. A significant amount of the pressure arising from this has been met by an allocation to the budget of £2.3M from the Risk Fund.

Despite this additional budget allocation, there was an over spend of £1,539,500, as outlined below. The increasing numbers of children having to be taken into care led to an over spend on fostering placements of £536,300, and on residential placements of £661,500. In addition, there were other various over spends, such as special guardianship allowances and care leavers and unaccompanied asylum seekers, totalling £341,500. The Director initiated a Member/Officer review during the year of all placements and the costs for children entering the care system to ensure that they remained appropriate. This review group was also tasked with ensuring that permanency arrangements were appropriate for children, and that they were not remaining in care longer than is necessary.

The over spend on fostering of £536,300 included £242,000 on placements with local authority foster carers, (270 budget versus 320 actual), and £110,400 on supportive lodgings placements.

There has also been an over spend of £154,800 on special guardianship allowances (26 budgeted versus 67 actual). The increasing numbers of lower cost special guardianship allowances has resulted from the conversion of higher cost foster care, resulting in a corresponding cost saving of between £3,000 and £13,000 per placement per annum. Despite this action, the overall number of children requiring a foster placement has continued to rise.

The table below outlines the changes in activity levels for 2012/13:

Service	Daily Rate Range	Client Numbers		
		Jan	Feb	Mar
Fostering up to 18	£20 - £95	323	317	320
Independent Fostering Agencies	£96 - £212	80	83	86
Supported Placements or Rent	£16 - £43	11	11	9
Inter agency fostering placements		2	3	3
Residential - Our House		1	1	0
Residential - Independent Sector	£100 - £660	11	12	11
Secure	£717 - £806	0	0	0
Sub-total: Children in Care		**428**	**427**	**429**
Over 18's	£8 - £78	15	16	16
Adoption Allowances	£1 - £32	91	91	94
Special Guardianship Allowances	£4 - £32	59	60	67
Residence Order Allowances	£6 - £16	17	17	17
Total		**610**	**611**	**623**

CS 4 – Safeguarding Management and Legal Services (forecast adverse variance £161,400)

Over spend due to additional legal costs (£488,300) directly attributable to the increasing number of children in care, offset by a contingency provision for additional agency costs that have been incurred within the staffing teams.

This over spend was due to the unavoidable internal and external legal costs associated with children having to be taken into care. The costs related to court fees, legal expenses and external counsel. The variance has been partially offset by funding from the children's workforce development council for staff training.

COMMUNITIES PORTFOLIO

The Portfolio has under spent by **£460,400** at year-end, which represents a percentage under spend against the budget of **9.6%**.

COMM 1 – Change Programme and Communities (favourable variance £282,100)

Under spends on salaries and general supplies & services budgets

The favourable variance is primarily within the Change Programme and Communities teams (£236,000) and reflects a detailed review of all budgets undertaken in-year resulting in the identification of salary under spends from vacant posts and general under spends on supplies and services. As part of the detailed review, any budget under spends identified as being potential ongoing savings were included in the 2013/14 approved budget savings.

In addition it reflects the impact of the in-year moratorium on spend across these budgets.

The £34,500 balance of the under spend is against spending initiatives budgets approved by Council in July 2012. Although planned spend is underway, a number of items will now complete in 2013/14 and a carry forward has therefore been submitted to enable this to happen.

COMM 2 – Regeneration and Skills (favourable variance £182,400)

Under spends on Regeneration Project Management, the Apprenticeship Grant and the 16-19 Student Bus Ticket Scheme

The 16-19 Student Bus Ticket Scheme, launched in September 2012 to subsidise termly tickets for two academic years, has under spent by £42,000. A request has been submitted to carry this forward for the scheme for the 2013/14 academic year.

The spending approved by Council in July 2012 provided a budget of £35,000 to support the Pre-Apprenticeship programme for 26 week placements. As some of these placements started in March 2013, a request has been made to carry forward the balance of £15,200.

In conjunction with the above there has also been an under spend on the Young Apprenticeship Programme Grant of £54,500 and a request has been submitted to carry this forward into 2013/14 to consolidate and extend the Pre-Apprenticeship programme.

Capita Property Services fees for Communities & Renewal Partnership have under spent by £38,700; this budget was not required. There is also a saving of £43,800 on Regeneration Project Management due to staff savings and grant income that was not originally anticipated.

ENVIRONMENT & TRANSPORT PORTFOLIO

The Portfolio has an under spent by **£1,521,500** at year-end, which represents a percentage under spend against budget of **6.5%.**

E&T 1 – Off Street Car Parking (adverse variance £99,500)

Parking pressures were identified relating to reduced income of £525,000 and business rates were higher than forecast by £71,400. The above variance is after a draw from the Risk Fund of £525,000.

There is an adverse variance for off street car parking, which may be attributed to a number of factors such as the continuing economic downturn and the impact on commuters of a rise in fuel prices. In addition, a savings proposal for enhanced income of £70,000 from the use of West Park car park was delayed due to extended consultation. This delivered an approximate saving of £10,000 in the financial year (£60,000 adverse). However, there is a further variation due to the rates demands for off street car parks having increased significantly and being £71,400 adverse compared to the estimate.

E&T 2 – Itchen Bridge (adverse variance £152,900)

There is a lower level of income from tolls, mainly due to a decrease in traffic flows as a consequence of the downturn in the economy, and implementation delays of the toll automation with a period of dual running of toll payment methods. The above variance is after a draw from the Risk Fund of £81,000.

The downturn in the economy has led to a decrease in traffic flows in the City and disruption caused by the automation of toll collection arrangements led to a decrease in toll income of around £81,000 compared to budget. This variance is a draw on the Risk Fund. Proposals to save £95,000 from the automation of toll collection arrangements will not be met in this financial year due to implementation delays and a period of dual running of toll payment methods. Some toll automation project implementation costs, totalling £65,000, have been charged to revenue.

E&T 3 – Bereavement Services (favourable variance £60,600)

There is an income shortfall on adult and non-adult cremation fees of £65,000 and increased energy costs. The above variance is after a draw from the Risk Fund of £98,000.

The 2012/13 cremations income estimate was based on achieving a total of 2,465 cremations, including discounted adult cremations, for the year. However, as with all neighbouring crematorium facilities, a reduction in numbers has been reported and is part of a national downturn in the death rate. In the year there were 2,396 adult cremations in total, an adverse variance of £40,000 based on the proportions of full price and reduced price cremations. In addition, the fees from non-adult cremations were £25,000 adverse compared to the original estimate. There is, therefore, a draw of £65,000 on the Risk Fund.

The unit price for the high pressure gas supplied to the crematorium by British Gas has increased by over 50% and there is an adverse variance of £33,000, which is a draw on the Risk Fund.

The service development to raise additional income from increasing the sale of memorials was only partially achieved resulting in an adverse variance of £47,000 however; other income is £80,000 favourable. In addition, there has been an increase in business rates of £28,000 over and above the amount anticipated and employee costs are £31,000 favourable and building works are £25,000 favourable

E&T 4 – Waste Collection (adverse variance £160,700)

There are additional operational refuse collection costs. The above variance is after a draw from the Risk Fund of £83,000.

There are additional costs for sickness cover for frontline staff of £169,000, reduced from a forecast of £269,000 at the end of December 2012. A new taskforce team to tackle poor attendance issues was established with effect from January 2013. In addition, there are additional fuel costs of £83,000, met through a draw on the Risk Fund. There is additional recycling income of £70,000 and current year savings of £44,000 on the Project Integra budget.

The Service was due to have 18 refuse freighters replaced this year, but this has been delayed and the anticipated cost of approximately £341,000 was not incurred resulting in a saving for the Waste Collection service. However, there were unbudgeted vehicle damage and repairs costs of £120,000 and the Commercial Waste Service is £360,000 adverse, due to adverse trading conditions.

E&T 5 – Highways Contract Management (favourable variance £284,500)

There are savings on the street lighting PFI contract and there is a large receipt in respect of third party income from the highways partnership.

A level of savings on the PFI Street Lighting contract sum was planned and factored in corporately but there are significant savings over and above the originally planned amount of £130,000.

The final position on the highways partnership third party income in respect of the period October 2010 to March 2012, (i.e. the first eighteen months of the contract), has now been finalised. The settlement is a receipt to the Council of £154,400 and a further sum of £87,600 has been agreed provisionally in respect of 2012/13. These amounts have been treated as revenue income for the Portfolio in 2012/13.

There is a £16,600 adverse variance on the contract sum with the highways partner, as the appropriate index for amending the sum was slightly higher than originally estimated. In addition, there are some unbudgeted non-PFI street lighting costs totalling £32,000.

E&T 6 – Travel & Transport (favourable variance £409,600)

There is a favourable variance on the Concessionary Fares budget and a shortfall in income on the new bus shelter advertisement contract. The above variance is after a draw from the Risk Fund of £69,000.

The Concessionary Fares marginal capacity cost claims cost £71,000 for 2011/12, which is in line with the amount budgeted. These claims cost £125,000 for 2012/13, which was not specifically budgeted. However, both the total number of journeys and the average fare were lower than originally estimated and gave rise to a £365,000 favourable variance.

Advertising on the City's bus shelters generates an annual income to the Council, which this year the actual was £282,000. This is £69,000 less than budgeted but is provided for in the Risk Fund.

There is a net favourable variance of £40,000 on staffing, mainly on the School Crossing Service. There is also a favourable variance on additional unbudgeted grant of £25,000 for the "Bikeability" Service and there were savings of £50,000 on grants awarded to third parties.

E&T 7 – Planning & Sustainability (favourable variance £399,500)

Planning application fees were higher than expected. The above variance is after a draw from the Risk Fund of £96,000.

Development Control has received £243,800 more income that forecast on planning application income and section 106 fees.

There has been an under spend on Planning Policy of £111,900. There was no expenditure against the Minerals and Waste budget this year, resulting in a saving of £66,200 and expenditure on consultants was £30,000 less than anticipated.

In addition, the cost of purchasing the Council's element of Carbon Reduction Certificates (CRC) for 2012/13 was £116,900, which has been partially offset by an under spend from last year of £21,100. The net position is covered by provision in the Risk Fund.

E&T 8 – Other Variances (favourable variance £780,400)

There are a number of other favourable variances, which improve the baseline portfolio position.

- Directorate & Portfolio Management – There are savings in the cost of senior management of around £116,000 and further savings on directorate business support expenditure of £71,000.
- Highways Management – There are savings of £82,000 in the cost of employees due to staff turnover, and further savings of £100,000 in the cost of revenue funded highways works.
- Regulatory Services (Commercial) – There is additional income and reduced costs, totalling £259,000.
- Waste Disposal –Two years of incinerator profit share have been accounted for in the financial year. This has generated a favourable variance of around £150,000.

HOUSING & LEISURE SERVICES PORTFOLIO

The Portfolio has over spent by **£125,300** at year-end, which represents a percentage over spend against the budget of **0.9%**.

HLS 1 – Arts and Heritage (adverse variance £111,300)

Over spend on utilities in SeaCity Museum plus shortfalls in income in Tudor House Museum and the Art Gallery. The above variance is after a draw from the Risk Fund of £239,000.

Museums service:

- There have been over spends in SeaCity Museum on Geothermal Heating (£101,600) and electricity (£63,700). The energy usage is being examined to determine underlying causes of these significant variances.
- There has been a significant reduction in visitor numbers at Tudor House resulting in a shortfall of entry income of £89,000, hire income of £19,100, shop profit of £18,100 and café profit of £44,700.
- This is partly offset by an under spend of £53,000 on monument repairs.

Other areas:

- Shortfalls in profits in the Art Gallery shop of £95,600 and the Archaeology Unit of £145,800, have been partially offset by forecast under spends on rent being paid for the collections storage unit at City Industrial Park and a rates rebate for both of the closed venues (Maritime Museum and Gods House Tower).
- Provision for the shortfalls in income in the Art Gallery was made in the Risk Fund.
- Higher levels of income than expected in the Learning, Education and Outreach service of £72,800, due to more school visits than anticipated.

HLS 2 – Leisure Client and Events (adverse variance £3,300)

Shortfall in income following the closure of Oaklands Pool and an increase in utility costs for the Active Nation contract. The above variance is after a draw from the Risk Fund of £50,000.

The closure of the Oaklands Pool has lead to a £50,000 shortfall in income. There is also a shortfall in annual rental income of £24,000 from the Fountains café since the lease holders left. These shortfalls are offset by under spends on supplies & services, staff costs and savings due to the closure of the Visitor Information Centre along with additional income generated from the Events team.

The Council bears the risk of inflation over and above general inflation for utilities on the Active Nation Sports and Recreation contract. This has amounted to £50,000 for 2012/13 and was provided for within the Risk Fund.

LEADER'S PORTFOLIO

The Portfolio has under spent by **£527,200** at year-end, which represents a percentage under spend against the budget of **12.3%**.

LEAD 1 – Legal & Democratic (favourable variance £275,600)

General under spends

The favourable variance is due to a combination of factors including salary under spends from vacant posts, general under spends on supplies & services, an increase in Land Charges income and reduced spend on Elections. This favourable position has been partly offset by reduced income and increased costs within Licensing, for which an annual review of fees for 2013/14 is underway.

LEAD 2 – Development, Economy & Housing Renewal (favourable variance £162,200)

Under spend on salaries in the Economic Development team and additional income from Markets.

Four posts are currently vacant in the Economic Development team resulting in a saving of £62,200. In addition, market income has exceeded targets by £56,200 and expenditure funded by PUSH is £15,000 higher than anticipated.

There is also an under spend of £12,700 on the Boat Show. As this event is now fully funded by Southampton International Boat Show Ltd, the Council budget set aside for it was not required.

LEAD 3 – Communities, Change & Partnerships (favourable variance £75,400)

Under spends on salaries and general supplies & services budgets in the Communications team

The favourable variance has arisen primarily from salary under spends from vacant posts following a detailed in-year review of all budgets within the Communications Division. These salary under spends also reflect the review of the Communications function agreed as part of the 2013/14 approved budget savings, with implementation of the revised structure currently underway.

RESOURCES PORTFOLIO

The Portfolio has under spent by **£2,326,900** at year-end, which represents a percentage under spend against the budget of **5.1%**.

RES 1 – Central Repairs & Maintenance (favourable variance £1,249,100)

Under spend on planned repairs and maintenance budgets

A detailed review of the current planned repair and maintenance programme was undertaken in light of the financial controls introduced in year; including a moratorium on non-essential spend. As a result, it was agreed in October that a number of schemes within the programme with an estimated value of £492,000 would no longer be undertaken during 2012/13. This list took into account the potential risks and future impact associated with the deferral of the works and was kept under close review for the remainder of the financial year.

Full Council has agreed to automatically carry forward any surplus/deficit at year-end subject to the overall financial position of the Authority. There is an agreed list of planned projects totalling £490,600 that will need to slip into 2013/14 to enable the works to be undertaken at the most appropriate time of year to avoid disruption. Further to this, an agreed sum of £200,000 was due to be spent during the year on Sembal House repairs, in conjunction with major capital works to the building, to manage the work in a more planned and efficient manner. As the capital works have slipped, these repairs will also need to slip into the new financial year. It is therefore requested that £690,600 be carried forward.

The remaining under spend of £66,500 relates to the reactive repairs budgets and given the current financial position it is recommended that the remainder of the general under spend be added to General Fund balances.

<u>RES 2 – Portfolio General (favourable variance £515,700)</u>

Under spends on salaries and general supplies & services budgets

The favourable variance reflects a detailed review of all budgets undertaken in-year across the Portfolio resulting in the identification of salary savings from vacant posts and general savings on supplies and services. In addition, it reflects the impact of the in-year moratorium on spend.

As part of the detailed review, any savings identified as being potential ongoing savings were included in the 2013/14 approved budget.

<u>RES 3 – IT Services (favourable variance £152,400)</u>

Saving from rationalisation of IT equipment

The favourable variance has arisen from the managed rationalisation of PCs across the authority.

<u>RES 4 – Property Services (favourable variance £284,800)</u>

Rate and Utilities under spends within Civic Buildings

The favourable variance has arisen due to the receipt of one-off rate refunds during the year, together with under spends on utilities costs. These have arisen due to the planned vacation of the Civic Centre to enable essential building works to be undertaken as part of the Accommodation Strategy.

<u>RES 5 – Property Portfolio Management (favourable £124,900)</u>

Reduction in expenditure on Investment Properties

The favourable variance has arisen within the Investment Properties account and primarily relates to a back-dated rates liability no longer payable on a property within the investment portfolio.

CARRY FORWARD REQUESTS

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

The carry forward requests received, relating to the 2012/13 outturn position total £235,700 and are as follows:

COMMUNITIES PORTFOLIO

Post 16 Transport Partnership – £42,000

The funding for the 16-19 Student Bus Ticket Scheme launched in September 2012 has under spent by £42,000. It is requested that this money be carried forward to fund ticket subsidies, and to enable the scheme to run for the academic year 2013/14.

Pre-Apprenticeship Programme– £15,200

Funding for this scheme was added as part of the Mini Budget, to support a 26 week placement programme in partnership with PUSH. There is an under spend in the area as a number of new placements were started later in the financial year than anticipated and so it is requested that the balance of £15,200 be carried forward to fund these in 2013/14.

Young Apprenticeship Programme –£54,500

The Young Apprenticeship Programme had an unspent balance of £54,500 at year end and has been superseded by the Pre-Apprenticeship Programme, which has funding for one year. It is requested that the balance be carried forward into 2013/14 to allow the consolidation and expansion of the Pre-Apprenticeship Programme.

Change Programme – New Initiatives – £34,500

A number of spending initiatives totalling £60,000 were approved by Council as part of the Mini Budget in July 2012. These planned initiatives are underway although some will now complete in 2013/14. This covers the one-off spend on the Fairness Commission (£10,000), Community Cohesion (£10,000) and the balance remaining on Joined up Enforcement (£14,500). It is therefore requested that the balance of £34,500 be carried forward into 2013/14 to enable completion of these initiatives.

ENVIRONMENT & TRANSPORT PORTFOLIO

Parking Initiatives – £25,000

A carry forward of £25,000 is requested to fund one-off costs relating to the implementation of new car parking charges, which will not be incurred until April 2013. A budget of £40,000 had been approved for this spending initiative in the July 2012 Mini Budget.

Road Safety – £34,500

A carry forward of £34,500 from the 2012/13 Transport Policy budget to undertake road safety promotional activity in 2013/14 is requested.

Contributions were made to the Safer Road Partnership in prior years, which have only recently been refunded, in part, following the end of the partnership arrangements in 2010/11. The manager had drawn up plans to use the refund for a campaign to promote 20 mph limits in residential areas and for other road safety campaign activity, including the design of a mutual respect campaign for road users. Although initial feasibility work has been carried out for the 20 mph limit, in consultation with the Cabinet Member, it was not considered prudent to commit to the pilot scheme until the refund had been received. It is now proposed to undertake public consultation and promotion of the scheme in 2013/14, subject to the carry forward request being approved.

Planning Policy – £15,000

Within Planning Policy, £15,000 has been allocated to fund a study of the provision for travellers in the city. This study is carried out by Housing and has so far been delayed. There is no budget for this in 2013/14 so a carry forward request is being made for £15,000 as it is a statutory requirement to carry out the study.

Enforcement – £15,000

Planning Enforcement were given an increase in their budget to employ a Temporary HMO Enforcement Officer for 12 months. It proved difficult to find a suitable candidate for the role, which delayed the appointed until November 2012. The post is proving highly effective in tackling the backlog of HMO enforcement cases and so it is requested that £15,000 be carried forward to fund the post for seven months in 2013/14.

DECISION-MAKER:		COUNCIL		
SUBJECT:		GENERAL FUND CAPITAL OUTTURN 2012/13		
DATE OF DECISION:		17 JULY 2013		
REPORT OF:		CABINET MEMBER FOR RESOURCES		
CONTACT DETAILS				
AUTHOR:	**Name:**	Alison Chard	**Tel:**	023 8083 4897
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STATEMENT OF CONFIDENTIALITY
NOT APPLICABLE

BRIEF SUMMARY

The purpose of this report is to outline the General Fund capital outturn position for 2012/13 and seek approval for the proposed financing of the expenditure in the year. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2013/14 which take account of slippage and re-phasing.

RECOMMENDATIONS:

It is recommended that Council:

i) Notes the actual capital spending in 2012/13 as shown in paragraphs 4 and 5 and notes the major variances detailed in Appendix 1 and Appendix 2.

ii) Notes the revised estimates for 2013/14, adjusted for slippage and re-phasing as shown in Appendix 3.

iii) Approves the proposed capital financing in 2012/13 as shown in paragraph 12.

iv) Notes that the capital programme remains fully funded based on the latest forecast of capital receipts although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts.

v) Notes that a part repayment of £2,560,000 against prior years temporary borrowing totalling £11,960,000 has been made in 2012/13.

vi) Notes that it is currently anticipated that the remaining temporary borrowing will be repaid by the end of 2014/15 when anticipated capital receipts are finally forecast to be received, following the planned sale of a number of property assets.

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2012/13 forms part of the approval of the statutory accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None as the outturn and financing for 2012/13 have been prepared in accordance with statutory accounting principles.

DETAIL (Including consultation carried out)

CONSULTATION

3. Directors, Heads of Service and Project Managers have been consulted in preparing the reasons for variations contained in Appendix 1.

CAPITAL OUTTURN 2012/13

4. Total General Fund capital expenditure in 2012/13 was £54.6M compared to an estimate of £62.4M, giving an under spend of £7.8M or 12.5% of the programme.
5. The Capital Board for each Portfolio will have received a report at an appropriate level of detail setting out the outturn position. The performance of individual capital programmes in 2012/13 is summarised in the following table.

SUMMARY OF GF CAPITAL OUTTURN 2012/13

Portfolio	Approved £000's	Actual £000's	Variance £000's	Variance %
Adult Services	2,029	2,106	77	3.8
Children's Services	26,763	28,455	1,692	6.3
Environment & Transport	19,911	14,079	(5,832)	29.3
Housing & Leisure Services				
A - Housing General Fund)	2,099	1,616	(483)	23.0
B - Local Services & Community Safety	569	441	(128)	22.5
C - Leisure	1,291	791	(500)	38.7
Leader's Portfolio	2,300	807	(1,493)	64.9
Resources	7,390	6,267	(1,123)	15.2
Total GF Capital Programme	**62,352**	**54,563**	**(7,789)**	**12.5**

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.

7. Appendix 2 shows the 2012/13 actual and 2012/13 latest approved estimate, together with the total spend for all years for each scheme to date, compared to the total scheme budget. Slippage accounted for £13.0M of the under spend offset by re-phasing of £5.9M on some schemes to bring expenditure forward. In addition, there are net under spends within the Environment & Transport Capital Programme totalling £0.7M in 2012/13.

8. As part of the processes surrounding Sharepoint, the Council's project management system, slippage and re-phasing is automatically approved and processed at the year-end. The details of this are shown in Appendix 3. A small number of negative budgets on individual schemes resulted from this process and this will be corrected by the finance support teams within the relevant Portfolio capital programme resources.

9. Any over spends on individual schemes are financed from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them and this may result in reduced outputs where an over spend results in cuts being made elsewhere in the programme.

10. No major forecast under or over spends have been identified at this stage with the exception of the SeaCity Museum project. As previously highlighted there have been significant additional costs incurred, including £300,000 more asbestos work than originally anticipated. The Council is currently in negotiations with the contractor to settle any claims on the final account for the construction of the museum and every effort is being made to identify whether it is possible to still deliver the scheme on budget and this will be finalised in 2013/14. Provision was made for additional DRF funding as a prudent response to this potential pressure as detailed in the General Fund Revenue Outturn 2011/12 report approved by Council in July 2012.

11. The impact of scheme variances for 2012/13 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 18 September 2013.

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

GENERAL FUND CAPITAL FINANCING 2012/13

	£000's
Total Financing Required	54,563
Financed By: -	
Unsupported Borrowing	5,540
Capital Receipts	10,609
Capital Grants	32,488
Capital Contributions	2,730
Direct Revenue Financing	3,196
Total	**54,563**

PRUDENTIAL INDICATORS

13. The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown below are those reported to Council as part of the February 2013 Annual Treasury Management Strategy and Prudential Limits report.

	Actual	Estimates			
	2012/13 £000's	**2012/13 £000's**	**2013/14 £000's**	**2014/15 £000's**	**2015/16 £000's**
General Fund	54,190	69,658	52,894	23,666	4,282
HRA	24,270	31,196	37,202	35,622	34,609
Total	**78,460**	**100,854**	**90,096**	**59,288**	**38,891**

14. The reasons for the difference between the General Fund estimate for 2012/13 in the table above and the estimate shown elsewhere in this report are:
    - Changes to the programme being approved between the Treasury Management Strategy report being written and approved in February and the end of the financial year in March.
    - The accounting treatment applied to certain schemes within the programme such as demolitions which are not deemed to be true capital spend (i.e. expenditure relating to the acquisition, creation or enhancement of an asset), in accordance with proper accounting practices.
    - Inclusion of planned repayment of temporary financing in the Table above.
15. This indicator for 2013/14 to 2015/16 will be updated as part of the Capital Programme Update report to Council in September 2013. The Treasury Management Outturn 2012/13 report, elsewhere on the Council Agenda, contains details of the other Prudential Indicators.

CAPITAL PROGRAMME FUNDING

16. Funding for the capital programme is heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area.
17. This was recognised in 2008 and in the event therefore that there was a temporary deficit in the funding of the capital programme due to delays in receiving capital receipts, delegated authority was given by Council to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, to undertake additional borrowing in order to provide cover for any delays in the timing of capital receipts.
18. Over the last two financial years it has been necessary to take out additional temporary borrowing to finance capital spend which was in line with delegated powers approved in September 2008.

    This totals £11.96M. It has been possible to repay £2.56M of this in 2012/13 and it is currently anticipated that the remaining temporary borrowing of £9.4M can be repaid over the next two years. The revenue costs associated with undertaking this prudential borrowing have been built into future budget forecasts.

19. Despite the ongoing economic difficulties, which have reduced and delayed capital receipts from the sales of land and property, the Council's capital programme is fully funded based on the latest forecast of capital receipts. However, in addition to the forecast capital receipts that are assumed as a key element of funding the capital programme, there will be additional receipts which will flow from the enhanced sale of assets programme as this comes to fruition. Towards the end of 2013/14 it should be possible to better estimate the amount and timing of these forecast additional receipts.

20. Currently, due to the limited level of capital resources available additions to the programme are only considered in very exceptional circumstances and clear prioritisation is required.

RESOURCE IMPLICATIONS

Capital/Revenue

21. This report principally deals with capital and the implications are set out in the main body of the report. However, the revenue implications arising from borrowing to support the capital programme are considered as part of the annual revenue budget setting meetings.

Property/Other

22. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

24. None.

POLICY FRAMEWORK IMPLICATIONS

25. The outturn for 2012/13 forms part of the overall statutory accounts.

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	None.

<u>**SUPPORTING DOCUMENTATION**</u>

Appendices

1.	Capital Outturn 2012/13 – Details of Significant Variances
2.	Scheme Budget Variances 2012/13
3.	Revised Estimates 2013/14

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/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.	None	

APPENDIX 1

CAPITAL OUTTURN 2012/13 – DETAILS OF SIGNIFICANT VARIANCES

ADULT SERVICES PORTFOLIO

The spend for the year is **£2,106,000.** This can be compared with the budgeted figure for 2012/13 of **£2,029,000** resulting in an over spend of **£77,000**, which represents a percentage over spend against budget of **3.8%**.

SIGNIFICANT OVER OR UNDER SPEND

There are no corporate issues relating to significant over or under spends for the Portfolio.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

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

CHILDREN'S SERVICES PORTFOLIO

The spend for the year is **£28,455,400.** This can be compared with the budgeted figure for 2012/13 of **£26,763,000** resulting in an over spend of **£1,692,400**, which represents a percentage over spend against budget of **6.3%**.

SIGNIFICANT OVER OR UNDER SPEND

There are no corporate issues relating to significant over or under spends for the Portfolio.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

CS 1 – Primary Review Phase 2 (re-phasing £4,336,000)

Schemes ahead of programme

The Moorlands Primary School, Bannister Infants School and Wordsworth Infants School projects are governed by the SCAPE frame work where payments are made given certain conditions. These projects are running ahead of the schedule and so payments have been made earlier than originally anticipated and make up the majority of the reported re-phasing.

CS 2 – Academies Programme (slippage £798,000)

Release of retentions later than anticipated.

The spend profile for this scheme originally anticipated that the retentions on the contract would be released in 2012/13. The revised programme has moved these back to 2013/14.

CS 3 – Pupil Referral Unit (slippage £658,000)

Re-profiling of payment schedule

The initial payment profile was indicative. This has now been reformulated, to align with the contract terms, which has resulted in project expenditure being more "back loaded" than the even distribution that the initial phasing was based on.

CS 4 – Secondary School Capital Maintenance (slippage £421,000)

Delays due to restrictive site availability

There are a number of projects where the works have to be undertaken during the school summer holiday period. If works are not going to be completed during this time frame they are delayed until the following summer.

CS 5 – Schools Devolved Capital (slippage £420,000)

School Devolved Formula Capital grant expenditure

Schools are allocated an amount of Devolved Formula Grant each year by the Department for Education. They can roll forward any unspent grant for up to three years. The slippage figure reflects the amount of 2012/13 unspent grant rolled forward to 2013/14.

CS 6 – Health and Safety (re-phasing £372,000)

Additional work following Fire Safety Reviews

There is an ongoing programme of Fire Safety Reviews across the schools estate. This has identified issues with school fire alarm systems which need to be fixed as a priority leading to an acceleration of the programme.

CS 7 – ICT Harnessing Technology Grant (slippage £263,000)

Delay to the HPSN2 Network Installation

The installation of the new broadband service for schools (HPSN2) has been delayed by the renegotiation of the Capita IT Contract which resulted in the scheme being put back until July 2013.

ENVIRONMENT & TRANSPORT PORTFOLIO

The spend for the year is **£14,078,600.** This can be compared with the budgeted figure for 2012/13 of **£19,911,000** resulting in an under spend of **£5,832,400**, which represents a percentage under spend against budget of **29.3%**.

SIGNIFICANT OVER OR UNDER SPEND

E&T 1 – Various Under Spends (favourable variance £729,000)

There are a number of under and over spends most significantly across the Roads Programme where there is a net under spend, the major reasons for which are referred to below in E&T 5. In addition, there was an under spend as the Local Sustainable Transport Fund (LSTF) Bus Priority Corridors project and the LSTF Super Cycle Highway project were not delivered in 2012/13 as set out in E&T 7 & E&T 10 below.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

E&T 2 – Bridges Maintenance (slippage £294,000)

Delayed spend to enable match funding of a bid for the new Department for Transport (DfT) Local Pinch Point grant allocation.

There is slippage on Bridge Maintenance as expenditure was delayed so that it could be used to match fund the Local Pinch Point grant awarded by the DfT. This award will enable essential maintenance to be carried out on six key bridges in the next three years whilst maintaining an annual allocation for minor bridge maintenance works.

E&T 3 – MSCP 10 Year Maintenance Programme (slippage £119,000)

Contractor behind schedule.

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

E&T 4 –Highways Drainage (slippage £296,000)

There is slippage on this scheme following a prioritisation exercise and due to inclement weather

The slippage on the Minor Works project (£141,000) is due to a prolonged process in agreeing a scoring prioritisation matrix to enable minor ad-hoc requests to be assessed on a city wide network requirement. The prioritisation matrix has been agreed and will be used for all works ongoing.

The A33 Common Drainage Scheme (£155,000) is commencing later than anticipated due to inclement weather. In addition, the Surface Water Management Plan (SWMP) is currently identifying projects to deliver the remaining spend.

E&T 5 – Roads (slippage £1,360,000)

There is slippage into 2013/14 on this programme of £1,360,000 which is composed of a large number of individual schemes and projects together with some under spends consolidated in E&T 1. The net under spend was £432,000.

The Principal Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 16 projects being delivered. There is a net favourable variance of £125,000, which is made up of slippage of £233,000 and a net over spend of £108,000.

The Unclassified Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 16 projects being delivered. There is a net favourable variance of £591,000, which is made up of slippage of £322,000 and a net under spend of £269,000.

The Roads Improvement scheme has slipped by £165,000. The Road Restraints project has slipped following delays in the completion of the assessment of crash barriers and road restraints, which will enable a delivery in one visit rather than in stages. In addition, the drainage project allocation was not fully required in year following detail design.

The Redbridge Roundabout Scheme is phased over two financial years and, due to inclement weather, part of the works programmed for evenings in March could not be undertaken resulting on slippage of £600,000. However, this evening work is now complete and the scheme has under spent by £176,000.

The Highways Maintenance Risk Fund is a contingency to meet a share of any additional project costs within the roads and other programmes above the target cost agreed with the Highways Partner. The contingency is sufficient to meet the Council's maximum liability as part of the 'share mechanism'. This contingency was not fully required in the year resulting in a saving of £140,000.

E&T 6 – Salix Energy Efficiency Measures (slippage £248,000)

Design and planning phase taking longer than anticipated.

There is slippage on this scheme as the nature of the design and technology choices for two key areas, micro combined heat and power and LED lighting, have taken longer than anticipated to assess. The LED market is in its infancy, without common national or international standards, compared to the current common lighting types. However, two types have now been chosen and are being procured. In addition, the micro combined heat and power work has to coincide with the main non-heating season at residential care homes and has been planned for later in the year.

E&T 7 – Public Transport (slippage £198,000)

Longer than anticipated lead in time for work to commence has resulted in slippage of £198,000. In addition an under spend on LSTF is consolidated in E&T 1. The net under spend was £116,000.

There is slippage on the Southampton Strategic Bus Partnership project, due to a longer than anticipated lead in time for work at eleven bus stops across the City and changes to First Bus services. The bus stop works are being delivered by the Highways Partner within the coming months. In addition, the Bus Priority project is on schedule and being delivered, however the contractor is behind in applying for payment.

There was also an under spend as the Local Sustainable Transport Fund (LSTF) Bus Priority Corridors project was not delivered in 2012/13. Transport for South Hampshire (TfSH) agreed that the funding for this project could be reallocated to part fund the delivery of a Real Time Information project, within the Integrated Transport Service, as it has been possible to accelerate works on this scheme. The future delivery of the LSTF Bus Priority Corridors project is dependent on reprioritisation and allocation of future years LSTF monies.

E&T 8 – Itchen Bridge Toll Automation Project (slippage £247,000)

There is slippage due to the contractor falling behind schedule.

There has been slippage on the Itchen Bridge Automation project, due to delays in the contractor completing the remedial works. Once these works have been completed satisfactorily payments, including retentions, will be released. It is anticipated that all outstanding payments will be made in 2013/14.

E&T 9 Weekly Collection Support Scheme (slippage £786,000)

There is slippage as grant funding was awarded later than anticipated.

The slippage is due a four month delay in the announcement, by the Department of Communities and Local Government (DCLG), that Southampton had been successful with its bid for money to support weekly collections and increase recycling performance. The 2012/13 budget was based on the original bid, which allowed for the purchase of six refuse collection vehicles in 2012/13. Due to the lead in time to procure refuse collection vehicles being over six months, the delay in the announcement to November 2012 has meant that the procurement has slipped into 2013/14.

E&T 10 – Active Transport - Cycling Improvements (slippage £41,000)

Longer than anticipated consultation process with residents resulted in slippage of £41,000). In addition an under spend on the Super Highway project is consolidated in E&T 1. The net under spend was £82,000.

There is slippage on the Lovers Walk junction project, near Southampton Common, due to a longer than anticipated consultation process with residents. This common land is a site of special scientific interest and additional surveys and consultation was required to deliver this project.

There was also an under spend as the LSTF Super Cycle Highway project was not delivered in 2012/13. TfSH agreed that the funding for this project could be reallocated to part fund the delivery of a Real Time Information project, within the Integrated Transport Service, as it has been possible to accelerate works on this scheme.

E&T 11 – City Centre Improvements (slippage £602,000)

Re-prioritisation of the City Centre programme.

The funding for the Civic Centre Place project has been slipped from 2012/13 into 2013/14, as the overall City Centre programme has prioritised work on the North of Central Station project in 2012/13. Work will progress on Civic Centre Place in 2013/14 as part of the City Streets project.

E&T 12 – Platform for Prosperity (slippage £501,000)

Lower than anticipated design costs.

The slippage is mainly due to the design costs being lower than anticipated, which will allow for additional work required to be undertaken later this year. There was also a one month delay in the start of the initial enabling works. Overall delivery of the main scheme remains on schedule.

HOUSING & LEISURE SERVICES PORTFOLIO

A – HOUSING GENERAL FUND

The spend for the year is **£1,616,200.** This can be compared with the budgeted figure for 2012/13 of **£2,099,000** resulting in an under spend of **£482,800**, which represents a percentage under spend against budget of **23.0%**.

SIGNIFICANT OVER OR UNDER SPEND

There are no corporate issues relating to significant over or under spends for the Portfolio.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

HOUS 1 – Disabled Facilities Grants 2012/13 (slippage £333,000)

There has been a reduction in the average value of grants and a more efficient delivery.

The last two years has seen a more efficient delivery of adaptations, by bringing the process "in-house", and a reduction in the average value of grants applied for. As adaptations are part funded by the DCLG, the budget will be slipped for use in future years as part of the September update of the Capital Programme.

B – LOCAL SERVICES & COMMUNITY SAFETY

The spend for the year is **£441,300.** This can be compared with the budgeted figure for 2012/13 of **£569,000** resulting in an under spend of **£127,700**, which represents a percentage under spend against budget of **22.5%.**

SIGNIFICANT OVER OR UNDER SPEND

There are no corporate issues relating to significant over or under spends for the Portfolio.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

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

C – LEISURE

The spend for the year is **£791,000.** This can be compared with the budgeted figure for 2012/13 of **£1,291,000** resulting in an under spend of **£500,000**, which represents a percentage under spend against budget of **38.7%**.

SIGNIFICANT OVER OR UNDER SPEND

There are no corporate issues relating to significant over or under spends for the Portfolio.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

LEIS 1 – SeaCity Phase 2 (slippage £336,000)

Difficulties finalising contractor accounts

Work to finalise the build and fit out final accounts has taken longer than anticipated. This work is being carried out by the Council's appointed cost management consultants together with both contractors in an attempt to avoid arbitration. The Council is currently in negotiations with the contractor to settle any claims on the final account for the construction of the museum. The current forecast over spend is largely down to additional work required with regards to asbestos works and the associated additional work and delays that this caused. Provision was made for additional DRF funding as a prudent response to this potential pressure as part of the revenue outturn in 2011/12 and was detailed in the General Fund Revenue Outturn 2011/12 report approved by Council in July 2012.

LEADER'S PORTFOLIO

The spend for the year is **£806,400.** This can be compared with the budgeted figure for 2012/13 of **£2,300,000** resulting in an under spend of **£1,493,600**, which represents a percentage under spend against budget of **64.9%**.

SIGNIFICANT OVER OR UNDER SPEND

There are no corporate issues relating to significant over or under spends for the Portfolio.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

LEAD 1 – Southampton New Arts Centre (slippage £684,000)

Delays with Developer's Final Programme

Ongoing funding discussions with Grosvenor have delayed the start of the "Production Information" phase (RIBA Stage F) until September 2013. This has resulted in lower than anticipated spend in 2012/13. A new programme will be agreed once Grosvenor have finalised their programme.

LEAD 2 – Northern Above Bar - Guildhall Square (slippage £239,400)

Delay caused by site access issues.

Ongoing health and safety issues in the Guildhall building have meant that there has been no access to carry out the final elements of work on Guildhall Square. It is anticipated that access will be granted and works completed early in 2013/14.

LEAD 3 – QE2 Mile – Bargate Square (slippage £391,000)

Scheme delayed for twelve Months

This scheme has been delayed for twelve months to allow for further consultation and design work to take place.

RESOURCES PORTFOLIO

The spend for the year is **£6,267,300.** This can be compared with the budgeted figure for 2012/13 of **£7,390,000** resulting in an under spend of **£1,122,700**, which represents a percentage under spend against budget of **15.2%.**

SIGNIFICANT OVER SPEND OR UNDER SPEND

There are no corporate issues relating to significant over or under spends for the Portfolio.

MAJOR ITEMS of SLIPPAGE/RE-PHASING

RES 1 – Office Accommodation (slippage £961,000)

Slippage due to updated phasing of works

Slippage reflects a more accurate phasing of works/payments against the original budget profile. The scheme remains on track to complete in 2013/14

RES 2 – Art Gallery Roof Repairs and AHU Replacement (slippage £126,000)

Slippage due to re-tendering of works

The project is delayed due to re-tendering of the work for phase 2. These works will now complete in 2013/14.

Agenda Item 12

Appendix 2

SCHEME BUDGET VARIANCES 2012/13

APPENDIX 2

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Adult Services								
RCAP	R9215	R9235	Sds Freemantle - Phase 2	1	1	0	1,522	1,522
RCAP	R9265	R9265	Sds Modernisation Woolston Comm Centre	928	925	(3)	1,179	1,029
RCAP	R9310	R9310	Mental Health Scheme (R9310)	1	1	0	374	374
RCAP	R9330	R9330	National Care Standards And H&S Work	405	490	85	1,189	984
RCAP	R9340	R9340	Replacement Of Appliances And Equipment	86	80	(6)	370	329
RCAP	R9500	R9500	It Infrastructure Grant	0	5	5	205	210
RCAP	R9700	R9700	Common Assessment Framework	353	300	(53)	1,278	896
RCAP	R9720	R9720	Residential Homes Fabric Furnishing Cqc	207	239	32	390	265
RCAP	R9730	R9730	Sembal House Refurbishment	48	65	17	318	71
			Total Portfolio	**2,029**	**2,106**	**77**	**6,825**	**5,680**

APPENDIX 2

SCHEME BUDGET VARIANCES 2012/13

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Children's Services								
ECAP	E0ACA	Various	Academies - Capital Works	6,574	5,776	(798)	35,199	34,400
ECAP	E0BPS	E9058	Bitterne Park 6Th Form	102	274	172	5,600	5,600
ECAP	E0CC3	E4057	Childrens Centres Phase 3 Retentions	52	52	0	106	106
C,S & L Other								
ECAP	E0CSL	E8180	Sports Development	72	61	(11)	397	386
ECAP	E0CSL	E8185	Civil Service Sports Ground	50	29	(21)	550	29
ECAP	E0CSL	E9031	Schools Devolved Capital	1,866	1,446	(420)	12,476	12,056
ECAP			C,S & L Other	1,988	1,536	(452)	13,423	12,471
ECAP	E0ICT	Various	ICT	269	6	(263)	1,541	1,270
ECAP	E0NDS	Various	New Deals for Schools	139	54	(85)	1,426	1,264
ECAP	E0OLD	Various	Completed Schemes	16	16	0	633	633
ECAP	E0PLA	Various	Play Areas	174	106	(68)	188	120
ECAP	E0PR2	Various	Primary Review Phase 2	8,064	12,400	4,336	21,603	13,432
ECAP	E0PRH	E9050	Harefield Primary Rebuild Project	100	86	(14)	4,777	4,558
ECAP	E0PRI	E9059	Reinstatement Of Land At Redbridge Primary	74	15	(59)	300	241
ECAP	E0PRN	E8060	Newlands Primary Rebuild Project	4,200	4,400	200	7,500	7,521
ECAP	E0PRW	Various	Primary Review	876	764	(112)	5,636	4,809
ECAP	E0SAF	Various	Safeguarding	136	58	(78)	438	300
ECAP	E0SCA	E9022	Schools Access Initiative	180	72	(108)	863	713

APPENDIX 2

SCHEME BUDGET VARIANCES 2012/13

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
School Capital Maintenance								
ECAP	E0SCM	E5022	Primary Review Contingency	60	26	(34)	618	26
ECAP	E0SCM	E7201	Special School Estates Capital	(1)	(1)	0	0	0
ECAP	E0SCM	E7202	Pupil Referral Unit Capital	1,000	342	(658)	2,500	634
ECAP	E0SCM	E7203	Health And Safety Capital	230	602	372	1,202	663
ECAP	E0SCM	E7204	School Capital Maintenance	557	578	21	798	819
ECAP	E0SCM	E7205	Solar Pv Resources Project	128	88	(40)	415	275
ECAP	E0SCM	E7206	Renewable Heat Incentive	45	23	(22)	500	23
ECAP	E0SCM	E7207	School Fencing	54	54	0	54	54
ECAP	E0SCM	E7300	Fairisle Infant & Nursery School Lobby	40	10	(30)	140	10
ECAP	E0SCM	E7301	Bitterne Park Infant School Roof	20	5	(15)	110	5
ECAP	E0SCM	E7303	Glenfield Infant School Windows & Ventil	95	7	(88)	100	7
ECAP			School Capital Maintenance	2,228	1,734	(494)	6,437	2,516
ECAP	E0SEN	E6921	SEN Review - Great Oaks Phase 2	100	47	(53)	1,708	1,639
ECAP	E0SSM	Various	Secondary School Capital Maintenance	1,020	599	(421)	3,557	687
ECAP	E0YPS	E9118	Newtown Adventure Playground	471	460	(11)	573	553
			Total Portfolio	**26,763**	**28,455**	**1,692**	**111,508**	**92,833**

SCHEME BUDGET VARIANCES 2012/13

APPENDIX 2

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Environment & Transport								
Accessibility								
CCAP	C7171	Various	Accessibility	375	326	(49)	1,278	900
Active Travel								
CCAP	C7131	Various	Active Travel	371	248	(123)	1,793	952
Bridges								
CCAP	C6120	C612A	Chantry Road (Footbridge Refurbishment)	0	1	1	527	527
CCAP	C7900	C790B	Itchen Bridge Major Repairs	45	20	(25)	1,083	1,058
CCAP	C7911	Various	Bridges Maintenance	422	128	(294)	1,105	958
CCAP			Bridges	467	149	(318)	2,715	2,543
Environment & Sustainability								
CCAP	C2400	Various	Planning	99	2	(97)	179	87
CCAP	C2520	Various	Salix Energy Efficiency Measures	408	160	(248)	376	160
CCAP	C2560	C2560	Carbon Reduction Measures	0	1	1	110	110
CCAP			Environment & Sustainability	507	163	(344)	665	357
General Environment								
CCAP	C2100	C2100	Purchase Of Vehicles	1,246	1,246	0	3,300	3,300
CCAP	C2690	Various	Relocation of Town Depot	397	353	(44)	11,149	11,117
CCAP	C2730	Various	Itchen Bridge Toll Automation	947	700	(247)	986	739
CCAP	C2740	Various	Crematorium Major Works	1,269	1,170	(99)	2,363	2,089
CCAP	C2921	Various	Weekly Collection Support Scheme	876	90	(786)	2,165	90
CCAP			General Environment	4,735	3,559	(1,176)	19,963	17,335
Highways Other								
CCAP	C7191	C719B	Other Minor Works	259	118	(141)	433	232
CCAP	C8200	C820D	Swmp Implementation Works	245	90	(155)	250	95
CCAP			Highways Drainage	504	208	(296)	683	327
Improved Safety								
CCAP	C7151	Various	Improved Safety	112	91	(21)	422	334
Network Management								
CCAP	C7181	Various	Intelligent Transport Systems	1,272	1,224	(48)	2,129	1,476

APPENDIX 2

SCHEME BUDGET VARIANCES 2012/13

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Parking								
CCAP	C9471	C947H	Grosvenor Square Lifts	233	114	(119)	330	211
Public Realm								
CCAP	C7360	C736E	Local & District Centre - Bitterne	65	56	(9)	66	66
CCAP	C8900	Various	City Centre Improvements	1,449	847	(602)	4,292	1,610
CCAP	C8911	Various	Platform for Prosperity	1,481	980	(501)	7,880	1,041
CCAP	C8922	Various	Centenary Quay	142	64	(78)	142	64
CCAP			Public Realm	3,137	1,947	(1,190)	12,380	2,781
Public Transport								
CCAP	C7141	Various	Public Transport	986	672	(314)	4,134	3,322
Roads								
CCAP	C7921	Various	Principal Roads	2,282	2,157	(125)	4,860	4,147
CCAP	C7922	C792R	Redbridge Roundabout Resurfacing	1,200	424	(776)	1,824	424
CCAP	C8000	Various	Classified Roads	569	629	60	944	911
CCAP	C8100	Various	Unclassified Roads	1,908	1,317	(591)	1,859	1,537
CCAP	C8400	Various	Road Improvements	320	155	(165)	296	155
CCAP	C9120	C9120	Highways Improvements (Developer)	296	241	(55)	1,634	1,603
CCAP	C9200	Various	Highways Maintenance Risk Fund	208	68	(140)	151	91
CCAP			Roads	6,783	4,991	(1,792)	11,568	8,868
Street Furniture								
CCAP	C8800	Various	Street Furniture	207	194	(13)	1,384	1,295
CCAP	C7161	Various	Street Furniture	222	193	(29)	332	230
			Total Portfolio	**19,911**	**14,079**	**(5,832)**	**59,776**	**40,931**

SCHEME BUDGET VARIANCES 2012/13

APPENDIX 2

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Housing & Leisure Services A - Housing General Fund								
GCAP	GF001	G6540	Estate Regeneration Somerset Avenue	69	60	(9)	60	60
GCAP	GF001	G6550	Estate Regeneration Cumbrian Way	284	301	17	348	301
GCAP	GF001	G6570	Support To Shirley Road Radian Scheme	41	41	0	41	41
GCAP	GF001		Support to RSLs	394	402	8	449	402
GCAP	GF100	G4110	Home Improvement Loans Approved In 2010/	19	17	(2)	1,442	1,440
GCAP	GF100	G4620	Handyperson Service	50	40	(10)	132	72
GCAP	GF100	G4630	Woolston Group Repait Scheme	30	7	(23)	105	7
GCAP	GF100		Home Improvement Loans	99	64	(35)	1,679	1,519
GCAP	GF800	G4490	Insulation And Fuel Poverty Initiatives	89	46	(43)	150	107
GCAP	GF900	G4090	Disabled Facilities Grants Approved In 2	13	-6	(19)	1,503	1,503
GCAP	GF900	G4330	Support For Vulnerable Dfg Customers	22	21	(1)	90	42
GCAP	GF900	G4410	Disabled Facilities Grants - Future Year	245	179	(66)	1,382	1,382
GCAP	GF900	G4600	Disabled Facilities Grants Support Costs	137	143	6	137	143
GCAP	GF900	G4640	Disabled Facilities Grants Approved In 2	1,100	767	(333)	1,482	767
GCAP	GF900		Disabled Facilities Grants	1,517	1,104	(413)	4,594	3,837
			Subtotal	**2,099**	**1,616**	**(483)**	**6,872**	**5,865**

SCHEME BUDGET VARIANCES 2012/13

APPENDIX 2

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Housing & Leisure Services B - Local Services & Community Safety								
JCAP	NS011	J426L	Southampton Common	18	18	0	50	36
JCAP	NS003		Green flag Improvements	112	94	(18)	239	154
JCAP	NS015	J8190	Daisy Dip Improvements	14	7	(7)	93	86
JCAP	NS026	J8200	Redbridge Wharf	10	1	(9)	20	11
JCAP	NS004		Deep Dene Improvements	25	22	(3)	77	40
JCAP	NS007	J8260	Community Led Local Improvement Initiati	40	35	(5)	200	35
JCAP	NS027		Minor Parks Development Works	25	19	(6)	57	51
JCAP	NS029	J814B	St James Park - Implementation	70	56	(14)	1,702	1,635
JCAP	NS030	J8100	Mobile Working For P & C Frontline	2	2	0	30	23
JCAP	NS033	J8270	Guildhall Square Cctv	14	12	(2)	20	20
JCAP	NS035	E3001	Houndwell Park Play Area	220	175	(45)	341	175
JCAP	NS018	J426H	Peartree Green	5	0	(5)	10	5
JCAP	NS024	J427H	Freemantle Lake Park Imp Yr 2009-11	12	0	(12)	18	6
JCAP	NS031	J8240	Park Safety Imp Yrs 2009-11	2	0	(2)	25	23
			Subtotal	**569**	**441**	**(128)**	**2,882**	**2,300**
Housing & Leisure Services C - Leisure								
LCAP	L0GHR	L7000	Guildhall Refurbishment	50	2	(48)	519	2
LCAP	L0OLD	L8320	Gods House Tower Reception	1	1	0	41	41
LCAP	LC101		Tudor House	174	111	(63)	7,302	7,214
LCAP	LC102		Seacity	925	589	(336)	15,785	15,449
LCAP	LC201	L810U	Art In Public Places - Millbrook	16	17	1	74	55
LCAP	LC401	L6790	Section 106 Playing Field Improvements	90	60	(30)	140	60
LCAP	LC602	L8370	Woolston Library	35	11	(24)	957	11
			Subtotal	**1,291**	**791**	**(500)**	**24,818**	**22,832**
			Total Portfolio	**3,959**	**2,848**	**(1,111)**	**34,572**	**30,997**

APPENDIX 2

SCHEME BUDGET VARIANCES 2012/13

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Leader's								
MCAP	M0CQR	L8200	Southampton New Arts Centre (Snac)	1,156	472	(684)	20,850	2,697
MCAP	M0CQR	M9430	Northern Above Bar Fees	10	3	(7)	445	388
MCAP	M0CQR	M9460	Gantry Site	4	3	(1)	118	114
MCAP	M0CQR	M9500	Northern Above Bar (Guildhall Square)	366	127	(239)	5,239	5,000
MCAP	M0CQR	M9870	Tyrrell & Green Building - Demolition	4	1	(3)	995	992
MCAP	M0CQR		Cultural Quarter	1,540	606	(934)	27,647	9,191
MCAP	M0HOC	C620F	Holy Rood	4	1	(3)	1,198	1,195
MCAP	M0HOC	C620U	Qe2 Mile Name Plaques	13	6	(7)	13	6
MCAP	M0HOC	C620Y	Qe2 Mile - Bargate Square	450	59	(391)	1,090	122
MCAP	M0HOC	M9420	West Quay Phase 3 M9420	15	19	4	1,990	1,495
MCAP	M0HOC	M9880	Electrical Supply Improvements In The Pr	23	23	0	23	23
MCAP	M0HOC	M942B	West Quay Site B	10	0	(10)	137	70
MCAP	M0HOC		Heart of the City	515	108	(407)	4,451	2,911
MCAP	M0HQP		Hollyrood and Queens Park	8	5	(3)	85	62
MCAP	M0IRF	M9370	Town Depot (M9370)	30	24	(6)	178	99
MCAP	M0OLD	M9310	Strategic Purchase Of Sites	7	7	0	423	423
MCAP	M0OLD	M983Q	Central Station - Feasibility	25	25	0	99	99
MCAP	M0OLD		Completed Schemes	32	32	0	522	522
MCAP	M0RPW		Royal Pier	105	26	(79)	733	184
MCAP	M0SQR	M8000	Station Quarter Southside	55	6	(49)	415	6
MCAP	M0OTH	M9830	Major Site Devlpmnt-Feasibility Studies	15	0	(15)	87	0
			Total Portfolio	**2,300**	**807**	**(1,493)**	**34,118**	**12,975**

SCHEME BUDGET VARIANCES 2012/13

APPENDIX 2

Portfolio	Parent Scheme	Scheme	Description	Budget 2012/13 £000's	Actual 2012/13 £000's	Variance 2012/13 £000's	Total Scheme Budget £000's	Total Scheme Spend £000's
Resources								
PCAP	M9710		Accommodation Strategy Action Programme	6,757	5,796	(961)	23,546	19,824
PCAP	P5020	P5020	Art Gallery - Roof Repairs And Ahu Repla	173	47	(126)	1,936	1,373
PCAP	P5050	P5050	2011 Mobile Working	50	55	5	145	103
PCAP	P5070	P5070	Town Depot Demolition	410	372	(38)	430	430
PCAP	P6850	P7062	Glenn Lee Oph Window Replacement	0	(1)	(1)	97	97
PCAP	P6850	P7071	Woodside Lodge Window Replacement	0	1	1	125	125
PCAP	P6230	P6230	Installation Of New Cooling System (Comp	0	(3)	(3)	583	583
			Total Portfolio	**7,390**	**6,267**	**(1,123)**	**26,862**	**22,535**
			Total Programme	**62,352**	**54,563**	**(7,789)**	**273,662**	**205,952**

Figures quoted are only for schemes with budget and/or spend in 2012/13

Agenda Item 12

Appendix 3

REVISED ESTIMATES 2013/14

APPENDIX 3

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
Adult Services						
RCAP	R9265	SDS Modernisation Woolston Comm Centre	147	3	0	150
RCAP	R9330	National Care Standards and H&S Work	290	0	(85)	205
RCAP	R9340	Replacement of Appliances and Equipment	35	6	0	41
RCAP	R9700	Common Assessment Framework	329	53	0	382
RCAP	R9730	Sembal House Refurbishment	264	0	(17)	247
RCAP	R9720	Residential Homes fabric furnishing CQC	157	0	(32)	125
		Total Portfolio	**1,222**	**62**	**(134)**	**1,150**

REVISED ESTIMATES 2013/14 **APPENDIX 3**

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
Children's Services						
ECAP	E5021	Primary Review P2 - Wordsworth Infant	3,638	0	(2,463)	1,175
ECAP	E5022	Primary Review Contingency	200	34	0	234
ECAP	E5024	BMW Management	150	6	0	156
ECAP	E5025	Expansion of Bassett Green Primary	1,400	0	(38)	1,362
ECAP	E5026	Expansion of Bevois Town Primary	1,450	0	(32)	1,418
ECAP	E5028	Expansion of Springwell School	0	389	0	389
ECAP	E7200	Secondary School Estates Capital	600	90	0	690
ECAP	E7203	Health and Safety Capital	455	0	(372)	83
ECAP	E7210	Regents Park Secondary Capital Maintenance	300	170	0	470
ECAP	E7211	Sholing Tech Capital Maintenance	400	27	0	427
ECAP	E7212	St Anne's Capital Maintenance	250	92	0	342
ECAP	E7213	St George Capital Maintenance	380	25	0	405
ECAP	E7214	Upper Shirley High	360	17	0	377
ECAP	E7300	Fairisle Infant & Nursery School Lobby	95	30	0	125
ECAP	E7301	Bitterne Park Infant School Roof	85	15	0	100
ECAP	E7303	Glenfield Infant School Windows & Ventilation	5	88	0	93
ECAP	E8134	Middlecroft Lane Loft Extension	0	36	0	36
ECAP	E8139	Static Home For The Adolescent Resource Centre	0	4	0	4
ECAP	E9104	Mods - Hardmoor EYC - Kitchen & Baby Room	0	4	0	4
ECAP	E9106	Mods - St Monica Jnr - Classroom Extension	0	2	0	2
ECAP	E9022	Schools Access Initiative	42	108	0	150
ECAP	E8060	Newlands Primary Rebuild Project	179	0	(179)	0
ECAP	E9050	Harefield Primary Rebuild Project	205	14	0	219
ECAP	E9086	Increased Places At St Marys Primary	0	1	0	1
ECAP	E9088	Increased Places at Fairisle Junior	0	30	0	30
ECAP	E9093	Increased Places at St Mary's Primary - Phase 2	50	35	0	85
ECAP	E9095	Increased Places at St Mark's Junior	0	50	0	50
ECAP	E9097	Increased Places at St John's Infant	19	44	0	63
ECAP	E9099	Increased Places at Foundry Lane Primary	40	0	(11)	29
ECAP	E6921	SEN Review - Great Oaks Phase 2	16	53	0	69
ECAP	E8135	Childrens Social Service Capital	30	11	0	41
ECAP	E8136	Loft Extension to Carers Home	0	15	0	15

REVISED ESTIMATES 2013/14 **APPENDIX 3**

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
ECAP	E8160	ICT Harnessing Technology Grant	0	263	0	263
ECAP	E8180	Sports Development	0	11	0	11
ECAP	E9031	Schools Devolved Capital	0	420	0	420
ECAP	E9059	Reinstatement of Land at Redbridge Primary	0	59	0	59
ECAP	E9117	Asbestos Removal	80	49	0	129
ECAP	E9061	Mayfield Academy	0	153	0	153
ECAP	E9062	Lordshill Academy	0	332	0	332
ECAP	E9118	Newtown Adventure Playground	9	11	0	20
ECAP	E5001	Primary Review Phase 2	0	10	0	10
ECAP	E5002	Primary Review P2 - Bassett Green Primary School	0	11	0	11
ECAP	E5004	Primary Review P2 - Kanes Hill Primary School	0	71	0	71
ECAP	E5005	Primary Review P2 - Shirley Warren Primary	200	39	0	239
ECAP	E5006	Primary Review P2 - Glenfield Infant School	35	4	0	39
ECAP	E5007	Primary Review P2 - Moorlands Primary School	1,172	0	(769)	403
ECAP	E5009	Primary Review P2 - Valentine Infant School	0	54	0	54
ECAP	E5010	Primary Review P2 - Sholing Infant School	0	137	0	137
ECAP	E5011	Primary Review P2 - Fairisle Infant & Nursery	0	3	0	3
ECAP	E5012	Primary Review P2 - St Mark's CE Primary School	0	26	0	26
ECAP	E5014	Primary Review P2 - Harefield Primary School	443	41	0	484
ECAP	E5015	Primary Review P2 - Banister Infant School	2,634	0	(1,832)	802
ECAP	E5016	Primary Review P2 - Beechwood Junior School	0	7	0	7
ECAP	E8138	5 Orpen Road	0	12	0	12
ECAP	E9054	Academies Management	0	15	0	15
ECAP	E9056	Mayfield Academy Site Access	0	9	0	9
ECAP	E9057	Academies - Capital Works	0	290	0	290
ECAP	E7202	Pupil Referral Unit Capital	1,208	658	0	1,866
ECAP	E7205	Solar PV Resources Project	100	40	0	140
ECAP	E3006	Albany Road Play Area	0	2	0	2
ECAP	E3009	Portswood RG Play Area	0	27	0	27
ECAP	E7206	Renewable Heat Incentive	255	22	0	277
ECAP	E3011	Deep Dene Play Area	0	25	0	25
ECAP	E3012	Leaside Way Play Area	14	14	0	28
ECAP	E8185	Civil Service Sports Ground	488	21	0	509

APPENDIX 3

REVISED ESTIMATES 2013/14

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
		Total Portfolio	**16,987**	**4,226**	**(5,696)**	**15,517**

REVISED ESTIMATES 2013/14 **APPENDIX 3**

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
Environment & Transport						
CCAP	C2720	Replacement of the Cremators	212	62	0	274
CCAP	C7112	Road Safety Partnership	35	2	0	37
CCAP	C713K	Cycling - Quality Monitoring	0	9	0	9
CCAP	C713X	Cycle Missing Links	0	32	0	32
CCAP	C716M	Travel Planning - Site Specific Advice	33	15	0	48
CCAP	C717C	Minor Schemes Programme	25	22	0	47
CCAP	C719B	Other Minor Works	60	141	0	201
CCAP	C790B	Itchen Bridge Repairs	0	25	0	25
CCAP	C791H	Other Bridge Works	0	223	0	223
CCAP	C791K	Northam Rail Bridge (N R)	0	10	0	10
CCAP	C791X	Western Approaches Rail Bridge – Bearing Maintenance	414	60	0	474
CCAP	C822J	Decent Neighbourhoods	0	26	0	26
CCAP	C890A	Civic Centre Place	0	566	0	566
CCAP	C9120	Highways Imp For Disabled (Developers)	0	31	0	31
CCAP	C947H	Grosvenor Square Lifts	0	119	0	119
CCAP	C240B	Lordshill Masterplan	0	32	0	32
CCAP	C240C	Civica Storage for Scanned Documents	0	50	0	50
CCAP	C240D	Scanning the Property Register/ Accessibility	0	15	0	15
CCAP	C269E	Dock Gate 20 Contractor Costs	0	10	0	10
CCAP	C269J	Dock Gate 20 Fleet Fit Out	0	4	0	4
CCAP	C269H	Dock Gate 20 Junction Construction	0	1	0	1
CCAP	C269M	Contingency	0	17	0	17
CCAP	C273B	Itchen Bridge Toll Automation Construction Stage	0	177	0	177
CCAP	C273C	Itchen Bridge Toll Automation Delivery Supervision	0	70	0	70
CCAP	C714B	Bus Priority - Corridor 1	0	75	0	75
CCAP	C718J	Real Time Information Upgrade	0	14	0	14
CCAP	C820D	SWMP Implementation Works	0	155	0	155
CCAP	C881J	Grit Bins	5	9	0	14
CCAP	C890F	West Marlands Road	40	3	0	43
CCAP	C840A	Road Restraint Systems 2012/13	0	89	0	89
CCAP	C840B	Highways Drainage 2012/13	0	52	0	52
CCAP	C717H	Legible Cities Phase 3	0	22	0	22

REVISED ESTIMATES 2013/14 **APPENDIX 3**

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
CCAP	C806X	Scrim lead projects (Various)	0	10	0	10
CCAP	C813K	Quantock Road (Cumbrian Way to Pennine Road)	0	26	0	26
CCAP	C823L	Bellevue Rd (Footways) (London Road to Turning head)	0	128	0	128
CCAP	C823M	Kings Park Road (Footways) (Bellevue Rd to Brunswick Place)	0	99	0	99
CCAP	C823Q	Gainsford Road (Bryanston Rd to Peartree Ave),	0	26	0	26
CCAP	C714Z	Southampton Strategic Bus Partnership	300	120	0	420
CCAP	C792R	Redbridge Roundabout (Full Extent)	800	600	0	1,400
CCAP	C796W	Structural Repairs (Various)	307	126	0	433
CCAP	C796Y	Scrim lead projects (Various)	50	38	0	88
CCAP	C806P	Upper Weston Lane (Portsmouth Road to Jctn Newtown Road)	0	23	0	23
CCAP	C796N	Principal Roads Drainage Improvements	0	42	0	42
CCAP	C796Z	Millbrook Roundabout	0	27	0	27
CCAP	C257A	Valentine Infants Salix Works	0	5	0	5
CCAP	C257B	Glen Lee Salix Works	0	28	0	28
CCAP	C257C	Brownhill Salix Works	0	11	0	11
CCAP	C257D	Holcroft House Salix Works	0	21	0	21
CCAP	C257F	Mansel Park Primary Salix Works	0	3	0	3
CCAP	C257H	Draft Proofing Salix Works	0	24	0	24
CCAP	C257I	Insulation Salix Works	0	22	0	22
CCAP	C257K	Schools RH Salix Works	0	50	0	50
CCAP	C257M	CHP Salix Works	0	84	0	84
CCAP	C2921	Weekly Collection Support Scheme	979	786	0	1,765
CCAP	C714S	BBAF Contributions	0	3	0	3
CCAP	C550D	Improved Safety 2012/13	0	19	0	19
CCAP	C721A	LSTF - Rail Station Travel Plans (Capital)	0	12	0	12
CCAP	C718K	RTI Upgrade Phase 3 (S106)	295	5	0	300
CCAP	C890K	Platform Road Detailed Design	305	91	0	396
CCAP	C890L	Platform Road Construction	3,176	390	0	3,566
CCAP	C890P	Central Station South Design	40	31	0	71
CCAP	C892A	Centenary Quay - Client Management	0	26	0	26
CCAP	C892B	Centenary Quay - Design & Assessment	0	42	0	42
CCAP	C892C	Centenary Quay - Consultation	0	10	0	10
CCAP	C890M	Platform for Prosperity Central Bridge Design & Construction	111	5	0	116

REVISED ESTIMATES 2013/14

APPENDIX 3

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
CCAP	C890G	Platform Road Town Quay Design	379	15	0	394
CCAP	C824D	Above Bar	0	17	0	17
		Total Portfolio	**7,566**	**5,103**	**0**	**12,669**

REVISED ESTIMATES 2013/14 **APPENDIX 3**

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
Housing & Leisure Services A - Housing General Fund						
GCAP	G4490	Insulation and Fuel Poverty Initiatives	0	43	0	43
GCAP	G4110	Home Improvement Loans Approved in 2010/11	0	2	0	2
GCAP	G4330	Support for Vulnerable DFG Customers	23	1	0	24
GCAP	G4630	Woolston Group Repair Scheme	75	23	0	98
GCAP	G4620	Handyperson Service	50	10	0	60
GCAP	G4640	Disabled Facilities Grants Approved in 2012/13	382	333	0	715
GCAP	G6550	Estate Regeneration Cumbrian Way	63	0	(16)	47
		Subtotal	**593**	**412**	**(16)**	**989**
Housing & Leisure Services B - Local Services & Community Safety						
JCAP	J8190	Daisy Dip Improvements	0	7	0	7
JCAP	J427H	Freemantle Lake Park Improvments Yr 2009-11	0	12	0	12
JCAP	J426H	Peartree Green	0	5	0	5
JCAP	J8200	Redbridge Wharf	0	9	0	9
JCAP	J814B	St James Park - Implementation	53	14	0	67
JCAP	J8250	Bitterne Manor/Clausentum Wood Improvements Yrs 2010-13	0	7	0	7
JCAP	J8240	Parks Safety Improvements Yrs 2009-11	0	2	0	2
JCAP	J4360	Central Parks Green Flag Improvements Yr 2010/11	50	0	(1)	49
JCAP	J4340	Hinkler Green Green Flag Improvements Yr 2010/11	0	8	0	8
JCAP	J4370	Park Code for Green Space	20	3	0	23
JCAP	E3001	Houndwell Park Play Area	121	45	0	166
JCAP	J8260	Community Led Local Improvement Initiatives	80	5	0	85
JCAP	J4410	Mayflower Park Basket Ball Court Renovation	20	7	0	27
JCAP	J4420	Thornhill (Masefield Greeen) Park Improvements	0	1	0	1
JCAP	J4380	Bassett Wood Greenway Improvements	0	3	0	3
		Subtotal	**344**	**128**	**(1)**	**471**

REVISED ESTIMATES 2013/14 **APPENDIX 3**

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
Housing & Leisure Services C - Leisure						
LCAP	L6790	Sections 106 Playing Field Improvement	50	30	0	80
LCAP	L7000	Guildhall Refurbishment	230	48	0	278
LCAP	L1440	Tudor House Museum Phase 1	0	5	0	5
LCAP	L8260	Tudor House Museum Phase 2 Implementation	25	58	0	83
LCAP	L8285	SeaCity Phase 2	0	293	0	293
LCAP	L8286	SeaCity Public Realm Improvements	0	43	0	43
LCAP	L8370	Woolston Library	107	24	0	131
		Subtotal	**412**	**501**	**0**	**913**
		Total Portfolio	**1,349**	**1,041**	**-17**	**2,373**

REVISED ESTIMATES 2013/14

APPENDIX 3

Portfolio	Scheme	Scheme Description	Original Budget 2013/14 £000's	Slippage from 2012/13 £000's	Rephasing from Later Years £000's	Revised Budget 2013/14 £000's
Leader's						
MCAP	M8000	Station Quarter Southside	95	49	0	144
MCAP	M9480	Fruit & Veg (Disposal)	17	3	0	20
MCAP	M9430	Northern Above Bar Fees - T&G Marketing Fees	50	7	0	57
MCAP	M9460	Gantry Site	2	2	0	4
MCAP	M9500	Northern Above Bar - Guildhall Square	0	239	0	239
MCAP	M9870	Northern Above Bar - Tyrrell & Green Building Demolition	0	3	0	3
MCAP	L8200	Southampton New Arts Centre (SNAC)	1,532	684	0	2,216
MCAP	M9370	Town Depot	73	6	0	79
MCAP	M9390	Royal Pier	200	79	0	279
MCAP	C620F	QE2 Mile - Holyrood	0	3	0	3
MCAP	M9420	West Quay Phase 3 WWQ	200	0	(4)	196
MCAP	M942B	West Quay Phase 3 Site B	40	10	0	50
MCAP	M9830	Feasibility - Major Site Devlpmnt	72	15	0	87
MCAP	C620Y	QE2 Mile - Bargate Square	577	391	0	968
MCAP	C620U	QE2 Mile Name Plaques	0	7	0	7
		Total Portfolio	**2,858**	**1,498**	**(4)**	**4,352**
Resources						
PCAP	M9710	Accommodation Strategy Action Programme (ASAP)	2,761	961	0	3,722
PCAP	P5020	Art Gallery - Roof Repairs and AHU Replacement	437	126	0	563
PCAP	P5050	2011 Mobile Working	47	0	(5)	42
		Total Portfolio	**3,245**	**1,087**	**(5)**	**4,327**
		Total Programme	**33,227**	**13,017**	**(5,856)**	**40,388**

DECISION-MAKER:	GOVERNANCE COMMITTEE COUNCIL			
SUBJECT:	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2012/13			
DATE OF DECISION:	15 JULY 2013 17 JULY 2013			
REPORT OF:	HEAD OF FINANCE & IT (CHIEF FINANCIAL OFFICER)			
CONTACT DETAILS				
AUTHOR:	**Name:**	Alison Chard	**Tel:**	023 8083 4897
	E-mail:	Alison.Chard@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

The purpose of this report is to inform the Governance Committee and Council of the Treasury Management activities and performance for 2012/13 against the approved Prudential Indicators for External Debt and Treasury Management.

This report specifically highlights that:

i. Borrowing activities have been undertaken within the borrowing limits approved by Council on 13 February 2013.

ii. Investment returns during 2012/13 continued to remain low as a result of low interest rates, returning £0.8M. However, the average rate achieved for fixed term deals (0.92%) exceeded the performance indicator of the average 7 day LIBID rate (0.49%), mainly due to the rolling programme of yearly investments which was reintroduced in November 2012 following recommendations from our Advisors.

iii. In order to continue to balance the impact of ongoing lower interest rates on investment income we continued the use of short term debt which is currently available at lower rates than long term debt due to the depressed market. As a result the average rate for repayment of debt, (the Consolidated Loans & Investment Account Rate – CLIA), at 3.35%, is lower than that budgeted for, but slightly higher than last year which is in line with reported strategy. The predictions based on all of the economic data are that this will continue for an extended period. However, it should be noted that the forecast for longer term debt is a steady increase in the longer term and so new long term borrowing is likely to be taken out above this rate, leading to an anticipated increase in the CLIA. A PWLB 25 year fixed rate maturity loan is currently around 4%.

iv. In achieving interest rate savings the Council has exposed itself to interest rate risk by taking out variable debt. This was and continues to be very financially favourable in current markets but does mean that close monitoring of the markets is required to ensure that the Council can act quickly should the situation begin to change. During 2013/14 the Council will continue to review the position and take action as necessary to lessen this risk through a balanced combination of:
   - longer term fixed maturity loans,
   - medium term Equal Instalment of Principle (EIP) loans which are currently cheaper than longer term fixed,
   - longer term PWLB variable loans which have the option to be fixed at very short notice for a small fee, and
   - variable rate investments to take advantage of increasing interest rates, mainly through the use of money market funds (MMF).

v. Net loan debt increased during 2012/13 from £304M to £315M as detailed in paragraph 12.

vi. The Council can confirm that it has complied with the Prudential Indicators approved by Full Council on 15 February 2012.

vii. Immediate action has been taken in response to the down rating of the Authority's Bankers, (the Co-operative Bank), as set out in paragraphs 33 to 36

RECOMMENDATIONS:

GOVERNANCE COMMITTEE

It is recommended that Governance Committee:

i) Notes the Treasury Management (TM) activities for 2012/13 and the outturn on the Prudential Indicators

ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.

iii) Notes the immediate action taken in response to down rating of the Authority's Bankers, (the Co-operative Bank).

COUNCIL

It is recommended that Council:

i) Notes the Treasury Management (TM) activities for 2012/13 and the outturn on the Prudential Indicators

ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.

iii) Notes the immediate action taken in response to down rating of the Authority's Bankers, (the Co-operative Bank).

REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2012/13 forms part of the approval of the statutory accounts. The Treasury Management (TM) Strategy and Prudential Indicators are approved by Council in February each year in accordance with legislation and the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice.

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

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. No alternative options are relevant to this report

DETAIL (Including consultation carried out)

CONSULTATION

4. Not applicable.

BACKGROUND

5. Treasury Management (TM) is a complex subject but in summary the core elements of the strategy for 2012/13 were:

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

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

7. Treasury management is defined as *“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

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

9. This report:

    a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code,
    b) presents details of capital financing, borrowing, debt rescheduling and investment transactions,
    c) reports on the risk implications of treasury decisions and transactions,
    d) gives details of the outturn position on treasury management transactions in 2012/13, and
    e) confirms compliance with treasury limits and Prudential Indicators.

10. Appendix 1 summarises the economic outlook and events in the context of which the Council operated its treasury function during 2012/13.

BORROWING REQUIREMENT AND DEBT MANAGEMENT

PWLB Certainty Rate

11. The Certainty Rate was introduced by the PWLB in November 2012, allowing the authority to borrow at a reduction of 20 base points on the Standard Rate. Appendix 2 shows details of market rates during the financial year for specific dates plus the average, minimum and maximum rates quoted.

12. Activity within the debt portfolio is summarised below:

	Balance on 01/04/2012 £M	Debt Maturing or Repaid £M	New Borrowing £M	Balance as at 31/3/2013 £M	Increase/ (Decrease) in Borrowing £M
Short Term Borrowing	0	0	34	34	34
Long Term Borrowing	300	(24)	0	276	(24)
Total Borrowing	**300**	**(24)**	**34**	**310**	**10**

Please note that these figures do not reflect the accounting convention of moving loans maturing in the year from long term to short term.

	31/03/2012 Actual £M	31/03/2013 Actual £M	31/03/2014 Current Estimate £M	31/03/2015 Current Estimate £M	31/03/2016 Current Estimate £M
External Borrowing:					
Fixed Rate – PWLB Maturity	149	139	152	170	179
Fixed Rate – PWLB EIP	107	93	115	100	85
Variable Rate – PWLB	35	35	35	35	35
Variable Rate – Market	9	9	9	9	9
Long Term Borrowing	300	276	311	314	308
Short Term Borrowing					
Fixed Rate – Market	0	34	50	50	50
Other Long Term Liabilities					
PFI / Finance leases	54	57	61	66	63
Deferred Debt Charges	18	17	17	16	16
Total Gross External Debt	372	384	439	446	437
Investments:					
Deposits and monies on call and Money Market Funds	(62)	(66)	(50)	(50)	(50)
Supranational bonds	(6)	(3)	(3)	(3)	(3)
Total Investments	(68)	(69)	(53)	(53)	(53)
Net Borrowing Position	**304**	**315**	**386**	**393**	**384**

13. The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31/3/2013 was estimated at £437M in February 2013 when the strategy was last updated, (see Table 1, Appendix 3). The Council's actual CFR at the end of the year was £433M.

14. The PWLB remains the Council's preferred source of long term borrowing given the transparency and control that its facilities continue to provide. However due to the continued depressed markets and the cost of carry associated with long term debt, the council deferred long term borrowing and raised £34M of new loans (including the replacement of maturing debt) from other Local Authorities through the short term market at an average rate of 0.36%.

Loans at Variable Rates

15. The loan portfolio contains £35M of PWLB variable rate loans which currently have an average rate of 0.55% which mitigate the impact of changes in variable rates on the Council's overall treasury portfolio (the Council's investments are deemed to be variable rate investments due to their shorter-term nature). The Council's variable rate loans were borrowed prior to 20 October 2010, (the date of change to the PWLB's lending arrangements post the Comprehensive Spending Review), and are maintained on their initial terms and are not subject to the additional increased margin. The uncertain interest rate outlook further supported the case for maintaining variable rate debt. As the economy still appeared susceptible to economic shocks, growth remained insipid and official interest rates were forecast to remain low for much longer, the Council determined that exposure to variable rates was warranted. It also made sense from an affordability and budgetary perspective in the short to medium term. Any upward move in interest rates and interest paid on variable rate debt would be 'hedged' by a corresponding increase in interest earned on the Council's variable rate investments.

16. The interest rate risk associated with the Council's strategic exposure is regularly reviewed with our Treasury Advisors against clear reference points, this being a narrowing in the gap between short and longer term interest rates by 0.5%. When appropriate this exposure will be reduced by replacing the variable rate loans with fixed rate loans.

17. In achieving interest rate savings, the Council has exposed itself to variable interest rate risk and whilst in the current climate of low interest rates this is obviously a sound strategy, at some point when the market starts to move the Council will need to act quickly to lock into fixed long term rates which may be at similar levels to the debt it has restructured.

18. It was therefore recommended in the February 2009 Treasury Management Strategy report to Full Council that an Interest Equalisation Reserve be created from the savings arising from the switch to lower rate variable interest rate debt, and maintained at a prudent level to help to manage increases in the future and ensure that there is minimal impact on annual budget decisions. However, it should be noted that the sum set aside in the Interest Equalisation Reserve is a one off sum of money to help manage the initial transitional period during which the council will convert its variable rate loan portfolio to longer term fixed rate debt. The actual ongoing recurring revenue impact of switching to fixed rate long term debt will still need to be factored in to the budget forecasts for future years. Based on the current predictions of lower for longer interest rate forecasts, it is unlikely that this pressure will emerge in the short term, but it is likely to become a reality towards the back end of the Council's current medium term forecast horizon.

Internal Borrowing

19. Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term debt (3.86% average rate for a 20 year PWLB fixed rate maturity) and the return generated on the Council's temporary investment returns was significant (3%).

20. As at the 31 March 2013 the Council used £52M 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 term and the Council will need to borrow to cover this amount as balances fall. Following the latest update of the Capital Programme, approved by Council in February 2013, the Council is expected to borrow £74M between 2013/14 and 2015/16. Of this £21M relates to new capital spend and the remainder to the refinancing of existing debt and externalising internal debt to cover the expected fall in balances and also the need to lock back into longer term debt prior to interest rises.

    However due to the continued and increased uncertainty in the markets and the expectations of interest rates staying lower for longer it may be appropriate to maintain the council use of internal resources for part or all of this amount; providing that balances can support it.

Lender's Option Borrower's Option Loans (LOBOs)

21. The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date. All of our LOBOs are in their call period so are treated as due within the year for analysis purposes (see Table in paragraph 28). We do not however expect them to be called during the year, but if they were it is likely that they would be replaced by a PWLB loan.

INVESTMENT ACTIVITY

22. Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its TM Strategy Statement for 2012/13. Investments during the year included:

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

23. The table below summarises activity during the year:

	Balance on 01/04/2012	Investments Repaid	New Investments	Balance as at 31/3/2013	Increase/ (Decrease) in Investment	Average Life / Average Rate %	
	£M	£M	£M	£M	£M	Life	%
Short Term Investments	10	(88)	104	26	16	7 Months	0.95%
Money Market Funds & Call Accounts	52	(329)	317	40	(12)	I Day	0.46%
EIB Bonds	6	(3)	0	3	(3)	9.5 Years	5.40%
Long Term Investments	0	0	0	0	0	0	0
Total Investments	**68**	**(420)**	**421**	**69**	**1**		

24. **Security / Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party.** Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; Gross Domestic Product (GDP) of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. The minimum long-term counterparty credit rating determined for the 2012/13 treasury strategy was A-/A-/A3 across rating agencies Fitch, Standard & Poor's (S&P) and Moody's.

25. In June Moody's downgraded a swathe of banks with global capital market operations, including the UK banks on the Council's lending list (Barclays, HSBC, Royal Bank of Scotland/Natwest, Lloyds TSB Bank/Bank of Scotland, Santander UK plc), as well as several non UK banks, but none of the ratings fell below the Council's minimum A-/A3 credit rating threshold.

26. The table below summarises the nominal value of the Council's investment portfolio at 31 March 2013, and confirms that all investments were made in line with the Council's approved credit rating criteria:

Outstanding Investments as at 31 March 2013

Counterparty	Credit Rating Criteria Met When Investment Placed	Credit Rating Criteria Met on 31 March 2013	Under 1 Month	1-3 Months	3-6 Months	6-9 Months	9-12 Months	Over 12 Months	Total
	YES/NO	YES/NO	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
UK									
Bank Deposits	YES	YES	27,073	5,000		4,000	3,000		**39,073**
Building Societies	YES	YES					3,000		**3,000**
Gov't & Local Authority Deposits	YES	YES							**0**
Money Market Funds	YES	YES	23,675						**23,675**
Bonds							0	3,036	**3,036**
Total Investments			**50,748**	**5,000**	**0**	**4,000**	**6,000**	**3,036**	**68,784**

27. As reported previously along with many other authorities the Council uses the Co-operative Bank as its banker which no longer meets the minimum credit criteria of A- (or equivalent) long term and is still subject to negative watch. More information about this and the immediate action taken in response to the down grade of the Co-operative Bank in order to limit the credit risk are set out in paragraphs 33 to 36.

28. **Liquidity: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.** In keeping with the DCLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The maturity analysis of the nominal value of the Council's debt at 31 March 2013 was as follows:

Outstanding 01 April 2011	% of total debt portfolio	Outstanding 31 March 2012	% of total debt portfolio	Total borrowing	Outstanding 31 March 2013	% of total debt portfolio
£000's	**%**	**£000's**	**%**	**Source of Loan**	**£000's**	**%**
177,733	79	290,825	97	Public Works Loan Board	267,320	86
46,944	21	9,404	3	Other Financial Institutions	42,673	14
224,677	**100**	**300,229**	**100**		**309,993**	**100**
				Analysis of Loans by Maturity		
48,413	22	32,909	11	Less than 1 Year	55,178	18
18,121	8	12,505	4	Between 1 and 2 years	11,505	4
19,561	8	34,515	11	Between 2 and 5 years	34,515	11
64,582	29	81,453	28	Between 5 and 10 years	69,948	23
		0		Between 10 and 15 years	0	0
6,000	3	0	0	Between 20 and 25 years	0	0
10,000	4	10,000	3	Between 25 and 30 years	5,000	2
8,000	4	5,000	2	Between 30 and 35 years	10,000	3
25,000	11	25,000	8	Between 35 and 40 years	42,000	13
10,000	4	47,900	16	Between 40 and 45 years	50,600	16
15,000	7	50,947	17	Over 45 years	31,247	10
224,677	**100**	**300,229**	**100**		**309,993**	**100**

29. **Yield:** The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% since March 2009 and short-term money market rates have remained at very low levels. The Council's investment income for the year was £0.8M and new deposits for periods up to one year have been made at an average rate of 0.92%. This was mainly as a result of the reintroduction of the rolling programme of yearly deals which was restarted in November 2012 following advice from our Treasury Advisors.

COMPLIANCE WITH PRUDENTIAL INDICATORS

30. The Council can confirm that it has complied with its Prudential Indicators for 2012/13, approved by Full Council on 15 February 2012. The 2012/13 Treasury Strategy can be found as Item 72 on the Council Meetings Agenda found via the following web link:

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

These were subsequently revised as part of the Council's Treasury Management Strategy Statement for 2013 on 13 February 2013, item 100.

http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=122&MId=2322&Ver=4

31. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of TM activity during 2012/13. None of the Prudential Indicators has been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Details can be found in Appendix 3.

OTHER ITEMS

PWLB Project Rate

32. The 2012 Autumn Statement announced that the Government would make available a new concessionary PWLB rate to an infrastructure project nominated by each Local Enterprise Partnership LEP) in England, (excluding London), with total borrowing capped at £1.5 billion. The Government will provide a UK guarantee to allow the Mayor of London to borrow £1 billion at a new preferential rate to support the Northern Line Extension to Battersea.

The March 2013 Budget announced details of the "project rate" which will enable English local authorities working with their LEP to access cheaper borrowing on up to £1.5 billion of investment.

The "project rate" has been set at 40 basis points below the standard rate across all loan types and maturities and will be available to local authorities in England from 1 November 2013 to support strategic local capital investment projects. The Government is asking each LEP to work with the authorities in their area to agree which project should benefit from the cheaper borrowing support. This will give LEPs; in consultation with authorities, the power to prioritise the projects that best support shared local goals. The Government is now seeking business cases from LEPs; agreed with authorities, setting out borrowing requirements for their chosen local project.

Authority Banking Arrangements:

33. It is becoming common for local authorities to bank with financial institutions that do not meet their investment criteria but action can be taken to minimise any risk this may present. It is a costly and complicated process to change bankers and we are under contract with the Co-operative Bank until October 2014. However following the recent down grading of the Co-operative Bank we immediately started discussions with Procurement about options and timescales regarding the tendering process with a view to precipitating this timeline.

34. We have also taken the following immediate action to mitigate our risk in the meantime:

- **Pooling Arrangements –** It is common for local authorities to hold a number of accounts at the same bank and to group these together for overdraft limit and interest purposes under a netting-off or pooling arrangement. Under this arrangement, some accounts will have a substantial credit balance while others will have a large overdraft, but the total balance is kept close to zero. Procedures in place were such that staff who manage the TM activity on a daily basis traditionally aimed for the net closing daily balances across all our accounts to be close to our current 'free' overdraft limit of £50,000. However, Arlingclose advised that it is likely in the event of any insolvency/banking resolution procedure that this netting down may not apply and that we would need to repay our overdrawn accounts in full and credit balances could also be at risk (in part or in full).

As a consequence procedures have been changed so that at the start of each day any account that has a balance in excess of £5,000 will be cleared back to the general account to minimise credit balances and limit our exposure (i.e. we will "sweep" the accounts and action inter-account transfers).

- **Cleared and Ledger Balances –** Overdraft interest charges are calculated in reference to the "cleared balance" and traditionally staff who manage the TM activity on a daily basis aim for this balance to be close to our current 'free' overdraft limit of £50,000. However, the total sum of money held in the current account is the ledger balance which is normally higher than the cleared balance. Arlingclose have advised that in the event of insolvency or other banking resolution procedure the "ledger balance" at the date of failure represents our exposure. Therefore, we now use the "ledger balance" to calculate our position and inform the action required.
- **Intraday Exposure –** Arlingclose advice is that although any action by resolution authorities is likely to take place outside banking hours to prevent a disorderly impact on the UK banking system, it cannot be ruled out that a bank will halt operations during the business day. Therefore we aim to reduce our daylight exposure by making outgoing payments at the beginning of the day. In addition, where it is known in advance that a large receipt is expected, (for example, the first day of the month when council tax is collected), we now set up payments to leave the Council's bank account at the commencement of business. Furthermore, arrangements have been made to change the automatic sweep on the pay-point account from weekly to daily, although the balance on this account will still be subject to timing differences.
- **Imprest Accounts –** We are undertaking a review of Imprest Accounts (which are held locally to manage small transactions) to ensure that the levels held are minimised.
- **Advice to Schools –** Advice has been sent to schools updating them on action that it is appropriate for them to take in respect of any locally held accounts.

35. These changes impact on the level of staff resource required to manage TM activity and will result in increased bank charges but this is seen as an acceptable trade off in light of the priority given to security. Staff resource is being redirected to TM activity and priorities have been reassessed in order that this can be managed within existing employee budgets. Additional bank charges are forecast to be in the region of £10,000 per annum and can be met from within the current TM estimates.

36. This action will minimise any credit risk but cannot eliminate it entirely. A progress report will be submitted to the Governance Committee in September

RESOURCE IMPLICATIONS

<u>Capital / Revenue</u>

37. The report is a requirement of the TM Strategy, which was approved at Council on 13 February 2013.

38. The interest cost of financing the Authority's long term and short term loan debt is charged corporately to the Income and Expenditure account. The interest cost of financing the Authority's loan debt amounted to £9.5M in 2012/13 compared with an approved estimate of £11.2M, a saving of £1.7M. This is mainly due to interest rates being lower than those estimated and the use of temporary borrowing in place of long term debt.

39. In addition interest earned on temporary balances invested externally is credited to the Income and Expenditure account. In 2012/13 £0.8M was earned against a budget of £0.4M, an increase of £0.4M and was mainly due to the use of Money Market Funds and call accounts which currently pay a higher rate than short term fixed rates and the reintroduction of the rolling yearly investment programme from November 2012.

40. The expenses of managing the Authority's loan debt consist of brokerage and internal administration charges. These are pooled and borne by the HRA and General Fund proportionately to the related loan debt. Debt management expenses amounted to £123,000 in 2012/13 compared to an estimate of £165,000. This decrease was mainly due to deferring PWLB borrowing to 2013/14 resulting in a saving on commission paid in year.

<u>Property/Other</u>

41. None

LEGAL IMPLICATIONS

<u>Statutory power to undertake proposals in the report</u>:

42. Local Authority borrowing is regulated by Part 1, of the Local Government Act 2003, which introduced the new Prudential Capital Finance System. From 1 April 2004, investments are dealt with, not in secondary legislation, but through guidance. Similarly, there is guidance on prudent investment practice, issued by the Secretary of State under Section 15(1)(a) of the 2003 Act. A local authority has the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". The reference to the "prudent management of its financial affairs" is included to cover investments, which are not directly linked to identifiable statutory functions but are simply made in the course of treasury management. This also allows the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future; however, the speculative procedure of borrowing purely in order to invest and make a return remains unlawful.

<u>Other Legal Implications</u>:

43. None

POLICY FRAMEWORK IMPLICATIONS

44. This report has been prepared in accordance with the CIPFA Code of Practice on TM.

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	

SUPPORTING DOCUMENTATION

Appendices

1.	2012/13 Economic Background
2.	Summary of Interest Rates Movement During 2012/13
3.	Compliance with Prudential Indicators During 2012/13
4.	Glossary of Treasury Terms

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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.	TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS 2013/14 to 2015/16 – Council 13 February 2013	
2.	TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL LIMITS 2012/13 to 2014/15 – Council 15 February 2012	

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APPENDIX 1

2012/13 ECONOMIC BACKGROUND

The global outlook stabilised mainly due to central banks maintaining low interest rates and expansionary monetary policy for an extended period. Equity market assets recovered sharply with the FTSE 100 registering a 9.1% increase over the year. This was despite economic growth in G-7 nations being either muted or disappointing.

In the UK the economy shrank in the first, second and fourth quarters of calendar year 2012. It was the impressive 0.9% growth in the third quarter, aided by the summer Olympic Games, which allowed growth to register 0.2% over the calendar year 2012. The expected boost to net trade from the fall in the value of sterling did not materialise, but raised the price of imports, especially low margin goods such as food and energy. Avoiding a 'triple-dip' recession became contingent on upbeat services sector surveys translating into sufficient economic activity to overhaul contractions in the struggling manufacturing and construction sectors.

Household financial conditions and purchasing power were constrained as wage growth remained subdued at 1.2% and was outstripped by inflation. Annual CPI dipped below 3%, falling to 2.4% in June before ticking up to 2.8% in February 2013. Higher food and energy prices and higher transport costs were some of the principal contributors to inflation remaining above the Bank of England's 2% CPI target.

The lack of growth and the fall in inflation were persuasive enough for the Bank of England to maintain the Bank Rate at 0.5% and also sanction additional £50 billion asset purchases; Quantitative Easing (QE), in July, taking total QE to £375 billion. The possibility of a rate cut was discussed at some of Bank's Monetary Policy Committee meetings, but was not implemented as the potential drawbacks outweighed the benefits of a reduction in the Bank Rate. In the March Budget the Bank's policy was revised to include the 2% CPI inflation remit alongside the flexibility to commit to intermediate targets.

The resilience of the labour market, with the ILO unemployment rate falling to 7.8%, was the main surprise given the challenging economic backdrop. Many of the gains in employment were through an increase in self-employment and part time working.

The Chancellor largely stuck to his fiscal plans with the austerity drive extending into 2018. In March the Office for Budgetary Responsibility (OBR) halved its forecast growth in 2013 to 0.6% which then resulted in the lowering of the forecast for tax revenues and an increase in the budget deficit. The government is now expected to borrow an additional £146 billion and sees gross debt rising above 100% of GDP by 2015/16. The fall in debt as a percentage of GDP, which the coalition had targeted for 2015/16, was pushed two years beyond this horizon. With the national debt metrics out of kilter with a triple-A rating, it was not surprising that the UK's sovereign rating was downgraded by Moody's to Aa1. The AAA status was maintained by Fitch and S&P, albeit with a Rating Watch Negative and with a Negative Outlook respectively.

The government's Funding for Lending (FLS) initiative commenced in August which gave banks access to cheaper funding on the basis that it would then result in them passing this advantage to the wider economy. There was an improvement in the flow of credit to mortgagees, but this was still below expectation for SMEs.

The big four banks in the UK – Barclays, RBS, Lloyds and HSBC – and several other global institutions including JP Morgan, Citibank, Rabobank, UBS, Credit Suisse and Deutsche came under investigation in the LIBOR rigging scandal which led to fines by and settlements with UK and US regulators. Banks' share prices recovered after the initial setback when the news first hit the headlines.

Europe: The Euro region suffered a further period of stress when Italian and Spanish government borrowing costs rose sharply and Spain was also forced to officially seek a bailout for its domestic banks. Markets were becalmed after the ECB's declaration that it would do whatever it takes to stabilise the Eurozone and the central bank's announcement in September of its Outright Monetary Transactions (OMT) facility, buying time for the necessary fiscal adjustments required. Neither the Italian elections which resulted in political gridlock nor the poorly-managed bailout of Cyprus which necessitated 'bailing-in' non-guaranteed depositors proved sufficient for a market downturn. Growth was hindered by the rebalancing processes under way in Euroland economies, most of which contracted in Quarter 4 of 2012.

US: The US Federal Reserve extended QE through 'Operation Twist', in which it buys longer-dated bonds with the proceeds of shorter-dated US Treasuries. The Federal Reserve shifted policy to focus on the jobless rate with a pledge to keep rates low until unemployment falls below 6.5%. The country's extended fiscal and debt ceiling negotiations remained unresolved.

Gilt Yields and Money Market Rates: Gilt yields ended the year lower than the start in April. By September the 2-year gilt yield had fallen to 0.06%, raising the prospect that short-dated yields could turn negative. 10-year yields fell by nearly 0.5% ending the year at 1.72%. The reduction was less pronounced at the longer end; 30-year yields ended the year at 3.11%, around 25bp lower than in April. Despite the likelihood the DMO would revise up its gilt issuance for 2012/13, there were several gilt-supportive factors namely the Bank of England's continued purchases of gilts under an extended QE programme; purchases by banks, insurance companies and pension funds driven by capital requirements and the preference for safe harbour government bonds.

One direct consequence of the Funding for Lending Scheme was the sharp drop in rates at which banks borrowed from local government. 3-month, 6-month and 12-month LIBID rates which were 1%, 1.33% and 1.84% at the beginning of the financial year fell to 0.44%, 0.51% and 0.75% respectively.

APPENDIX 2

SUMMARY OF INTEREST RATES MOVEMENT DURING 2012/13

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

Table 1: Bank Rate, Money Market Rates

Date		Bank Rate		O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2012		0.50		0.55	0.55	0.61	1.00	1.33	1.84	1.24	1.30	1.59
30/04/2012		0.50		0.50	0.65	0.60	0.99	1.32	1.84	1.35	1.43	1.68
31/05/2012		0.50		0.48	0.65	0.57	0.97	1.30	1.82	1.20	1.20	1.34
30/06/2012		0.50		0.50	0.50	0.55	0.83	1.13	1.65	0.96	0.99	1.25
31/07/2012		0.50		0.50	0.65	0.45	0.63	0.92	1.43	0.76	0.77	1.02
31/08/2012		0.50		0.50	0.52	0.40	0.57	0.81	1.23	0.75	0.78	1.01
30/09/2012		0.50		0.25	0.52	0.40	0.47	0.66	0.95	0.70	0.76	1.00
31/10/2012		0.50		0.25	0.44	0.40	0.44	0.55	0.82	0.69	0.77	1.05
30/11/2012		0.50		0.25	0.30	0.40	0.44	0.54	0.80	0.73	0.80	1.05
31/12/2012		0.50		0.25	0.43	0.40	0.44	0.54	0.80	0.69	0.76	1.00
31/01/2013		0.50		0.42	0.43	0.40	0.44	0.54	0.80	0.73	0.86	1.17
29/02/2013		0.50		0.41	0.42	0.40	0.44	0.54	0.80	0.59	0.69	1.05
31/03/2013		0.50		0.40	0.40	0.40	0.44	0.51	0.75	0.59	0.68	0.97
Minimum		**0.50**		**0.25**	**0.30**	**0.40**	**0.44**	**0.51**	**0.75**	**0.55**	**0.65**	**0.90**
Average		**0.50**		**0.39**	**0.49**	**0.45**	**0.62**	**0.82**	**1.19**	**0.84**	**0.90**	**1.17**
Maximum		**0.50**		**0.55**	**0.65**	**0.61**	**1.00**	**1.33**	**1.84**	**1.38**	**1.45**	**1.72**
Spread		**0.00**		**0.30**	**0.35**	**0.21**	**0.56**	**0.82**	**1.09**	**0.83**	**0.80**	**0.82**

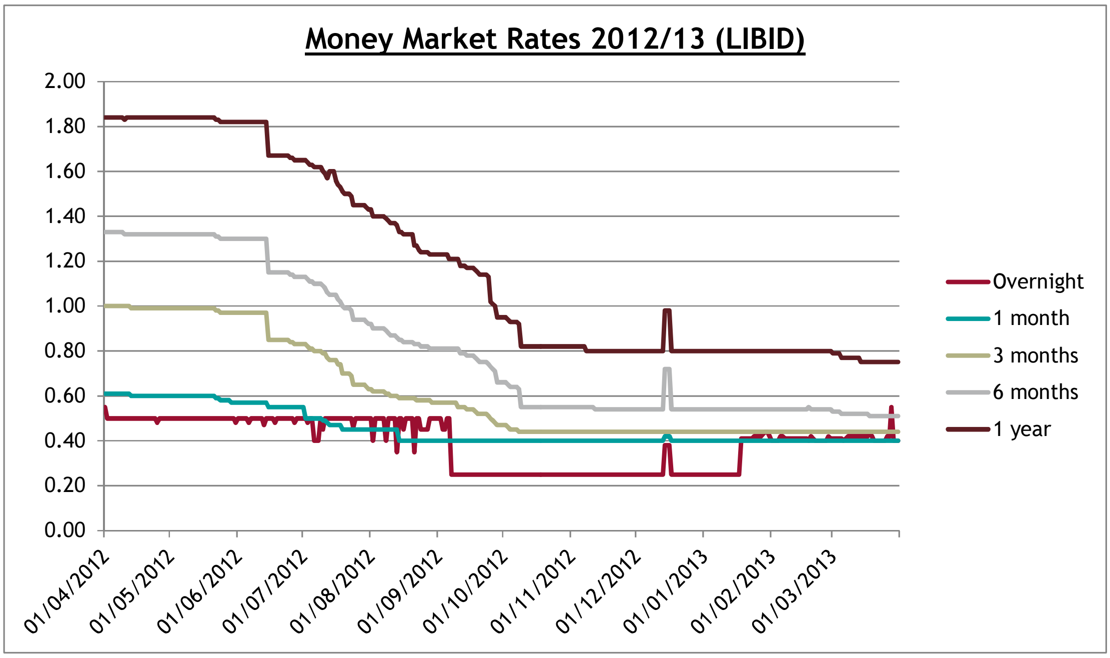


Table 2: PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2012	130/12	1.29	2.07	3.25	4.22	4.43	4.46	4.41
30/04/2012	166/12	1.31	2.09	3.15	4.13	4.38	4.42	4.39
31/05/2012	210/12	1.19	1.76	2.74	3.79	4.13	4.19	4.16
29/06/2012	248/12	1.20	1.84	2.83	3.79	4.11	4.19	4.16
31/07/2012	292/12	1.01	1.57	2.58	3.60	3.97	4.07	4.05
31/08/2012	336/12	1.07	1.62	2.61	3.62	4.05	4.14	4.11
28/09/2012	376/12	1.15	1.67	2.64	3.71	4.12	4.2	4.14
28/10/2012	422/12	1.19	1.82	2.82	3.81	4.17	4.25	4.19
30/11/2012	466/12	1.22	1.81	2.74	3.74	4.1	4.16	4.11
31/12/2012	504/12	1.22	1.89	2.83	3.82	4.18	4.25	4.21
31/01/2013	044/13	1.26	2.06	3.10	4.06	4.37	4.43	4.40
28/02/2013	084/13	1.16	1.91	3.04	4.04	4.36	4.43	4.40
28/03/2013	124/13	1.13	1.75	2.84	3.87	4.18	4.25	4.22
	Low	**1.01**	**1.57**	**2.58**	**3.60**	**3.97**	**4.07**	**4.05**
	Average	**1.18**	**1.84**	**2.86**	**3.86**	**4.20**	**4.26**	**4.23**
	High	**1.31**	**2.09**	**3.25**	**4.22**	**4.43**	**4.46**	**4.41**

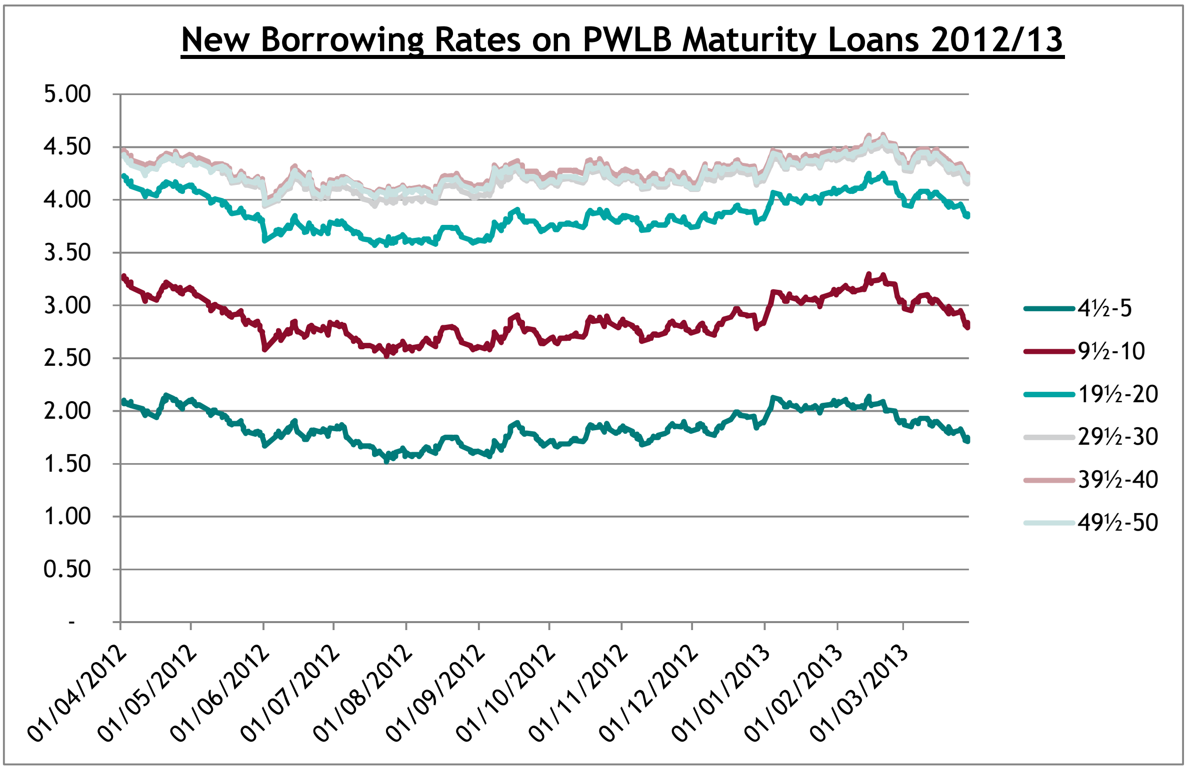


Table 3: PWLB Repayment Rates - Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2012	130/12	0.18	0.84	2.04	3.08	3.32	3.31	3.24
30/04/2012	166/12	0.20	0.87	1.95	3.00	3.27	3.27	3.22
31/05/2012	210/12	0.07	0.54	1.53	2.64	3.01	3.07	3.04
29/06/2012	248/12	0.07	0.62	1.63	2.64	2.99	3.07	3.04
31/07/2012	292/12	0.02	0.35	1.37	2.44	2.84	2.94	2.92
31/08/2012	336/12	0.02	0.40	1.41	2.47	2.92	3.02	2.99
28/09/2012	376/12	0.03	0.46	1.44	2.55	2.99	3.08	3.02
28/10/2012	422/12	0.07	0.59	1.62	2.66	3.05	3.13	3.07
30/11/2012	466/12	0.10	0.60	1.54	2.59	2.97	3.04	2.98
31/12/2012	504/12	0.10	0.66	1.63	2.67	3.05	3.13	3.09
31/01/2013	044/13	0.14	0.81	1.90	2.91	3.24	3.31	3.27
28/02/2013	084/13	0.04	0.66	1.83	2.89	3.23	3.31	3.27
28/03/2013	124/13	0.02	0.52	1.62	2.72	3.05	3.13	3.10
	Low	**0.02**	**0.30**	**1.31**	**2.41**	**2.81**	**2.88**	**2.84**
	Average	**0.08**	**0.62**	**1.67**	**2.72**	**3.09**	**3.16**	**3.12**
	High	**0.22**	**0.92**	**2.10**	**3.11**	**3.42**	**3.50**	**3.47**

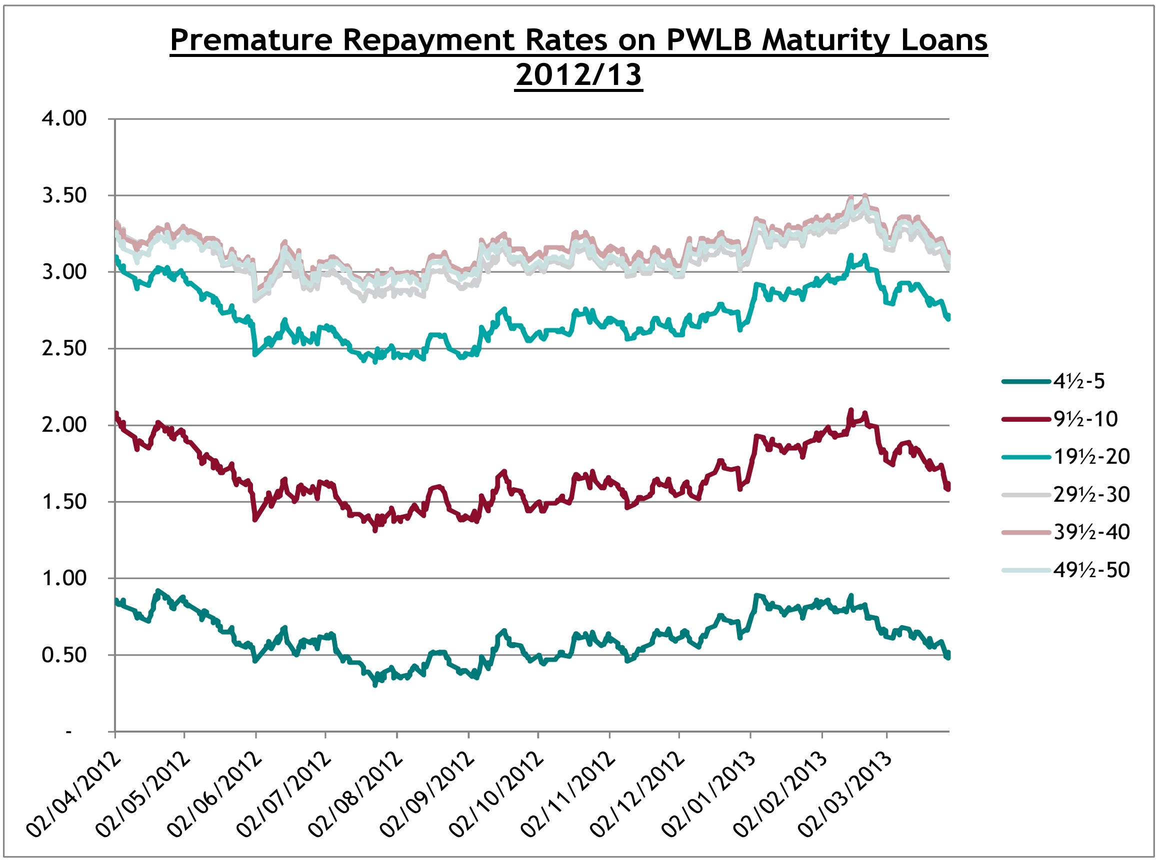


Table 4: PWLB Borrowing Rates – Fixed Rate, EIP Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2012	130/12	-	1.56	1.77	2.14	2.77	3.91	4.38
30/04/2012	166/12	-	1.60	1.81	2.15	2.72	3.81	4.31
31/05/2012	210/12	-	1.37	1.52	1.81	2.33	3.41	4.03
29/06/2012	248/12	-	1.41	1.59	1.89	2.42	3.45	4.01
31/07/2012	292/12	-	1.17	1.33	1.63	2.16	3.23	3.85
31/08/2012	336/12	-	1.22	1.38	1.67	2.20	3.25	3.90
28/09/2012	376/12	-	1.29	1.44	1.72	2.23	3.31	3.99
28/10/2012	422/12	-	1.39	1.56	1.88	2.42	3.46	4.05
30/11/2012	466/12	-	1.41	1.58	1.86	2.36	3.37	3.98
31/12/2012	504/12	-	1.45	1.64	1.94	2.45	3.46	4.06
31/01/2013	044/13	-	1.54	1.76	2.12	2.69	3.73	4.27
28/02/2013	084/13	-	1.39	1.60	1.97	2.59	3.70	4.25
28/03/2013	124/13	-	1.31	1.49	1.81	2.38	3.53	4.08
	Low	**-**	**1.14**	**1.28**	**1.57**	**2.10**	**3.18**	**3.81**
	Average	**-**	**1.40**	**1.58**	**1.90**	**2.45**	**3.52**	**4.10**
	High	**-**	**1.64**	**1.85**	**2.21**	**2.85**	**3.94**	**4.45**

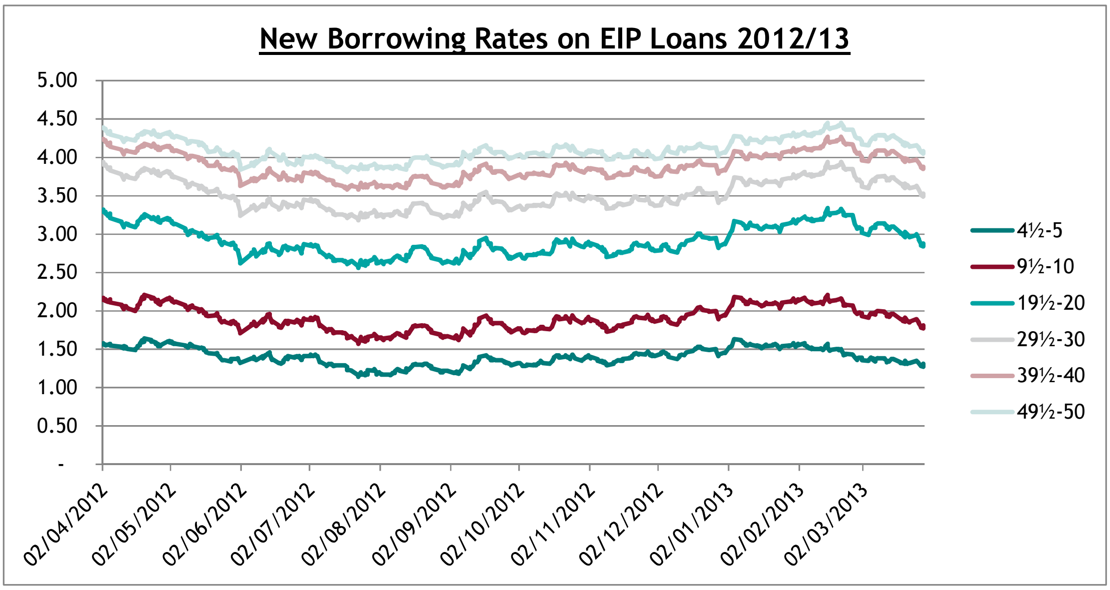


Table 5: PWLB Repayment Rates - Fixed Rate, EIP Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2012	130/12	-	0.40	0.60	0.96	1.60	2.78	3.26
30/04/2012	166/12	-	0.44	0.64	0.98	1.56	2.67	3.20
31/05/2012	210/12	-	0.21	0.36	0.64	1.16	2.27	2.90
29/06/2012	248/12	-	0.25	0.42	0.72	1.25	2.31	2.88
31/07/2012	292/12	-	0.02	0.17	0.45	0.99	2.09	2.72
31/08/2012	336/12	-	0.07	0.21	0.50	1.03	2.10	2.77
28/09/2012	376/12	-	0.14	0.28	0.55	1.06	2.16	2.86
28/10/2012	422/12	-	0.23	0.39	0.70	1.24	2.32	2.93
30/11/2012	466/12	-	0.26	0.41	0.69	1.19	2.23	2.86
31/12/2012	504/12	-	0.29	0.47	0.77	1.28	2.32	2.93
31/01/2013	044/13	-	0.37	0.58	0.94	1.52	2.59	3.14
28/02/2013	084/13	-	0.22	0.42	0.79	1.41	2.56	3.12
28/03/2013	124/13	-	0.16	0.32	0.63	1.21	2.39	2.95
	Low		**0.02**	**0.12**	**0.40**	**0.93**	**2.04**	**2.69**
	Average		**0.24**	**0.41**	**0.73**	**1.28**	**2.37**	**2.98**
	High		**0.48**	**0.69**	**1.04**	**1.68**	**2.81**	**3.32**

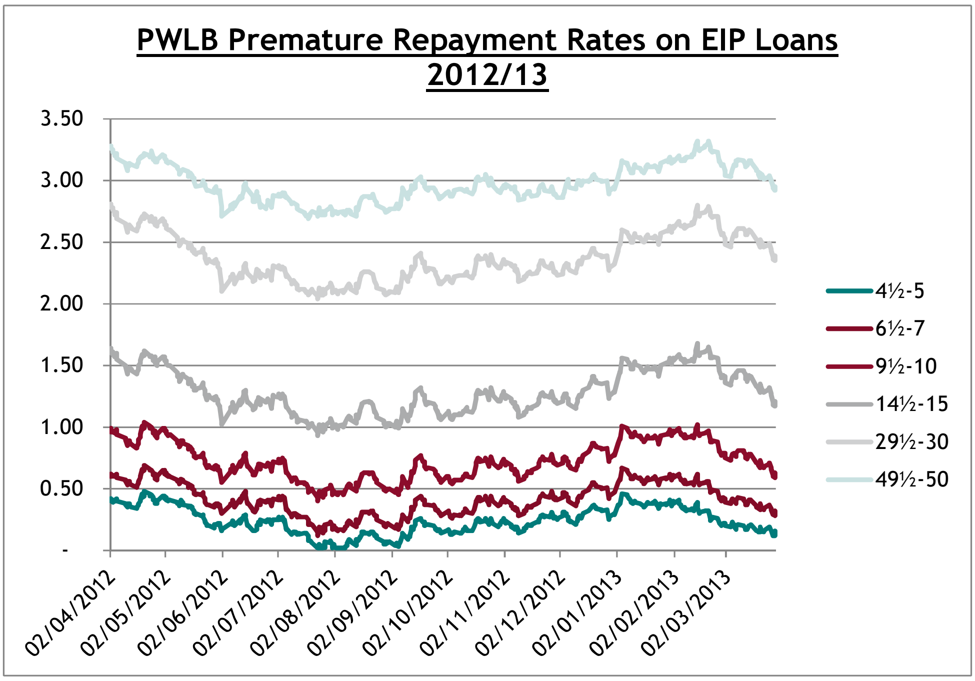
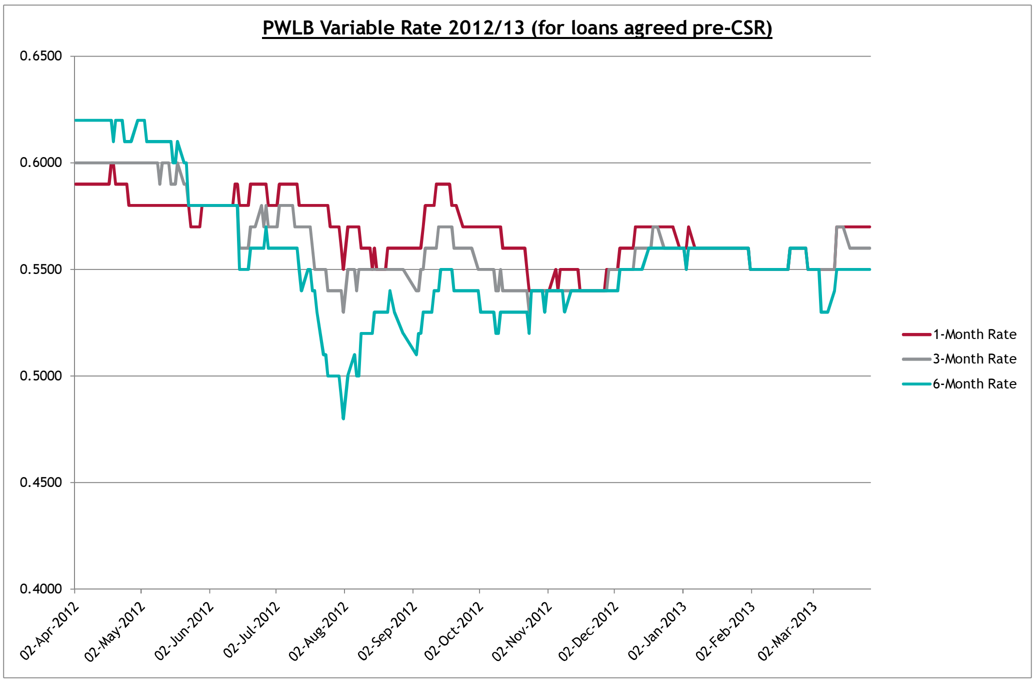
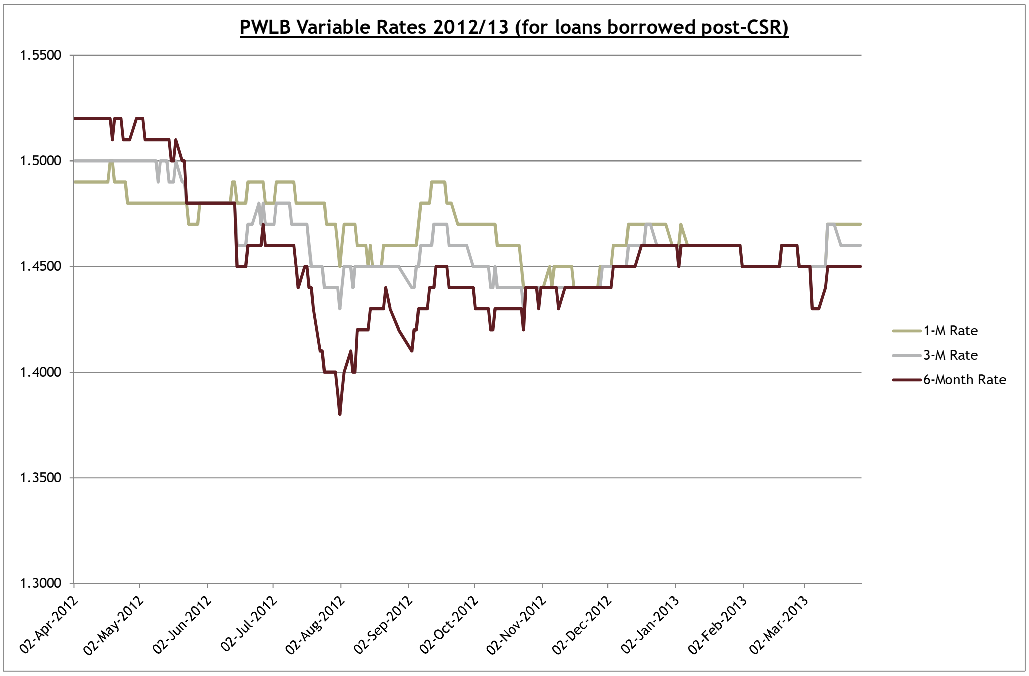


Table 6: PWLB Variable Rates

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR			Post-CSR		
02/04/2012	0.59	0.60	0.62	1.49	1.50	1.52
29/06/2012	0.58	0.57	0.56	1.48	1.47	1.46
28/09/2012	0.57	0.56	0.54	1.47	1.46	1.44
31/12/2012	0.56	0.56	0.56	1.46	1.46	1.46
28/03/2013	0.57	0.56	0.55	1.47	1.46	1.45
Low	**0.54**	**0.53**	**0.48**	**1.44**	**1.43**	**1.38**
Average	**0.57**	**0.56**	**0.55**	**1.47**	**1.46**	**1.45**
High	**0.60**	**0.60**	**0.62**	**1.50**	**1.50**	**1.52**





APPENDIX 3

COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2012/13

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

1. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts in the Balance Sheet relating to capital expenditure and its' financing.

Capital Financing Requirement	2011/12 Actual £M	2012/13 Revised Estimate £M	2012/13 Actual £M	2013/14 Estimate £M	2014/15 Estimate £M	2015/16 Estimate £M
General Fund	271	268	269	265	260	252
HRA	174	169	164	171	174	174
Total CFR	**445**	**437**	**433**	**436**	**434**	**426**

The actual position as at 31 March 2013 and the estimated position for the next two years based on the capital programme approved at council on the 13 February 2013 is due to the following:

Capital Financing Requirement	2011/12 Actual £M	2012/13 Revised Estimate £M	2012/13 Actual £M	2013/14 Estimate £M	2014/15 Estimate £M	2015/16 Estimate £M
Balance B/F	**360**	**445**	**445**	**433**	**436**	**434**
Capital expenditure financed from borrowing	21	13	11	25	15	5
Temporary Funding (Repayment)	0	(6)	(3)	(6)	(3)	0
HRA Debt	74	5				
HRA Debt Voluntary Repayments			(10)	(7)	(5)	(5)
Revenue provision for debt Redemption.	(7)	(18)	(8)	(6)	(7)	(6)
Movement in Other Long Term Liabilities	(2)	(2)	(2)	(3)	(2)	(2)
Cumulative Maximum External Borrowing Requirement	**445**	**437**	**433**	**436**	**434**	**426**

2. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Authority should ensure that the net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

In the Prudential Code Amendment (November 2012), it states that the Chief Financial Officer (CFO) should make arrangements for monitoring with respect to gross debt and the CFR such that any deviation is reported to him, since any such deviation may be significant and should lead to further investigation and action as appropriate.

The table below shows our current and projected position; please note the small amount of borrowing in excess of the CFR in latter years represents short term (temporary) borrowing for cash flow purposes and the expectation that we will need to externalise debt (which is currently supported by internal funds) as balances are expected to fall. Along side temporary borrowing the council runs an investment programme as detailed in the main report, (Paragraphs 22 to 31), which brings our net borrowing down below the CFR. The Authority had no difficulty in meeting this requirement in 2012/13 and does not envisage any difficulties in future years. This view takes into account current commitments and existing plans set out in the approved budget.

Capital Financing Requirement	2012/13 Approved Estimate £M	2012/13 Actual £M	2013/14 Estimate £M	2014/15 Estimate £M	2015/16 Estimate £M
CFR	441	433	437	438	430
Gross Long Term Debt	410	350	389	396	387
Difference	**31**	**83**	**48**	**42**	**43**
Short Term Debt	25	34	50	50	50
Difference	**6**	**49**	**(2)**	**(8)**	**(7)**
Borrowing in excess of CFR? (Y/N)	N	N	Y	Y	Y
Investments	(53)	(69)	(53)	(53)	(53)

3. **Balances and Reserves**

The Council's level of Balances and Reserves for 2012/13 and estimates to 2015/16 are currently as follows, although the forecasts for future years will be updated in the light of the actual position for 2012/13 and the development of both future revenue and capital spending plans during 2013/14:

	2011/12 Actual £M	2012/13 Actual £M	2013/14 Estimate £M	2014/15 Estimate £M	2015/16 Estimate £M
Balances and Reserves	70	76	41	29	27

4. **Authorised Limit and Operational Boundary for External Debt**

The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which is also known as the Authorised Limit should not be breached. The Council's Authorised Limit was set at £809M for 2012/13 and £817M for 2013/14.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. The Operational Boundary for 2012/13 was set at £772M and £779M for 2013/14.

The CFO confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year and borrowing at its peak was £310M.

5. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

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

	Limits for 2012/13 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	50
Compliance with Limits:	Yes

6. Total Principal Sums Invested for Periods Longer Than 364 days

This indicator allows the Council to manage the risk inherent in investments longer than 364 days and the limit is set at £50M. In 2012/13 the actual principal sum invested for periods longer than 364 days peaked at £13M, (compared to £27M in 2011/12). This was lower than the previous year due to the suspension of the rolling yearly programme of investments which was reintroduced in November 2012.

7. Maturity Structure of Fixed Rate Borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period.

The table below is not directly comparable to the information shown in paragraph 28 of the main report which represents the position reported in the Statement of Accounts and in order to satisfy accounting conventions splits out EIP loans in the early period based on repayments and not the maturity date.

	Lower Limit %	Upper Limit %	Actual Fixed Debt as at 31/3/2013 £M	Average Fixed Rate as at 31/3/2013 %	% of Fixed Rate as at 31/3/2013	Compliance With Set Limits?
Under 12 months	0	45	35	0.96	13.06	Yes
12 months and within 24 months	0	45	0	0.00	0.00	Yes
24 months and within 5 years	0	50	0	0.00	0.00	Yes
5 years and within 10 years	0	75	92	3.23	34.62	Yes
10 years and within 15 years	0	75	0	0.00	0.00	Yes
15 years and within 20 years	0	75	0	0.00	0.00	Yes
20 years and within 25 years	0	75	0	0.00	0.00	Yes
25 years and within 30 years	0	75	5	4.65	1.88	Yes
30 years and within 35 years	0	75	10	4.65	3.76	Yes
35 years and within 40 years	0	75	42	3.99	15.81	Yes
40 years and within 45 years	0	75	51	3.62	19.19	Yes
45 years and within 50 years	0	75	31	3.56	11.67	Yes
50 years and above	0	100	0	0.00	0.00	Yes
			266	**3.33**	**100.00**	

Please note: the TM Code Guidance Notes (Page 15) states: "The maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable without limit, such as in a LOBO loan, this should be treated as a right to require payment". For this indicator, the next option dates on the Council LOBO loans will therefore determine the maturity date of the loans.

8. Capital Expenditure

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

Capital Expenditure	2012/13 Approved £000's	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
General Fund	69,658	54,190	52,894	23,666	4,282
HRA	31,196	24,270	37,202	35,622	34,609
Total	**100,854**	**78,460**	**90,096**	**59,288**	**38,891**

Capital expenditure has been and will be financed or funded as follows:

Capital Financing	2012/13 Approved £000's	2012/13 Actual £000's	2013/14 Approved £000's	2014/15 Approved £000's	2015/16 Approved £000's
Capital receipts	18,107	11,393	15,402	11,079	1,049
Government Grants	36,978	32,488	30,946	10,762	2,100
Contributions	5,103	3,722	2,624	2,586	2,832
Major Repairs Allowance	17,172	16,206	16,117	16,843	16,841
Revenue	11,025	9,111	11,354	9,677	11,169
Total Financing	**88,385**	**72,920**	**76,443**	**50,947**	**33,991**
Unsupported borrowing	12,469	5,540	13,653	8,341	4,900
Total Funding	**100,854**	**78,460**	**90,096**	**59,288**	**38,891**
Temporary Financing (Repayment)	(6,100)	(2,560)	(5,860)	0	0
Total Financing & Funding	**94,754**	**75,900**	**84,236**	**59,288**	**38,891**

9. Ratio of Financing Costs to Net Revenue Stream

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

This indicator is not so relevant for the HRA, especially since the introduction of self financing, as financing costs have been built into their 30 year business plan, including the voluntary payment of MRP. The increase in the HRA financing costs is due to the reform of HRA of council housing finance which took effect from 28 March 2012. During 2012/13 the HRA made a voluntary debt repayment of £10.4M, which has led to an increase in the financing ratio for the year. This will result in lower borrowing costs for future years.

The upper limit for this ratio is currently set at 10% for the General Fund to allow for known borrowing decision in the next two years and to allow for additional borrowing affecting major schemes. The table below shows the likely position based on the approved capital programme adjusted for actual borrowing made in year.

Ratio of Financing Costs to Net Revenue Stream	**2011/12 Actual %**	**2012/13 Approved %**	**2012/13 Actual %**	**2013/14 Approved %**	**2014/15 Approved %**	**2015/16 Approved %**
General Fund	6.30	6.84	6.14	6.78	6.97	7.24
HRA	4.65	10.92	24.95	17.51	16.18	15.57
Total	**7.12**	**8.84**	**12.06**	**10.43**	**10.20**	**10.54**

10. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the authority adopted the principles of best practice.

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

11. HRA Limit on Indebtedness

Local authorities are required to report the level of the HRA CFR compared to the level of debt which is imposed (or subsequently amended) by the DCLG at the time of implementation of self-financing.

HRA Summary of Borrowing	**2012/13 Approved £M**	**2012/13 Actual £M**	**2013/14 Estimate £M**	**2014/15 Estimate £M**	**2015/16 Estimate £M**
Brought Forward	174.2	174.2	163.8	170.7	173.8
Maturing Debt	(8.6)	(10.4)	(5.6)	(5.1)	(5.1)
New borrowing	4.8	0.0	12.5	8.2	4.9
Carried Forward	**170.4**	**163.8**	**170.7**	**173.8**	**173.6**
HRA Debt Cap (as prescribed by DLG)	201.3	199.6	199.6	199.6	199.6
Headroom	**30.9**	**35.8**	**28.9**	**25.8**	**26.0**

12. Summary

As indicated in this report none of the Prudential Indicators have been breached.

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APPENDIX 4

GLOSSARY OF TREASURY TERMS

Authorised Limit (Also known as the Affordable Limit):

A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).

Balances and Reserves:

Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.

Bank Rate:

The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.

Basis Point:

A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in **interest rates** and **bond yields**. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%. In the bond market, a basis point is used to refer to the yield that a bond pays to the investor. For example, if a bond yield moves from 5.45% to 5.65%, it is said to have risen by 20 basis points. The usage of the basis point measure is primarily used in respect to yields and interest rates, but it may also be used to refer to the percentage change in the value of an asset such as a stock.

Bond:

A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.

Capital Expenditure:

Expenditure on the acquisition, creation or enhancement of capital assets.

Capital Financing Requirement (CFR):

The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.

Capital Receipts:

Money obtained on the sale of a capital asset.

CD's:

Certificates of Deposits with banks and building societies

Comprehensive Spending Review (CSR): Comprehensive Spending Review is a governmental process in the United Kingdom carried out by **HM Treasury** to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources. Spending Reviews typically focus upon one or several aspects of public spending while the CSR focuses upon each government department's spending requirements from a zero base (i.e. without reference to past plans or, initially, current expenditure).
Corporate Bonds: Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Cost of Carry: The “cost of carry” is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.
Counterparty List: List of approved financial institutions with which the Council can place investments with.
CPI : Consumer Price Index – the UK’s main measure of inflation.
Credit Rating: Formal opinion by a registered rating agency of a counterparty’s future ability to meet its financial liabilities; these are opinions only and not guarantees.
Department for Communities and Local Government (DCLG) : The DCLG is the UK Government department for Communities and Local Government in England. It was established in May 2006 and is the successor to the Office of the Deputy Prime Minister, established in 2001.
Debt Management Office (DMO): The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the **DMADF**. All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.
Diversification /diversified exposure: The spreading of investments among different types of assets or between markets in order to reduce risk.
Federal Reserve: The US central bank. (Often referred to as “the Fed”).

FTSE 100 Index: The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK company law. The index is maintained by the FTSE Group, a subsidiary of the London Stock Exchange Group.
General Fund: This includes most of the day-to-day spending and income.
Gilts: Gilts are bonds issued by the UK Government. They take their name from ‘gilt-edged’: being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
Gross Domestic Product (GDP): Gross Domestic Product measures the value of goods and services produced with in a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy.
The G7: The G7, is a group consisting of the finance ministers of seven industrialised nations: namely the US, UK, France, Germany, Italy, Canada and Japan. They are seven of the eight (China excluded) wealthiest nations on Earth, not by GDP but by global net wealth. The G7 represents more than the 66% of net global wealth ($223 trillion), according to Credit Suisse Global Wealth Report September 2012.
IFRS: International Financial Reporting Standards.
International Labour Organisation (ILO): The ILO Unemployment Rate refers to the percentage of economically active people who are unemployed by ILO standard and replaced the Claimant Unemployment Rate as the international standard for unemployment measurement in the UK.. Under the ILO approach, those who are considered as unemployed are either out of work but are actively looking for a job or out of work and are waiting to start a new job in the next two weeks. ILO Unemployment Rate is measured by a monthly survey, which is called the Labour Force Survey in United Kingdom. Approximately 40,000 individuals are interviewed each month, and the unemployment figure reported is the average data for the previous three months.
LIBID: The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks). It is "the opposite" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). Whilst the British Bankers' Association set LIBOR rates, there is no correspondent official LIBID fixing.

LIBOR: The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.
LOBO: Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the ‘option’ to either accept the new imposed fixed rate or repay the loan facility. The upshot of this is that on the option exercise date, the lender could propose an extreme fixed rate, say 20 per cent, which would effectively force the repayment of the underlying facility. The borrower’s so called ‘option’ is only the inalienable right to accept or refuse a new deal such as a fixed rate of 20 per cent.
Maturity: The date when an investment or borrowing is repaid.
Maturity Structure / Profile: A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by quarter or month-by-month basis.
Minimum Revenue Provision (MRP): An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
Money Market Funds (MMF): Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.
Multilateral Development Banks: See Supranational Bonds below.
Non Specified Investment: Investments which fall outside the CLG Guidance for **Specified investments** (below).
Operational Boundary: This linked directly to the Council’s estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Premiums and Discounts:

In the context of local authority borrowing,

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

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

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

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

Prudential Code:

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

Prudential Indicators:

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

Public Works Loans Board (PWLB):

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

Quantitative Easing (QE):

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

Revenue Expenditure:

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

RPI:

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

(Short) Term Deposits:

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

Specified Investments:

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

Supported Borrowing:

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

Supranational Bonds:

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

T-Bills:

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

Temporary Borrowing:

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

Treasury Management Code:

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

Treasury Management Practices (TMP):

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

Unsupported Borrowing:

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

Yield:

The measure of the return on an investment instrument.

DECISION-MAKER:		COUNCIL		
SUBJECT:		COLLECTION FUND OUTTURN 2012/13		
DATE OF DECISION:		17 JULY 2013		
REPORT OF:		CABINET MEMBER FOR RESOURCES		
CONTACT DETAILS				
AUTHOR:	**Name:**	Alison Chard	**Tel:**	023 8083 4897
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Director	**Name:**	Mark Heath	**Tel:**	023 8083 2371
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STATEMENT OF CONFIDENTIALITY
NOT APPLICABLE

BRIEF SUMMARY

The purpose of this report is to inform Council of the actual payments that have been made to and from the Collection Fund during the financial year 2012/13, explaining any variations that affect the overall surplus or deficit on the account.

The impact of any surplus or deficit on future Council Tax calculations is outlined in paragraph 17.

The Collection Fund was in deficit by £116,300 in 2012/13. This is a difference of £319,400 when compared to the revised estimate which anticipated a deficit of £435,700 (see Appendix 1). The reduction in the deficit compared to the estimate is due to a decrease in the bad debt provision (£135,100) and increased income from Council Tax Payers (£184,300). The variances in respect of National Non-Domestic Rate (NNDR) income and expenditure of £2.2M are neutral in 2012/13. However, variances in future years will directly impact on the Collection Fund following the localisation of Business Rates, as outlined in paragraphs 22 to 25. A complete variance analysis is included in paragraphs 11 to 17.

RECOMMENDATIONS:

It is recommended that Council:

(i) Notes the accounts for the Collection Fund in 2012/13 as shown in Appendix 1.

REASONS FOR REPORT RECOMMENDATIONS

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

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. No alternative options are relevant to this report

DETAIL (Including consultation carried out)

CONSULTATION

3. Not Applicable.

FINANCIAL SUMMARY

4. Income received into the Collection Fund comes from two sources, NNDR and Council Tax. Income received from NNDR payers is paid in full to the Central Government NNDR Pool after a contribution has been made to the City Council's General Fund to meet the costs of collection. The net effect of NNDR on the Collection Fund is therefore neutral. However, from 2013/14, due to the localisation of Business Rates under the Business Rate Retention (BRR) Scheme, NNDR variances will have an impact on the Collection Fund Outturn. See paragraphs 22 to 25 for further details.

5. The remainder of the income received by the Collection Fund is the income due from Council Tax Payers. Some households are entitled to various allowances to the standard rate including the Single Person Discount and Council Tax Benefit that reduce the amount that they are required to pay. The cost of Council Tax Benefit is currently met in full by Government subsidy. However, from 2013/14 onwards this is no longer the position due to ending of Council Tax Benefit and the introduction of a Local Council Tax discount scheme. See paragraph 19 for further details.

6. Local Council Tax discounts have been approved. In 2012/13 these offer households where all occupants are over 65 a 10% discount and households where an occupant is a Special Constable serving in Southampton a 100% discount. The cost of these discounts is met by the General Fund. These discounts will not continue in 2013/14 and the decision to end these local discounts was approved by Council on 16 January 2013.

7. The income due from Council Tax Payers is intended to match the expenditure on the Collection Fund. Expenditure consists of the amounts that are paid to those bodies that are entitled to make a demand (precept) on the Fund, together with a provision for bad debts. For Southampton, the City Council, the Hampshire Police Authority and the Hampshire Fire and Rescue Authority (HFRA) levied a precept on the Fund in 2012/13.

OUTTURN POSITION 2012/13

8. The overall position on the Council Tax Collection Fund at 31 March 2013 is illustrated in Appendix 1. This shows that a deficit of £116,300 has been made in the year. After adjusting for the surplus brought forward from 2011/12 of £1.6M, a surplus of approximately £1.5M is to be carried forward.

9. When setting the Council Tax for 2013/14 in February 2013, it was estimated that there would be a surplus of £1,2M to be carried forward. This estimated surplus was taken into account in setting the 2013/14 Council Tax and was shared by the City Council, the Police & Crime Commissioner for Hampshire and the HFRA in proportion to the precepts levied by each authority in 2012/13.

10. This leaves a surplus of £319,400 that will be carried forward to 2013/14 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2014/15 is set.

EXPLANATION OF VARIANCES

11. Income from NNDR payers shows a reduction of £2.2M (2.21%) compared to the revised estimate of £99.6M (see Appendix 1). This was largely due to the deletion of entries on the valuation list in relation to the docks / port premises of approximately £2.6M.

The Valuation Office Agency (VOA) launched a ports review in May 2006 which took two years to complete. As a result of the review many port businesses, whose premises were now for the first time separately identified as rateable, were faced with substantial rates bills (sent in 2008) many of which were backdated to April 2005. The *Localism Act*, given Royal Assent on 15 November, gave the Secretary of State the power to introduce regulations prescribing the conditions for cancellation. Regulations were laid on 5 March 2012 that would implement the cancellation of certain of the backdated business rate liabilities. The regulations came into force on 31 March 2012. In June 2012 adjustments were made locally to the business rates accounts of those customers who qualified for the relief which reversed the backdated debts. Refunds totalling £2.6M brought to an end a very long saga.

12. In addition, in May 2013, Southampton's VOA Relationship Manager gave retrospective notice of a significant deletion from the City's rating list. The Freightliner Terminal was deleted from the City's rating list and moved to the Central Railways rating list with effect from 16 March 2012. This reduced the rating list by £1.2M

The impact of this deletion was that the Council had to refund the 2012/13 Business Rates of £0.6M. The refund due to the Freightliner Terminal has been reflected in both the 2012/13 Collection Fund Account and the end of year submission (NNDR3 Return) to Central Government, therefore the full cost of the refund will be met by Central Government under the Business Rate arrangements in place for the Financial Year ended 31 March 2013.

Under the new arrangements associated with BRR, the impact of removing the Freightliner Terminal with a rateable value of £1.2M from the City's rating list is a reduction in Business Rates income collectable of £586,000, (i.e. rateable value multiplied by the small business non domestic rating multiplier), and this will be borne by Central Government (50%), the Council (49%) and the HFRA (1%).

13. As previously stated, the overall effect currently on the Collection Fund of any changes in NNDR income and expenditure is neutral. This is illustrated by the corresponding decrease of £2.2M in Payments to the NNDR Pool in the expenditure section of the Collection Fund Account.

14. Income due from Council Tax payers has increased slightly by £184,300 (0.19%) compared to the revised estimate of £98.8M which is not material.

15. The remaining item of expenditure is the Bad Debt Provision. All authorities are required to make provision for Council Tax bills that may have to be written off if full payment is not received. The level of provision required is reviewed each year based on the total level of arrears outstanding. An analysis of the status of the arrears as at 31 March 2013 suggests that the following provisions are required:

Year	£000's
Prior Years	318
2006/07	263
2007/08	506
2008/09	717
2009/10	809
2010/11	1,007
2011/12	1,439
2012/13	1,536
Total	**6,595**

16. The bad debt provision available at the end of the year was £5.1M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £6.6M a contribution of £1.5M needs to be made to the Provision for Bad Debts in the year, a decrease of £135,100 compared to the revised estimate. When setting the estimate a prudent assessment was made of the impact of the economic climate on the arrears position and the resulting bad debt provision required has been more favourable.

17. The bad debt provision of £6.6M compares to a total arrears figure of £8.3M which represents 79% of the total amount outstanding. The total level of arrears also needs to be seen in the context that over the last eight years total debts of £735.3M have been raised.

FUTURE YEAR'S COUNCIL TAX

18. The surplus of £319,400 on the Collection Fund, as explained in paragraphs 8 to 10 will be shared between Southampton City Council the Police & Crime Commissioner for Hampshire and the HFRA, based on the precepts levied on the Fund in 2013/14. Southampton's share of this surplus which amounts to £273,400 will be taken into account when setting the 2014/15 Council Tax.

FUTURE CHANGES IN LOCAL GOVERNMENT FINANCE THAT IMPACT ON THE COLLECTION FUND

Technical Reforms of Council Tax

19. The Department for Communities and Local Government (DCLG) issued a consultation paper in October 2011 outlining reforms to Council Tax. These changes were included within the Local Government Finance Act 2012 and gave the Council local discretion from April 2013 to make significant changes to the discounts and exemptions that are currently offered on Council Tax, as follows:

- The application of exemptions to Council Tax to a number of classes of empty property, for example, where improvement works make the building uninhabitable;
- The introduction of an empty homes premium; and
- The abolition of the second homes discount.

The Council approved its Local Scheme in January 2013 to apply from 1 April 2013 and took advantage of those changes which will increase the level of Council Tax that is raised and mitigate some of the potential effects of the Localisation changes set out in paragraph 20 below.

Localisation of Council Tax Support

20. The Comprehensive Spending Review (CSR) 2010 included proposals to localise support for Council Tax from the beginning of the financial year 2013/14. The main change for the Council is that a grant will be paid to the General Fund to replace the funding for Council Tax Benefit paid into the Collection Fund. The major change for recipients is that the grant will cover only around 90% of the current benefits and Local Authorities were expected to introduce revised local benefit schemes that in total reduce benefits by 10% overall, or alternatively fund the reductions through other means. This will not be a uniform reduction as certain recipients, (such as pensioners) are legally excluded from the reduction.

21. A scheme was adopted by Council by the statutory deadline of 31 January 2013, to be implemented from 1 April 2013. The move away from a nationally prescribed scheme for calculating council tax benefit, and the introduction of a local scheme based on a reduction of 10% in the overall grant available from the government brings with it increased risk. One of these risks is that there will be an increase in council tax arrears due to non payment as, some current benefit recipients will be required to pay a higher contribution towards their Council Tax bill or in many cases pay Council Tax for the first time under the new local scheme.

Retention of Business Rates

22. The 1 of April 2013 is when the arrangements for the new BRR Scheme come into effect. From this date the Council assume some liability for refunding ratepayers who successfully appeal against the rateable value of their properties on the rating list. This will include amounts that were paid over to Central Government in respect of 2012/13 and prior years.

23. Previously, such amounts would have been deducted from the total paid to Central Government. However, under the new BRR arrangements Central Government is only liable for 50% of future successful appeals refunds, the Council being liable for 49% and the HFRA for the remaining 1%.

24. In January 2013, the Council were required to submit an estimate (NNDR1 form), to Central Government, of how much they expected to collect in Business Rates in 2013/14. The NNDR1 included an adjustment for future successful appeals of approximately £5.8M, of which the Council is liable for £2.9M. In accordance with CIPFA guidance no provision has been made in the Financial Statements as the liability does not crystallise until 1 April 2013. (The loss of The Freightliner Terminal Rateable Value of £1.2M referred to in paragraph 12 has not been reflected in our estimate to Central Government).

25. It is recognised that the introduction of BRR whilst offering an incentive to Local Authorities to grow their economies and resulting business rate income, also transfers risks. A reduction in the level of business rates collected below the level assumed and built into the General Fund revenue budget, will directly impact on the Council's bottom line through reduced income. A fall in business rates income could be due to the impact of businesses closing with insufficient new business opening to offset the reduction in rateable value, or it could be due to a higher than anticipated reduction in income due to lost appeals.

RESOURCE IMPLICATIONS

Capital/Revenue

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

Property/Other

27. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

29. None

POLICY FRAMEWORK IMPLICATIONS

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

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	

SUPPORTING DOCUMENTATION

Appendices

1.	Collection Fund 2012/13

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/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.	None	

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APPENDIX 1

COUNCIL TAX COLLECTION FUND REVENUE ACCOUNT FOR YEAR ENDED 31ST MARCH 2013

Original Estimate 2012/13 £000		Revised Estimate 2012/13 £000	Actual 2012/13 £000	Variance Adverse / (Favourable) 2012/13 £000
	Income			
(99,560)	Income from NNDR Payers	(99,560)	(97,386)	2,173
(98,827)	Net Income Due from Council Tax Payers	(98,766)	(98,950)	(184)
(198,386)		**(198,325)**	**(196,336)**	**1,989**
	Expenditure			
83,206	Southampton City Council Precept	83,206	83,206	0
9,820	Hampshire Police Authority Precept	9,820	9,820	0
4,121	Fire & Rescue Services Precept	4,121	4,121	(0)
436	Distribution of previous year's surplus	436	436	0
99,237	Payments to the NNDR Pool	99,237	97,064	(2,173)
322	Allowance to General Fund for NNDR Collection	322	322	(0)
1,680	Provision for Bad Debts	1,619	1,484	(135)
198,822		**198,761**	**196,453**	**(2,309)**
436	**(Surplus) / Deficit For the Year**	**436**	**116**	**(319)**
(436)	Surplus brought forward	(1,652)	(1,652)	0
0	**(Surplus) / Deficit Carried Forward**	**(1,216)**	**(1,536)**	**(319)**
0	Less Surplus applied in setting 2013/14 Council Tax	1,216	1,216	0
0	**(Surplus) / Deficit Remaining**	**0**	**(319)**	**(319)**

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DECISION-MAKER:	COUNCIL
SUBJECT:	HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2012/13
DATE OF DECISION:	17 JULY 2013
REPORT OF:	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY

CONTACT DETAILS

AUTHORS:	**Name:**	**Alan Denford** **Nick Cross**	**Tel:**	**023 8083 3159** **023 8083 2241**
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STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY

This is the Housing Revenue Account (HRA) revenue and capital outturn report for the financial year 2012/13.

The actual level of net revenue spending in 2012/13 was £1,007,700 lower than expected. This variation represents 1.5% of the total turnover of over £67.6M. The final outturn shows a surplus for the year of £668,000 compared to a budgeted deficit of £339,700. The HRA working balance at 31 March 2013 is £3,289,000.

Total capital expenditure in 2012/13 was £24,270,000 compared to the approved budget of £26,351,000, which represents a 92.1% spend level against the approved budget. Capital financing that was not used during the year, mainly due to scheme slippage, will be available to fund expenditure in 2013/14.

The 2012/13 capital expenditure has made significant improvements to the condition of the Council's housing stock, which include replacing lifts, providing new heating systems and boilers, installing new communal door entry systems, refurbishing supported housing schemes and completing significant numbers of new kitchens and bathrooms.

Capital expenditure has also been focused on carrying out works within our estates and neighbourhoods. This includes the decent neighbourhoods programme and estate regeneration.

RECOMMENDATIONS:

(i) To note the HRA revenue outturn for the financial year 2012/13, which shows a favourable variance for the year of £1,007,700 and balances at the end of the year of £3,289,000;

(ii) To approve the revenue carry forward into 2013/14 of £573,000, as set out in paragraph 11 of this report;

(iii) To note the capital outturn for 2012/13;

(iv) To approve the amendments to the HRA Capital Programme for 2013/14 set out in Appendix 3 to take account of the slippage and re-phasing in 2012/13; and

(v) To note that the use of the additional resources will be considered as part of the next full update of the HRA Business Plan later in 2013.

REASONS FOR REPORT RECOMMENDATIONS

1. The HRA revenue and capital outturn for 2012/13 forms part of the Council's statutory accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. This report outlines the actual level of spend on the HRA for the financial year 2012/13. The figures have been prepared in accordance with statutory accounting principles. There are therefore no other options relating to the HRA revenue outturn position for members to consider. Members could decide not to amend the 2013/14 Capital Programme to reflect the 2012/13 outturn, but this could result in some approved schemes either not being completed, or overspending due to contractual commitments.

DETAIL (Including consultation carried out)

Background

3. The Housing Revenue Account records all the income and expenditure associated with the provision and management of Council owned homes in the City. This account funds a significant range of services to over 19,000 Southampton tenants and leaseholders and their families. This provides for the allocation, management, maintenance and improvement of Council homes in the City.

4. The HRA Capital Programme deals with all capital expenditure on Council Housing and related environmental works. The main focus is to continue the investment in the estate regeneration programme, as well as delivering safe, wind and weather tight homes, which are warm and energy efficient. There is also a focus on providing modern facilities and well maintained communal facilities.

5. This report sets out the actual level of revenue spending on day to day services provided to City tenants recorded in the HRA in 2012/13. The report compares the latest estimate for 2012/13 with the final expenditure for the year.

6. This report also summarises the HRA Capital Programme outturn for 2012/13 and recommends adjustments to the 2013/14 capital programme to take account of actual spending in 2012/13.

7. Local Authorities with a retained housing stock are required to publish the HRA revenue outturn in accordance with CIPFA's Service Reporting Code of Practice. The HRA outturn for 2012/13 can be found in this form in the Authority's Annual Statement of Accounts.

Consultation

8. The HRA revenue and capital outturn outlined in this report represents the actual level of spending in 2012/13. The financial information has been prepared in accordance with statutory accounting principles. The adjustments to the capital programme for 2013/14 are directly related to performance in 2012/13. Although there is no statutory duty to consult, the information in this report has been discussed at meetings of the Tenant Resource Group.

Revenue Outturn

9. The HRA Revenue Summary attached at Appendix 1 shows a decrease in expenditure of £922,700 (1.3%) and an increase in income of £85,000 (0.1%). Balances as at 31 March 2013 are therefore £1,007,700 higher than expected.

10. The net effect of changes in income and expenditure is a surplus on the HRA for the year of £668,000 against a budgeted deficit of £339,700, which results in an increase in working balances as at 31 March 2013. The working balance on the HRA, which will be carried forward into 2013/14, is therefore £3,289,000. In the HRA Business Plan agreed by Cabinet and Council in February 2012 it was agreed to set a minimum working balance for the HRA each year of £2m. This outturn therefore supports this principle and delivers an additional surplus of £1,289,000.

11. An explanation of the variances can be found at Appendix 2. It is noted that some of the under spend requires the carry forward of budget provision into 2013/14 so that specific projects can be completed. These are listed in the table below:

	£
External decorations (to address backlog)	238,000
Housing Operations Transformation (mobile working)	180,000
Policy Team (scanning project / tenant handbook)	35,000
Replacement of stock condition database	120,000
Total carry-forward recommendations	**573,000**

12. If these carry forward requests are approved, this leaves an overall improvement in revenue balances of £434,700.

Capital Outturn

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

Section	Approved Estimate 2012/13 £'000	Actual Outturn 2012/13 £'000	Over/(Under spend) £'000	%
Safe Wind and Weather Tight	5,800	5,269	(531)	(9.2)
Modern Facilities	10,312	10,017	(295)	(2.9)
Well Maintained Communal Facilities	5,106	4,670	(436)	(8.5)
Warm & Energy Efficient	2,253	1,889	(364)	(16.2)
Estate Regeneration	2,488	2,152	(336)	(13.5)
New Build	392	273	(119)	(30.4)
TOTAL	26,351	24,270	(2,081)	(7.9)

14. Appendix 3 shows the variances in every scheme in the capital programme. Appendix 4 provides an explanation of all variances over £100,000.

15. The expenditure detailed above has made significant improvements to the condition of the Council's housing stock, which includes essential major repairs, various environmental / neighbourhood improvements and the provision of new kitchens and bathrooms.

16. Some amendments to the 2013/14 Programme, which take account of the variations in 2012/13, are recommended for approval in this report (see Appendix 3). A summary of the changes is shown in the following table:

	£000
Current Programme 2013/14	44,900
Spending delayed into 2013/14 from 2012/13	3,314
Spending brought forward into 2012/13 from 2013/14	(1,311)
Proposed Programme 2013/14	46,903

17. In addition, Appendix 3 shows variations on completed capital schemes. There are under spends of £113,000 and over spends of £35,000, leading to a net saving of £78,000 on existing projects, which will be used to fund other work in 2013/14.

Capital Financing

18. A comparison of the final financing of the spending in 2012/13 with the approved budgets is shown below:

	Approved Estimate £'000	Resources Used £'000	Variance £'000
Grants/Contributions	959	992	33
Depreciation	17,172	16,206	(966)
Direct Revenue Financing	4,342	6,288	1,946
Capital Receipts	3,697	784	(2,913)
Borrowing	181	0	(181)
TOTAL	26,351	24,270	(2,081)

19. The main changes to the resources are explained below:
    - The combined depreciation and direct revenue financing (DRF) contribution to the funding of capital expenditure has been increased to allow other capital resources to be carried forward and reduce the borrowing requirement to support the Capital Programme in 2013/14.
    - The use of capital receipts was reduced, due to the substitution of the available DRF and to reflect the level of expenditure in the programme being approximately 8% lower than anticipated.

20. The funding changes in 2012/13 mainly arise from timing issues. The HRA business plan assumes that part of the annual revenue income will be used to fund capital expenditure. The level of this DRF has been increased in 2012/13, which means that there will be more capital receipts available to fund the future years' capital programme without recourse to borrowing. In overall terms, there has not been any material change in the resources used to fund the HRA capital programme.

Overall position

21. In summary:
    - The HRA working balance has increased by £434,700, after allowing for the carry forward of the £573,000 needed to fund outstanding projects.
    - The capital programme for 2013/14 will be increased by £2,003,000 due to the slippage and re-phasing from 2012/13.
    - There are net savings of £78,000 on completed capital schemes.
    - There was no material change in the level of resources used to fund the HRA capital programme.

22. The effect of these and other changes will be considered as part of the next full update of the HRA Business Plan later in 2013.

RESOURCE IMPLICATIONS

Capital/Revenue

28. These are contained in the detail of the report.

Property/Other

29. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

31. None

POLICY FRAMEWORK IMPLICATIONS

32. The HRA revenue and capital outturn for 2012/13 forms part of the Council's overall Statutory Accounts. The details in this report reflect the actual level of spending on day to day services that were provided to Council tenants, and the actual level of capital spending in 2012/13. This is compared to the approved budget for the year.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All

SUPPORTING DOCUMENTATION

Appendices

1.	HRA Revenue Summary Outturn 2012/13
2.	Revenue Variances
3.	HRA Capital Programme Outturn 2012/13
4.	Capital Variances

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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.	None	

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APPENDIX 1

HOUSING REVENUE ACCOUNT

Revised Estimate 2012/13 £'000		Actual Outturn 2012/13 £'000	Variation £'000	%
	SUMMARY			
	EXPENDITURE			
10,177.9	Responsive Repairs	10,140.0	-37.9	-0.4%
4,358.5	Housing Investment	3,966.7	-391.8	-9.0%
14,536.4	Total Repairs	14,106.7	-429.7	-3.0%
80.0	Rents Payable	83.9	3.9	4.9%
69.8	Debt Management	48.1	-21.7	-31.1%
18,718.5	Supervision & Management	17,525.4	-1,193.1	-6.4%
5,966.1	Interest Repayments	5,717.4	-248.7	-4.2%
10,433.9	Principal Repayments	10,421.1	-12.8	-0.1%
17,172.0	Depreciation	16,205.7	-966.3	-5.6%
1,614.7	Direct Revenue Financing of Capital	3,560.3	1,945.6	120.5%
68,591.4	**TOTAL EXPENDITURE**	67,668.7	-922.7	-1.3%
	INCOME			
65,092.4	Dwelling Rents	65,151.0	-58.6	-0.1%
1,221.4	Other Rents	1,257.3	-35.9	-2.9%
66,313.8	Total Rental Income	66,408.3	-94.5	-0.1%
1,341.4	Service Charge Income	1,329.6	11.8	0.9%
586.8	Leaseholder Service Charges	563.7	23.1	3.9%
9.7	Interest Received	35.1	-25.4	-261.6%
68,251.7	**TOTAL INCOME**	68,336.7	-85.0	-0.1%
(339.7)	**SURPLUS/(DEFICIT) FOR YEAR**	668.0	-1,007.7	
	BALANCES			
2,621.0	Working Balance B/Fwd	2,621.0	0.0	
(339.7)	Surplus/(deficit) for year	668.0	-1,007.7	
2,281.3	**WORKING BALANCE C/FWD**	3,289.0	-1,007.7	

Appendix 2

HRA Outturn 2012/13 - Revenue Variances

Housing Investment - £391,800 under spend (9.0%)
The material variations in the programme repairs budget were as follows:

External Decorations – under spend of £238,200 (48.3%)

Some of the planned work was not carried out in the year, due to delays in negotiations to appoint a replacement contractor. This under spend is the subject of a **carry-forward recommendation** to allow the new contractor to address the backlog of work.

Asbestos Works – under spend of £72,600 (13.0%)

For the revised estimate, a "worst-case" scenario was allowed for when forecasting the cost of asbestos clearance at International Way. The final cost was substantially lower than forecast.

Gas Servicing – under spend of £72,900 (5.2%)

Gas Servicing – A £25,000 under spend was due to actual gas labour hours being lower than estimated. This was mainly due to staff sickness and access issues.

Gas Breakdowns – The budget included costs identified for betterment and major repairs. The planned replacement programme has reduced the need for such repairs. This resulted in an under spend of £43,000.

The remaining under spend was due to some survey work being carried out later than planned.

Supervision and Management - £1,193,100 under spend (6.4%)
This heading covers the costs of all services provided to tenants other than repairs. The main variations were as follows:

Housing Operations Transformation Project – under spend of £238,600

The implementation of Mobile Working has been delayed to enable the output from the Lean project to inform the decision on the most suitable solution. The budget of £180,000 for the purchase of the mobile devices required will not now be required until 2013/14. This under spend is the subject of a **carry-forward recommendation.**

Development of new Housing Initiatives – under spend of £409,800

As part of self-financing a provision was set aside within the Business Plan for the development of new services and initiatives as part of Housing's expanding role in the city. These include participation in a Council wide change programme and the development of new energy partnerships. Due to challenges in recruitment and implementing restructures, not all the funding allocated has been spent in the year.

Policy Team – under spend of £58,000

An under spend within the Policy Team is mainly due to delays in implementing the Scanning Project and the creation of the Tenants Handbook. **Carry-forward recommendations** have been included for scanning (£25,000) and the handbook (£10,000).

Replacement of stock condition database – under spend of £120,000

A budget of £120,000 had been set aside for the replacement of the Council's current stock database system. Whilst procurement is underway the purchase of the new software did not complete in 2012-13 and is expected in early 2013-14. This under spend is the subject of a **carry-forward recommendation.**

Staffing budgets

- There are budget savings of £85,700, due to a delay in implementing the Warden Review, as budgets had been held to cover any implementation costs.
- Recruitment delays in Sheltered Wardens, together with lower than budgeted supplies and services costs, has resulted in an under spend of £57,000.
- There are a large number of smaller favourable variances within the Supervision & Management budgets, including savings due to recruitment delays and an under spend on general services and fees.

Other budget variances

Interest Repayments – £248,700 under spend (4.2%)

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

Total Income – £85,000 favourable variance (0.1%)

An increase in total income has resulted in a small overall favourable variance in year. The major contributors are a reduction in voids in the last quarter of the year and a higher average cash balance, resulting in higher interest received.

Depreciation/Direct Revenue Financing of Capital - £979,300 addition (5.2%)

This combined revenue contribution to the funding of capital expenditure has been increased by £979,300. This will allow other capital resources to be carried forward and reduce the borrowing requirement to support the ambitious HRA Capital Programme for 2013/14

CAPITAL OUTTURN 2012/13

Appendix 3

PM	Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance Against Approved Budget	Slippage	Rephasing	Underspend	Overspend
			£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
		Estate Regeneration									
J Windebank	1257	Cumbrian Way	180	0	180	**150**	(30)	(30)	0	0	0
J Windebank	1258	Exford Parade	500	0	500	**549**	49	0	49	0	0
J Windebank	1259	Laxton Close	108	0	108	**96**	(12)	(12)	0	0	0
J Windebank	1260	Meggeson Avenue	55	0	55	**55**	(0)	0	0	0	0
D Friedman-Brown	1262	Hinkler Parade	279	(219)	60	**63**	3	0	3	0	0
E Aldred	1514	Estate Regeneration City Wide Framework	47	0	47	**44**	(3)	(3)	0	0	0
K Gunner	1600	Small Site Disposals	64	0	64	**6**	(58)	(58)	0	0	0
D Friedman-Brown	1613	Weston Shopping Parade Redevelopment	854	0	854	**814**	(40)	(40)	0	0	0
D Friedman-Brown	0	Weston Shopping Parade Enabling Works	0	0	0	**7**	7	0	7	0	0
S Jones	1764	Acquisition of Property at Northam	6	0	6	**1**	(5)	(5)	0	0	0
S Jones	1817	Estate Regeneration Framework Townhill Park	225	0	225	**170**	(55)	(55)	0	0	0
S Jones	1930	Townhill Park - Phase 1	329	0	329	**198**	(131)	(131)	0	0	0
S Jones	0	Townhill Park - Purchase of Affordable Stock	60	0	60	**0**	(60)	(60)	0	0	0
		Total Estate Regeneration	**2,707**	**(219)**	**2,488**	**2,152**	**(336)**	**(394)**	**59**	**0**	**0**
		New Build									
K Gunner	1265	LA New Build - Borrowdale Road	12	0	12	**1**	(11)	(11)	0	0	0
K Gunner	1266	LA New Build - Flamborough Close	13	0	13	**0**	(13)	(13)	0	0	0
K Gunner	1267	LA New Build - Chiltern Green	11	0	11	**0**	(11)	(11)	0	0	0
K Gunner	1268	LA New Build - Grately Close	16	0	16	**0**	(16)	(16)	0	0	0
K Gunner	1269	LA New Build - Orpen Road	31	0	31	**0**	(31)	(31)	0	0	0
K Gunner	1270	LA New Build - Keynsham Road	26	0	26	**3**	(23)	(23)	0	0	0
K Gunner	1403	L.A. New Build - Leaside Way	13	0	13	**0**	(13)	(13)	0	0	0
K Gunner	1404	L.A. New Build - Cumbrian Way	270	0	270	**269**	(1)	(1)	0	0	0
		Total New Build	**392**	**0**	**392**	**273**	**(119)**	**(119)**	**0**	**0**	**0**

PM	Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance Against Approved Budget	Slippage	Rephasing	Underspend	Overspend
		Safe Wind & Weather Tight									
M Legge	1210	Door Entry - Townhill Park	0	0	0	**(0)**	(0)	0	0	0	0
G Miller	1408	Door Entry - Millbrook & Maybush	29	0	29	**0**	(29)	(29)	0	0	0
S Ransley	1465	Roof Replacement 11/12	125	0	125	**125**	0	0	0	0	0
G Miller	1468	Door Entry System Replacement Programme	0	0	0	**25**	25	0	25	0	0
K Meredith	1469	Windows	1,873	(1,273)	600	**466**	(134)	(134)	0	0	0
P Howard	1713	Cheriton Avenue - Land Drains 11/12	1	0	1	**2**	1	0	0	0	1
K Meredith	1842	Electrical Riser Upgrade	459	260	719	**727**	8	0	8	0	0
S Ransley	1843	Roof Finish - Flat	892	0	892	**773**	(119)	(119)	0	0	0
K Meredith	1844	Structural Works	573	(50)	523	**415**	(108)	(108)	0	0	0
G Miller	1845	Roof Finish - Pitched/Structure/Gutter etc	161	0	161	**161**	0	0	0	0	0
G Miller	1846	Wall Structure & Finish	155	0	155	**9**	(146)	(146)	0	0	0
G Miller	1847	Chimneys	50	0	50	**0**	(50)	(50)	0	0	0
G Miller	1850	External Doors - Houses	0	0	0	**4**	4	0	4	0	0
P Howard	1855	CESP - International Way Energy Savings Initiative	3,266	(1,300)	1,966	**1,895**	(71)	(71)	0	0	0
M Legge	1861	Supported Housing 2 Storey Walkway Repairs	650	(71)	579	**667**	88	0	88	0	0
		Total Safe Wind & Weather Tight	**8,234**	**(2,434)**	**5,800**	**5,269**	**(531)**	**(657)**	**125**	**0**	**1**
		Modern Facilities									
K Meredith	1211	Digital TV	42	0	42	**36**	(6)	0	0	(6)	0
G Miller	1472	Electrical Systems 12/13	155	(105)	50	**25**	(25)	(25)	0	0	0
G Miller	1474	Programme Management Fees	539	0	539	**508**	(31)	(31)	0	0	0
J Simpkins	1476	Supported Self Contained Conversions 2011/12	22	0	22	**33**	11	0	0	0	11
S Ransley	1714	DH Central 2011/12	12	0	12	**7**	(5)	(5)	0	0	0
S Ransley	1716	DH Lordshill 2011/12	2	0	2	**2**	0	0	0	0	0
S Ransley	1717	DH Supported 2011/12	2	0	2	**2**	(0)	0	0	0	0
S Ransley	1837	Central Heating Gas Boilers	1,351	0	1,351	**984**	(367)	(367)	0	0	0
K Meredith	1838	Central Heating Distribution Systems	133	0	133	**75**	(58)	(58)	0	0	0
S Ransley	1839	Supported Schemes Adapted Bathrooms	400	0	400	**370**	(30)	(30)	0	0	0
S Ransley	1864	Housing Refurbishment 2012/13 - West	1,968	0	1,968	**2,692**	724	0	724	0	0
S Ransley	1865	Housing Refurbishment 2012/13 - East	2,382	0	2,382	**1,917**	(465)	(465)	0	0	0
S Ransley	1881	Supported Kitchens	1,980	0	1,980	**1,948**	(32)	(32)	0	0	0
S Ransley	1888	Disabled Adaptations 12/13	979	0	979	**957**	(22)	(22)	0	0	0
S Ransley	0	Disabled Adaptations - Extensions 12/13	100	0	100	**100**	0	0	0	0	0
S Ransley	1889	Decent Homes Voids 12/13	300	0	300	**312**	12	0	12	0	0
S Ransley	1934	Housing Refurbishment Deferred Properties	50	0	50	**50**	0	0	0	0	0
		Total Modern Facilities	**10,417**	**(105)**	**10,312**	**10,017**	**(295)**	**(1,035)**	**736**	**(6)**	**11**

PM	Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance Against Approved Budget	Slippage	Rephasing	Underspend	Overspend
		Well Maintained Communal Facilities									
J Richards	1215	Electronic Concierge	5	0	5	**13**	8	0	0	0	8
J Simpkins	1222	Lift Refurbishment - Milner and Neptune Court	304	(12)	292	**358**	66	0	66	0	0
J Simpkins	0	Lift Refurbishment - Future Years	0	0	0	**0**	0	0	0	0	0
J Simpkins	1223	Lift Refurbishment - Itchen View Estate	552	0	552	**564**	12	0	12	0	0
J Richards	1233	Supported Communal Improvements - Graylings 11/12	1,398	(448)	950	**1,218**	268	0	268	0	0
J Richards	1236	Supported Communal Improvements - Manston Court	0	0	0	**4**	4	0	0	0	4
J Simpkins	1237	Hard & Soft Supported Landscaping	24	0	24	**13**	(11)	0	0	(11)	0
A Cooper	1239	Kingsland	12	0	12	**7**	(5)	(5)	0	0	0
A Cooper	1242	DN: Vanguard and Wavell Road Improvements	38	0	38	**30**	(8)	(8)	0	0	0
A Cooper	1243	DN: Tankerville Improvements	5	0	5	**5**	0	0	0	0	0
A Cooper	1244	DN: International Way Improvements	1	0	1	**1**	0	0	0	0	0
A Cooper	1256	DN: Millbrook Towers Improvements	69	0	69	**20**	(49)	(49)	0	0	0
A Cooper	1271	DN: Holyrood Improvements	459	0	459	**292**	(167)	(167)	0	0	0
A Cooper	1288	DN: Millbrook - Adizone	22	0	22	**15**	(7)	0	0	(7)	0
A Cooper	1298	DN: Millbrook Verge Parking Improvements	310	0	310	**308**	(2)	(2)	0	0	0
P Howard	1463	Communal Work Areas	355	0	355	**303**	(52)	(52)	0	0	0
J Simpkins	1473	Lift Refurbishment - Ventnor Ct & James St	221	0	221	**17**	(204)	(204)	0	0	0
A Cooper	1494	DN: Northam Improvements	200	0	200	**220**	20	0	20	0	0
A Cooper	1496	DN: Millbrook Block Improvements	132	0	132	**134**	2	0	2	0	0
A Cooper	1497	DN: Thornhill (Sholing) Improvements	4	0	4	**4**	0	0	0	0	0
A Cooper	1503	DN: Harefield/Townhill Park	50	0	50	**13**	(37)	(37)	0	0	0
J Richards	1506	Supported Comm Impr. - Bassett Green Walkway	14	(10)	4	**9**	5	0	5	0	0
J Simpkins	1508	Supported Communal Impovements - Minor Works	4	0	4	**5**	1	0	0	0	1
J Richards	1509	Supported Communal Improvements - Neptune Court.	12	0	12	**0**	(12)	(6)	0	(6)	0
G Miller	1552	Lift Refurbishment - Tanking Out	18	0	18	**19**	1	0	0	0	1
J Richards	1602	Supported Communal Improvements - Rozel Court	25	0	25	**14**	(11)	(11)	0	0	0
J Richards	1603	Supported Communal Improvements - Sarnia Court	4	0	4	**3**	(1)	0	0	(1)	0
M Legge	1604	Supported Communal Improvements - Neptune Court Central	230	(15)	215	**228**	13	0	13	0	0
J Richards	1606	Supported Communal Improvements - James Street	18	0	18	**17**	(1)	(1)	0	0	0
M Legge	1607	Supported Communal Improvements - Milner Court	229	(2)	227	**240**	13	0	4	0	9
A Cooper	1707	DN: Shirley	234	0	234	**153**	(81)	(81)	0	0	0
A Cooper	1708	Pathway Improvements	2	0	2	**2**	0	0	0	0	0
A Cooper	1709	DN: Estate Improvement Programme 2011/12	1	0	1	**1**	0	0	0	0	0
A Cooper	1710	DN: Estate Improvement Programme 2012/13	200	0	200	**187**	(13)	(13)	0	0	0
A Cooper	1718	Old Town Humtun Street Mosaic	23	0	23	**5**	(18)	(18)	0	0	0
J Richards	1860	Communal Area Works - Ventnor Court	186	(3)	183	**181**	(2)	(2)	0	0	0
A Cooper	1893	DN: Leaside Way Improvements	200	0	200	**30**	(170)	(170)	0	0	0
A Cooper	1952	EIP Signage	35	0	35	**35**	(0)	0	0	0	0
		Total Well Maintained Communal Facilities	**5,596**	**(490)**	**5,106**	**4,670**	**(436)**	**(826)**	**390**	**(25)**	**23**

PM	Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance Against Approved Budget	Slippage	Rephasing	Underspend	Overspend
		Warm & Energy Efficient									
K Meredith	1826	Loft Insulation + Pipe Lagging	61	0	61	**7**	(54)	(54)	0	0	0
K Meredith	1827	Landlord Meter Conversions	175	0	175	**74**	(101)	(101)	0	0	0
P Howard	1829	External Wall Insulation - Kingsland Estate	1,022	(980)	42	**41**	(1)	(1)	0	0	0
G Miller	1832	Utility Supplies	713	0	713	**589**	(124)	(124)	0	0	0
J Simpkins	1932	Installation of PV Systems	1,250	0	1,250	**1,168**	(82)	0	0	(82)	0
K Meredith	1933	External Cladding (PRC Houses)	612	(600)	12	**9**	(3)	(3)	0	0	0
G Miller	1828	Cavity Wall Insulation	17	(17)	0	**1**	1	0	1	0	0
		Total Warm & Energy Efficient	**3,850**	**(1,597)**	**2,253**	**1,889**	**(364)**	**(283)**	**1**	**(82)**	**0**
		Grand Total	**31,196**	**(4,845)**	**26,351**	**24,270**	**(2,081)**	**(3,314)**	**1,311**	**(113)**	**35**

Appendix 4

HRA Outturn 2012/13 – Capital Variances

Estate Regeneration

SP 1930 – Townhill Park – Phase 1 - £131K Slippage (39.8%)

Two leaseholder purchases were completed later than anticipated and the expenditure relating to these purchases will appear in 2013/14.

Safe, Wind and Weather Tight

SP 1469 – Windows Replacement - £134K Slippage (22.3%)

Delays in the procurement process and appointing a contractor postponed the start date of this project. This resulted in the replacement of windows at a number of properties being delayed and in lower expenditure than anticipated. At the Housing Capital Board in February, approval was given to slip £1.273M into 2013/14. The prolonged cold weather led to further delays.

SP 1843 – Roof Finish - Flat - £119K Slippage (13.3%)

The project relies on frameworks to be in place, to cover procurement and delivery, prior to a competitive tender process. This involves the selection of contractors, who meet the Council's requirements, from those who have expressed an interest in carrying out potential works. Delays in finalising the frameworks have resulted in the slippage.

SP 1844 – Structural Works - £108K Slippage (20.3%)

A large proportion of works carried out in this project involve the use of concrete to strengthen and repair various structures across the city. Due to adverse weather conditions affecting the ability of concrete to set, approval was given at the Housing Capital Board in March to slip £50K into 2013/14. Due to the prolonged cold weather further delays were experienced and so further work with a value of £108K has slipped.

SP 1846 – Wall Structure & Finish - £146K Slippage (94.2%)

Initial surveys for works were carried out but there was a requirement for a structural engineer's input on three generic type installations, which delayed the scheme of works. Currently there are also a small number of installations where a leaseholder adjoins the property and ownership issues have arisen causing further delays. All of the works are still required and will be carried out.

Modern Facilities

SP 1837 – Central Heating Gas Boilers - £367K Slippage (27.2%)

The project is split between two contractors; Mitie in the East of the city and Drew Smith in the West. Each contract covers central heating gas boilers and housing refurbishment. The decision was taken to prioritise the housing refurbishment elements of the contract and this has led to a slow start on the central heating gas boiler installation. After the initial slow start progress is now good.

SP 1864/5 – Housing Refurbishments – West & East - £259K Forward Re-phasing (6.0%)

The decision to prioritise housing refurbishments has led to the installation programme running ahead of schedule and additional kitchens and bathrooms were delivered in year.

Well Maintained Communal Facilities

SP 1233 – Supported Communal Improvements – Graylings - £268K Forward Re-phasing (28.2%)

Progress on the project has been better than anticipated and some of the delays that were built into the project plan earlier in the year have not materialised resulting in a higher spend in year.

SP 1271 – Holyrood Improvements - £167K Slippage (36.4%)

The competitively tendered rates for this project came in significantly higher than those in the cost estimate, necessitating a value engineering exercise. The risk of inflexible highway licences resulting from the value engineering exercise needed to be satisfactorily resolved before the contract could start. These risks have now been resolved and the project is now making good progress.

SP 1473 – Lift Refurbishments – Ventnor Court and James Street – £204K Slippage (92.3%)

During 2012/13 this project has focused on the Ventnor Court lifts. This entails replacing two lifts each taking approximately three months to install. Before proceeding, the council wanted to ensure residents had safe access to their homes throughout the project and opted not to start work until a satisfactory procedure had been agreed with residents. This led to a delay. The issue has now been resolved, following agreement to provide a temporary external lift on a covered platform for those unable to use the stairs, and the contract can proceed.

SP 1893 – DN: Leaside Way Improvements - £170K Slippage (85%)

This was the first project of this type that the Highways Partner were asked to bid for and there was an under estimate of the amount of time that would be required to complete the work. In addition, the project requires a significant number of trees to be planted and the start was delayed to allow this to take place at the optimum time in the growing cycle. The project will now start in August 2013 with completion expected to be in early December 2013.

Warm and Energy Efficient

SP 1827 – Landlord Meter Conversions - £101K Slippage (57.7%)

The main body of this project involved tenants at Weston. Lengthy consultation was undertaken with tenants who requested a system whereby they could “top-up” their meters by use of a computer, mobile phone or house phone as well as using existing facilities at local shops. Incorporating the tenants’ requirements has delayed the work and completion is now expected in October 2013.

SP 1832 – Utility Supplies (Communal Areas) - £124K Slippage (17.4%)

Some of the proposed changes for corridor lighting at the International Way tower blocks were delayed whilst the new pipe work was tested under load for leaks and the type of concealment agreed. The testing has now been completed and the concealment of the pipe work agreed with all work now expected to be completed by late August.

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DECISION-MAKER:		COUNCIL		
SUBJECT:		CHILDREN'S SERVICES CAPITAL PROGRAMME 2013/14		
DATE OF DECISION:		17 JULY 2013		
REPORT OF:		CABINET MEMBER FOR CHILDREN'S SERVICES		
		CONTACT DETAILS		
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STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY

This report sets out proposals for the Council's spending priorities within the Children's Services Capital Programme for 2013/14 and future years, in line with corporate priorities and the objectives of the Primary Review: Phase 2, approved by Cabinet on 14 March 2011 and subsequently added to on 16 April 2012; 16 October 2012; and 19 February 2013.

The report seeks approval to add £4,470,000 of expenditure to the Children's Services Capital Programme. This report also seeks approval for variations totalling £758,000 to the latest capital programme. Finally, approval to spend is sought for £6,098,000 of expenditure within the Children's Services Capital Programme for works taking place in 2013/14.

RECOMMENDATIONS:

(i) To add, in accordance with Financial Procedure Rules, a sum of £1,963,000 to the Children's Services Capital Programme, to the Primary Review Phase 2 programme as detailed in Appendices 1 and 2, funded from non-ring-fenced future allocations of Department for Education capital grant.

(ii) To add, in accordance with Financial Procedure Rules, a sum of £2,507,000 to the Children's Services Capital Programme, to the Capital Maintenance programme as detailed in Appendices 1 and 3, funded from non-ring-fenced Department for Education capital grant.

(iii) To approve, in accordance with Financial Procedure Rules, capital variations totalling £758,000 to the Children's Services Capital Maintenance planned programme, funded from the budgets shown in Appendix 1.

(iv) To approve, in accordance with Financial Procedure Rules, capital expenditure of £6,098,000 in 2013/14 within the Children's Services Capital Programme to carry out works as detailed in Appendix 1.

(v) To note that assumptions have been made about the likely level of Basic Need Grant to be awarded in 2015/16. If the final award is less than anticipated any shortfall in funding would need to be met from borrowing for which provision would need to be made in the revenue budget forecast.

(vi) To note that approval for the later phases of the Primary Phase 2 expenditure will be brought forward to Cabinet when sufficient detail can be provided to effectively inform decision making.

REASONS FOR REPORT RECOMMENDATIONS

1. The Council has a number of urgent priorities for investment within Children's Services, which are highlighted within this report. As such, the above recommendations seek to ensure that the resources available to the Authority are allocated to these proposals, in order that the relevant projects can be commenced. It is proposed that Basic Need funding will be used to address the school expansions required under the Primary Review: Phase 2, in line with previous Cabinet Decisions.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The proposals contained within this report represent the means by which the Council can best deliver its stated objectives and responsibilities in terms of school organisation and estate maintenance. The option of not carrying out these proposals would necessarily result in a delay in project commencement and, potentially, a failure to deliver on key objectives for the current financial year and beyond.

3. In particular, there is an urgent need to deal with Health & Safety issues that have been identified within recently undertaken Fire Risk Assessments. There are also a significant number of school estate-related capital schemes which, due to budget limitations, have had to be rolled-over from the previous financial year. These schemes have significant priority and require immediate investment.

4. In developing the proposals presented in this paper, two other investment options for the non-Primary Review element of the programme were considered. The first of these (Option 2) proposed investing an additional £759,000 in additional planned R&M works, as well as Solar PV and Renewable Heat Incentive (RHI) sustainability projects. The second (Option 3) proposed a further investment of £441,000 (relative to Option 2), with this additional investment being targeted at eliminating all Priority 1 issues identified within the condition surveys of maintained schools. After consideration of the various options, it was decided to go with the options presented in this paper, on the grounds that the other two options could not reasonably be afforded within the Council's available budgets.

DETAIL (Including consultation carried out)

5. The investment priorities for the Children's Services estate for 2013/14 and beyond are as follows:

Primary Review: Phase 2

6. The Primary Review: Phase 2 Cabinet Report of 14 March 2011 and the Wordsworth Infant School Expansion Cabinet Report of 11 April 2011 detailed initial proposals for the expansion of the primary school estate. Further papers were taken to Cabinet on 16 October 2012 and 19 February 2013 that added a further four schemes to the programme.

7. It is now proposed that the previously approved programme should be expanded by a net amount of £1,963,000, in order to enhance the proposals set out in the above referenced Cabinet Reports. An updated expenditure profile for this programme of work is included with this report as *Appendix 2*.

8. The most significant element of the additional amount required is the need to provide a new budget for furniture, equipment and ICT. At the inception of the programme, it had been anticipated that schools would largely be able to fund their own Furniture & Equipment (F&E) and ICT. This was reflected in the fact that the schools in the programme had collectively committed to fund £720,000 worth of this themselves, as part of their contribution towards the programme. However, for those schools experiencing large scale expansions (i.e. doubling or tripling in size), this has proved unachievable and this issue has been compounded by cuts to their capital budgets. This, combined with the fact of the constant surge of birth rates beyond projections (which has resulted in a growth in the number of large expansions) has resulted in the need for the Authority to dedicate £1,000,000 worth of capital to contributing to the provision of new F&E and ICT for expanding schools.

9. In addition, a number of the schemes within the programme have been amended since the original Cabinet reports, as detailed below:

10. <u>Banister, Moorlands and Wordsworth Batched Procurement (increase of £1,117,000)</u>

There have been a number of changes to the scope of these schemes that were not envisaged within the original budgets that have led to an increase in cost across the three schools. Chief amongst these changes (representing approximately 50% of the cost uplift) are planning requirements that have been imposed and have resulted in alterations being made to the schemes. Conditions imposed include the requirement for fritting the windows on the east and north elevations of Banister school; reconfiguration of the car park layouts; provision of additional cycle storage; additional CCTV; improvements to the specification of the playing field at Moorlands strategic highways contributions; and site-specific highways contributions. Legislative changes to the 2012 design codes have also resulted in a cost uplift in terms of the foundation solution (representing 10% of the overall increase). In addition, 25% of the cost uplift is attributable to alterations to requests from the school(s), e.g. additional access control; changes to the layout of the building at Banister; and increases in the specification of the external works. Finally, 15% of the cost uplift is comprised by an increase in the fees associated with these schemes, as a consequence of the increase in scope.

11. <u>Highfield CE Primary School (increase of £106,000)</u>

It had originally been anticipated that the Diocese would be able to deliver and fund the vast majority of this project, with a 10% contribution from the local authority (equating to £44,000). However, a reduction in the capital maintenance budget provided to the Diocese has meant that a more significant contribution is now being requested. Since the Diocese have been extremely supportive in expansions at their schools (in both financial and project management terms), it is reasonable for the authority to provide this additional capital.

12. Harefield Primary School (increase of £126,000)

The original cost estimate for this scheme was based on a high-level cost estimate, which has been further refined through the feasibility and design development stage. A cost uplift has resulted from the fact that the building that it is intended to refurbish has more inherent condition issues than had originally been anticipated.

13. Springwell School (increase of £141,000)

The original high-level estimate for this scheme was based on the new building being located on a flat area of the site and its being developed in line with a standard design solution. However, the school have requested that the design be amended to bring the aesthetic in line with the existing built form and the location has had to be amended, due to accessibility issues with the originally envisaged location. These factors have combined to result in an overall cost uplift on this scheme.

14. There are a small number of less material changes to schemes which are highlighted in *Appendix 2* and which have arisen as each project has progressed and more definite cost estimates have been produced to deliver the required expansion of places.

Other Additions

15. R&M Planned Programme (£1,935,000)

There is presently a backlog maintenance schedule of £36 million at maintained schools in Southampton. Many of these condition-related items have a direct bearing on schools' ability to function (e.g. boilers, roofs, windows) and, as such, it is important that capital is set aside on an annual basis to address the most pressing of these demands. The capital allocation proposed by this report will deal with the majority of Priority 1 issues identified in maintained schools' condition surveys and, as such, should serve to ensure that school buildings are retained in a functional state. Should in-year issues arise, the Council should be able to deal with these reactively from the Unplanned Capital Maintenance budget (see §22), with minimal chance of impacting on the planned programme. The proposed programme of work for this element of the programme is appended to this report as *Appendix 3*.

16. Health & Safety (£375,000)

Although other ad-hoc Health & Safety issues may arise during the year, it is proposed that the vast majority of the budget for 2013/14 should be used to deal with works arising out of Fire Risk Assessments (FRAs). FRAs are a statutory requirement for premises, as stipulated within the Regulatory Reform (Fire Safety) Order 2005. The assessments have to be carried out by a "competent person", this term being defined within the Southampton City Council Safe Working Procedure (SWP) Fire. The SWP Fire was updated in December 2010, following consultation with Hampshire Fire and Rescue

Service, and was refined to include the level of competence and qualification required to complete the assessments. These changes have resulted in new assessments having to be undertaken across the Children's Services estate.

17. Cedar School Unilateral Undertaking (£200,000)

In May 2012, the Council was notified that two of its applications for new build schools under the Priority School Building Programme had been successful. The Cedar School was one of these and has also been selected as the sample school for the first batch of investment in the South. The scheme is currently in the design development phase and is due to have an associated planning application made in the next couple of months. In line with the Government stipulations for investment, the Council will be required to fund any of the planning obligations that are imposed on the scheme by way of a Unilateral Undertaking. Although the full extent of these costs is unknown at present, based on previous experience with the Lord's Hill Academy (which is situated next to the Cedar School) it is recommended that £200,000 be allocated to this purpose in the first instance.

18. Pupil Referral Unit Capital (£150,000)

It is proposed that the budget for the project to relocate the city's Pupil Referral Unit to newly refurbished facilities at the old Millbrook Community School site be increased to allow for the augmentation of the scope to include for collocation of multi-agency partners. This would enable better integration of working practices and, ultimately, improved educational and social outcomes for the learners at this establishment.

19. Academies Management (£100,000)

It is proposed that the management budget for the city's two new build academy projects be increased by £100,000 to account for the fees of the professional team during the defects liability period.

20. Sholing Technology College Access Control (£40,000)

At present, the general public are able to gain access to the College site without any restrictions. A number of recent incidents with unauthorised individuals accessing the site have highlighted this significant safeguarding issue and the point has been reiterated by Ofsted. Initial conversations with technical advisors have indicated that reconfiguration of the car park, alongside the provision of an electronically-controlled gate and onsite vehicle waiting area (alongside negotiation with the neighbouring Infant School, with whom they share an access) would provide a solution to this issue. An estimate of £40,000 has been provided in relation to this work package.

21. Swaythling Primary School Drainage (£40,000)

A number of the properties that neighbour the school site experience surface water run off from the site into their property, which has resulted in complaints being made to the Council. As landowners have a legal responsibility to ensure that such issues do not occur, together with a potential liability for damage resulting from the same, it is proposed that £40,000 be invested in a drainage solution for the site that would mitigate this issue.

22. Unplanned Capital Maintenance (£300,000)

It is important that a certain element of the identified funding is "held back", in order to provide for unforeseen issues/events that may arise throughout the course of the year, such as emergency roof repairs or boiler replacement, over and above the planned programme. In the event of an unforeseen occurrence, in the first instance, the current Children's Services planned capital programme will be looked at to see if any reprioritisation can be made before drawing on this budget.

23. Project Management (£125,000)

The cost of project management time for these proposals is £125,000 for 2013/14. This will fund three Project Manager posts in the Strategy & Capital Programme Team in the People Directorate.

RESOURCE IMPLICATIONS

Capital/Revenue

25. The changes to the programme contained in this report are summarised in the table below and detailed in Appendix 1. An updated cost profile for the whole Primary Review Phase 2 scheme is included with this report as Appendix 2.

	Additions/ (reductions) £000s
2013/14	6,098.0
2014/15	(1,044.0)
2015/16	1,670.0
Later years	(1,496.0)
Total	**5,228.0**

26. Council/Cabinet has already approved the addition of the following budgets within the Children's Services Capital Programme:

- £21.489 M for Primary Review Phase 2 including the rebuild of Wordsworth Infant School.
- £4.950 M for the expansion of Bassett Green, St John's and Bevois Town.
- £399,000 for the expansion of Springwell School.

27. It is proposed that the additional expenditure will be funded from the following sources and it is anticipated that funding will be received in advance of expenditure taking place:

Funding Source	**2013/14 Confirmed**	**2014/15 Confirmed**	**2015/16 Estimate**	**Total**
	£000's	**£000's**	**£000's**	**£000's**
Virement	758.0			758.0
Capital Maintenance Grant	2,507.0			2,507.0
Basic Need Grant		138.0	1,825.0	1,963.0
Total	**3,265.0**	**138.0**	**1,825.0**	**5,228.0**

28. The individual underspends making up the £758,000 virement listed in the table above are detailed in Appendix 1. The reasons for the two major underspends are as follows:

- Bitterne Park School (£500,000) - The project to carry out works at the school is no longer taking place, owing to the fact that the school is now scheduled to be rebuilt under the Priority Schools Building Programme.
- Harefield Primary School (£153,000) - The initial project to rebuild the school had allowed for the demolition of the old school hall, as this was being replaced in the new build. However, it was subsequently decided that the hall could reasonably be refurbished to provide the school with additional space to accommodate an expansion under the Primary Review: Phase 2. The removal of the demolition works from the project scope has resulted in the saving indicated.

29. No announcements have yet been made about Department for Education capital grant allocations for 2015/16. However, it is anticipated that as future grant will be targeted at areas of need, that Southampton will receive similar allocations of Basic Need funding. The figure above for 2015/16 is therefore indicative and much less than the £4.8 million confirmed for 2014/15. In the event of future grant funding not being sufficient, funding would need to be set aside to cover borrowing costs.

30. The revenue costs of all schools are met from the Individual Schools Budget funded by the Dedicated Schools Grant. The amount of Dedicated Schools Grant that the authority receives each year is based on the number of children in the city. If the city's overall numbers grow, this will result in an increase in the amount of grant received which can be passed onto schools via budget shares calculated using Southampton's School Funding Formula.

Property/Other

31. It is anticipated that these proposals will assist in reducing the current overall backlog maintenance.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

32. The power to provide and maintain educational facilities as proposed in this report is set out in the Education Act 1996.

Other Legal Implications:

33. The proposals set out in this report are brought forward having regard to the Council's statutory responsibilities as a duty holder for health & safety in schools in accordance with the Health & Safety at Work Act 1974 and associated secondary legislation. Provisions for the increase of security of school sites are designed having regard to the Council's duties under s.17 Crime & Disorder Act 1998 (exercise of functions having regard to the need to reduce or eliminate crime or disorder). All services and works will be procured and implemented in accordance with national procurement legislation and the Council's Contract Procedure Rules and having regard to the Councils duties under the Equalities Act 2010.

POLICY FRAMEWORK IMPLICATIONS

34. The capital investment proposed for Southampton's schools within this report will contribute to the outcomes of both the 14-19 Strategy and Children & Young People's Plan by improving the condition, suitability and efficiency of the City's school estate. Some of the investment that is brought forth under these proposals will likely have to be mindful of the Local Transport Plan. Alignment of the proposals with the aims of this plan will be achieved through the involvement of relevant officers on the appropriate project steering group(s).

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All

SUPPORTING DOCUMENTATION

Appendices

1.	Children's Services Capital Programme Changes
2.	Primary Review: Phase 2 – Capital Programme
3.	Proposed Capital Maintenance Programme

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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.	None	

Children's Services Capital Programme Changes

ADDITIONS

School	2013/14	2014/15	2015/16	Later	Total
	£000's	£000's	£000's	£000's	£000's
Primary Review Phase 2	2,833.0	(1,044.0)	1,670.0	(1,496.0)	1,963.0
Capital Maintenance planned programme	1,935.0	0.0	0.0	0.0	1,935.0
Health & Safety	375.0	0.0	0.0	0.0	375.0
Cedar School rebuild	200.0	0.0	0.0	0.0	200.0
Pupil referral unit	150.0	0.0	0.0	0.0	150.0
Academies management	100.0	0.0	0.0	0.0	100.0
Sholing Technology College Access Control	40.0	0.0	0.0	0.0	40.0
Swaythling Primary School Drainage	40.0	0.0	0.0	0.0	40.0
Unplanned Capital Maintenance	300.0	0.0	0.0	0.0	300.0
CSL Project management	125.0	0.0	0.0	0.0	125.0

Total additions	**6,098.0**	**(1,044.0)**	**1,670.0**	**(1,496.0)**	**5,228.0**

VARIATIONS

Bitterne Park Secondary Capital Maintenance	(500.0)	0.0	0.0	0.0	(500.0)
Harefield Primary Rebuild Project	(153.0)	0.0	0.0	0.0	(153.0)
SEN Review – Great Oaks Phase 2	(40.0)	0.0	0.0	0.0	(40.0)
Increased Places at St Mark's Junior	(50.0)	0.0	0.0	0.0	(50.0)
Mansel Park Primary – Internal Remodelling	(4.0)	0.0	0.0	0.0	(4.0)
Mods – Hardmoor EYC Kitchen & Baby Room	(4.0)	0.0	0.0	0.0	(4.0)
Safe Schools	(4.0)	0.0	0.0	0.0	(4.0)
Mods – St Monica Junior classroom extension	(2.0)	0.0	0.0	0.0	(2.0)
Increased Places at St Marys Primary	(1.0)	0.0	0.0	0.0	(1.0)

Total variations	**(758.0)**	**0.0**	**0.0**	**0.0**	**(758.0)**

Primary Review: Phase 2 - Capital Programme

CURRENT PROGRAMME

School	2011/12	2012/13	2013/14	2014/15	2015/16	Later	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Bassett Green Primary School	76,000	2,000	11,000				89,000
Mansel Park Primary School	115,000	(5,000)	5,000				115,000
Kanes Hill Primary School	56,000	260,000	71,000				387,000
Shirley Warren Primary and Nursery School	177,000	432,000	239,000				848,000
Glenfield Infant School (including relcoation of Brook Pre-school to Beechwood Junior)	137,000	159,000	38,000				334,000
Moorlands Primary School (including relocation of Montessori Nursery)	164,000	1,554,000	675,000				2,393,000
Highfield CE Primary School	5,000	10,000	10,000	44,000			69,000
Tanners Brook Infant & St. Mark's CE Primary Schools	33,000	809,000	26,000				868,000
Valentine Infant School	18,000	128,000	54,000				200,000
Sholing Infant School	27,000	306,000	137,000				470,000
Fairisle Infant & Nursery School	25,000	19,000	3,000	200,000	192,000		439,000
St Patrick's Catholic Primary School	280,000						280,000
Harefield Primary School	7,000	9,000	484,000				500,000
Banister Infant School -> Primary	118,000	3,724,000	781,000				4,623,000
Wordsworth Infant -> Primary	1,000	4,889,000	1,279,000				6,169,000
Beechwood Junior School	93,000		7,000				100,000
Heathfield Junior School					750,000		750,000
Sholing Junior					750,000		750,000
Tanners Brook Junior		4,000				746,000	750,000
Fairisle Junior						750,000	750,000
Bassett Green Primary School (3FE)		38,000	1,362,000				1,400,000
Bevois Town Primary		32,000	1,418,000				1,450,000
St Johns Primary School			800,000	1,300,000			2,100,000
Springwell School		10,000	389,000				399,000
BMW Offsite Works							0
BMW Management							0
Furniture, Equipment & ICT							0
Contingency		26,000	234,000	200,000	158,000		618,000
Total Cost	**1,332,000**	**12,406,000**	**8,023,000**	**1,744,000**	**1,850,000**	**1,496,000**	**26,851,000**

CHANGES TO PROGRAMME

School	2011/2012	2012/13	2013/14	2014/15	2015/16	Later	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's

Primary Review: Phase 2 - Capital Programme

Bassett Green Primary School	0	0	(11,000)	0	0	0	(11,000)
Mansel Park Primary School	0	0	2,000	0	0	0	2,000
Kanes Hill Primary School	0	0	(62,000)	0	0	0	(62,000)
Shirley Warren Primary and Nursery School	0	0	(239,000)	305,000	0	0	66,000
Glenfield Infant School (including relcoation of Brook Pre-school to Beechwood Junior)	0	0	0	0	0	0	0
Moorlands Primary School (including relocation of Montessori Nursery)	0	0	(276,000)	0	0	0	(276,000)
Highfield CE Primary School	0	0	0	106,000	0	0	106,000
Tanners Brook Infant & St. Mark's CE Primary Schools	0	0	0	0	0	0	0
Valentine Infant School	0	0	(50,000)	0	0	0	(50,000)
Sholing Infant School	0	0	46,000	0	0	0	46,000
Fairisle Infant & Nursery School	0	0	(3,000)	(55,000)	58,000	0	0
St Patrick's Catholic Primary School	0	0	0	0	0	0	0
Harefield Primary School	0	0	126,000	0	0	0	126,000
Banister Infant School -> Primary	0	0	303,000	0	0	0	303,000
Wordsworth Infant -> Primary	0	0	44,000	0	0	0	44,000
Beechwood Junior School	0	0	0	0	0	0	0
Heathfield Junior School	0	0	0	0	0	0	0
Sholing Junior	0	0	0	0	0	0	0
Tanners Brook Junior	0	0	0	0	746,000	(746,000)	0
Fairisle Junior	0	0	0	0	750,000	(750,000)	0
Bassett Green Primary School (3FE)	0	0	0	0	0	0	0
Bevois Town Primary	0	0	0	0	0	0	0
St Johns Primary School	0	0	1,300,000	(1,300,000)	0	0	0
Springwell School	0	0	141,000	0	0	0	141,000
BMW Offsite Works	0	0	246,000	0	0	0	246,000
BMW Management	0	0	800,000	0	0	0	800,000
Furniture, Equipment & ICT	0	0	700,000	100,000	200,000	0	1,000,000
Contingency	0	0	(234,000)	(200,000)	(84,000)	0	(518,000)
Total Cost	**0**	**0**	**2,833,000**	**(1,044,000)**	**1,670,000**	**(1,496,000)**	**1,963,000**

PROPOSED PROGRAMME

School	2011/2012	2012/13	2013/14	2014/15	2015/16	Later	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Bassett Green Primary School	76,000	2,000					78,000
Mansel Park Primary School	115,000	(5,000)	7,000				117,000
Kanes Hill Primary School	56,000	260,000	9,000				325,000
Shirley Warren Primary and Nursery School	177,000	432,000		305,000			914,000

Primary Review: Phase 2 - Capital Programme

Glenfield Infant School (including relcoation of Brook Pre-school to Beechwood Junior)	137,000	159,000	38,000				334,000
Moorlands Primary School (including relocation of Montessori Nursery)	164,000	1,554,000	399,000				2,117,000
Highfield CE Primary School	5,000	10,000	10,000	150,000			175,000
Tanners Brook Infant & St. Mark's CE Primary Schools	33,000	809,000	26,000				868,000
Valentine Infant School	18,000	128,000	4,000				150,000
Sholing Infant School	27,000	306,000	183,000				516,000
Fairisle Infant & Nursery School	25,000	19,000		145,000	250,000		439,000
St Patrick's Catholic Primary School	280,000						280,000
Harefield Primary School	7,000	9,000	610,000				626,000
Banister Infant School -> Primary	118,000	3,724,000	1,084,000				4,926,000
Wordsworth Infant -> Primary	1,000	4,889,000	1,323,000				6,213,000
Beechwood Junior School	93,000		7,000				100,000
Heathfield Junior School					750,000		750,000
Sholing Junior					750,000		750,000
Tanners Brook Junior		4,000			746,000		750,000
Fairisle Junior					750,000		750,000
Bassett Green Primary School (3FE)		38,000	1,362,000				1,400,000
Bevois Town Primary		32,000	1,418,000				1,450,000
St Johns Primary School			2,100,000				2,100,000
Springwell School		10,000	530,000				540,000
BMW Offsite Works			246,000				246,000
BMW Management			800,000				800,000
Furniture, Equipment & ICT			700,000	100,000	200,000		1,000,000
Contingency		26,000			74,000		100,000
Total Cost	**1,332,000**	**12,406,000**	**10,856,000**	**700,000**	**3,520,000**	**0**	**28,814,000**

Appendix 3

Proposed Capital Maintenance Programme

Rank	School	Description of Works	Cost (£)
1	Mount Pleasant Junior School	Replacement of roof ventilators	65,582
2	Weston Park Primary School	Replacement of kitchen roof	23,612
3	Chamberlayne College for the Arts	Replacement of boiler controls	20,070
4	Townhill Infant School	Replacement of mains drainage pipes	23,848
5	Mount Pleasant Junior School	Replacement of boiler	90,432
6	St. Mary’s Primary School	Chimney repointing/repairs	8,721
7	Sholing Infant School	Chimney repointing/repairs	3,692
8	St. Monica Infant School	Chimney repointing/repairs	15,670
9	Bassett Green Primary School	Replacement of rainwater drainage pipes	11,566
10	Swaythling Primary School	Replacement of rainwater drainage pipes	2,683
11	St. Monica Infant School	Replacement of rainwater drainage pipes	5,962
12	Oakwood Infant School	Replacement of windows	17,886
13	Oakwood Infant School	Replacement of rooflights	41,734
14	Valentine Infant School	Replacement of roof	570,200
15	Tanners Brook Infant & Junior	Replacement of boiler	122,083
16	Oakwood Junior School	Replacement of pipework	101,736
17	Sholing Junior School	Replacement of windows	76,971
18	Shirley Warren Primary School	Replacement of Main Extension windows	53,127
19	St. Mary’s Primary School	Replacement of Kitchen and Extension lighting	27,425
20	Tanners Brook Infant School	Repairs to roof copings	41,397
21	Chamberlayne College for the Arts	Replacement of Tech. Block windows	12,520
22	Mansel Park Primary School	Replacement of windows	287,414
23	St. Monica Infant School	Replacement of windows	74,378
24	St. Mark’s Primary School	Repairs to stonework	73,555
25	Mansbridge Primary School	Replacement of Kitchen windows	12,520
26	Bassett Green Primary School	Installation of fire rated doors	9,234
27	Bassett Green Primary School	Replacement of windows	137,163
		Total	**1,931,182**

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DECISION-MAKER:		CABINET COUNCIL		
SUBJECT:		NORTH OF CENTRAL STATION - FUNDING APPROVALS		
DATE OF DECISION:		16 JULY 2013 17 JULY 2013		
REPORT OF:		CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT		
CONTACT DETAILS				
AUTHOR:	**Name:**	**Steven Wong**	**Tel:**	**07917408186**
	E-mail:	**steve.wong@southampton.gov.uk**		
Director	**Name:**	**John Tunney**	**Tel:**	**023 8091 7713**
	E-mail:	**john.tunney@southampton.gov.uk**		
STATEMENT OF CONFIDENTIALITY				
Not Applicable				

BRIEF SUMMARY

This report seeks to approve capital variations within and additions to, the Environment and Transport Capital Programme and approve expenditure to deliver Phase 1 of the North of Central Station project.

RECOMMENDATIONS:

CABINET

(i) Subject to the decision of Council to approve the recommendations set out above, to approve the procurement and delivery of the "North of Station Quarter" capital scheme; and

(ii) To delegate authority to the Director of Environment and Economy to make decisions necessary to procure and deliver the "North of Station Quarter" scheme within the overall approved budget.

COUNCIL

(i) To approve the creation of the new scheme "North of Station Quarter" with a total budget of £2.288m within the Environment and Transport Capital Programme, by means of the following capital variations and additions;

(a) The transfer of £100,000 from the scheme "North of Station Advance Design", funded by Local Transport Plan (LTP) government grant, to the new scheme "North of Station Quarter";

(b) The transfer of £425,000 from the scheme "LSTF Southampton Central Station", funded by Local Sustainable Transport Fund (LSTF) government grant, to the new scheme "North of Station Quarter";

(c) The transfer of £167,000 from the scheme “Civic Centre Place”, funded by Strategic Transport Contributions, to the new scheme “North of Station Quarter”;

(d) The transfer of £790,000 from the scheme “City Centre Improvements”, funded by Strategic Transport Contributions, to the new scheme “North of Station Quarter”;

(e) The addition of £720,000 of LTP government grant (2014/15 confirmed allocation) to fund the new scheme, “North of Station Quarter”;

(f) The addition of £86,000 of Partnership for Urban South Hampshire (PUSH) grant to fund the new scheme “North of Station Quarter”; and

(ii) To approve, in accordance with Financial Procedure Rules, capital expenditure of £2.288m for the delivery of the new scheme “North of Station Quarter”, phased £1.568m in 2013/14 and £0.720m in 2014/15.

REASONS FOR REPORT RECOMMENDATIONS

1 An application for Local Pinch Point funding for the North of the Station project totalling £4.261m (£1.798m in 2013/14 and £2.463m in 2014/15) was unsuccessful. Sufficient funding has been secured through the Local Sustainable Transport Fund and local match funding contributions to deliver Phase 1 of the project. The purpose of this report is to obtain approval to commence Phase 1 of the works by amalgamating a number of existing and future funding streams into a new scheme titled ”North of Station Quarter”. This scheme will commence implementation from Autumn 2013.

2 Financial Procedure Rules require that funding is added to the capital programme and approval to spend is secured to enable the delivery of projects within the Council’s Capital Programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Delay delivery of Phase 1 until 2014/15

3 Phase 1 of the North of Station Project will be ready for implementation in Autumn 2013. Bringing forward delivery will maximise the opportunity to secure other funding for further phases of the project in 2014/15 and beyond. Therefore, the option of delaying the delivery of Phase 1 until 2014/15 has been rejected.

DETAIL (Including consultation carried out)

4 The ‘Station Quarter’ consists of the southern and northern areas of the Southampton mainline station and the station itself. As one of the most important gateways into and out of the city, the Station Quarter has been identified in Southampton’s City Centre Master Plan as one of its most strategically important project areas that will encourage growth through private sector investment and produce employment opportunities.

5 A series of studies and subsequent policy directives have identified the poor quality of the area around the North of Central Station in terms of interchange (the transfer between modes including journeys to the rapidly growing cruise offer) and attractiveness as a location for business, as critical barriers to employment growth in the city. The inherent complexity of major stations, low levels of success in securing major schemes funding and uncertainty around priorities are the key reasons this problem has not been comprehensively addressed in the past. As a result, it is a poor quality Gateway for a city of Southampton's status.

6 Southampton Central Station is the busiest rail station in the Solent area. It now handles six million passenger movements per year, having increased by a third over the past eight years. As the city centre is the largest employment area in the region, this increase comes as little surprise as more and more people arrive into the city through a larger variety of transport modes. The continued growth of station usage will have a direct impact on the immediate area around the station and for this reason it is vital to enhance it so that it attracts further private sector investment.

7 The 'North of Central Station' project will continue the success of the recently completed works to the south of the station with partners Network Rail and Southwest Trains, where both publicly maintainable and privately owned land will be enhanced to make this very important gateway and transport interchange a destination in its own right.

Consisting of five main phases the scheme will see a striking upgrade to the station forecourt, vastly improved interchanges between rail, bus, cycle, taxi and pedestrian facilities plus improved public spaces outside Frobisher House, Wyndham Court and along Commercial Road. These public areas will see enhanced greenery, seating and performance / event areas that will be animated through local community events and trade.

8 Phase 1 of the project construction will commence in October 2013 and be completed in March / April 2014 (weather dependent).

Phase 1 improvement works will consist of the following:

- Renewal of footway surfaces along the length of Blechynden Terrace Southbrook Road and West Park Road, with high quality materials (granite) being used along the lengths adjacent to the station forecourt.
- Renewal of road surfaces along the length of Blechynden Terrace, Southbrook Road and West Park Road with a granite 'shared surface' adjacent to the station forecourt and extending out to the junction with Wyndham Place.
- Introduction of a formalised taxi rank and turning circle to the west of the station forecourt.
- Pedestrian crossing point where Blechynden Terrace meets West Park Road.
- Coach bay parking allocation moved to the southern side of West Park Road.
- Provision of cycle lanes on the northern and southern sides of West Park Road.

Visualisations of the phase 1 work can be seen in:

- Appendix 1 Station North Side Phasing Plan
- Appendix 2 Station North Side Layout Plan
- Appendix 5 Station North Side 3D Sketch Views

It is important to note that the actual station forecourt will *not* be included in the Phase 1 plans. This decision was made upon advice from Network Rail who feel that the project will stand a greater chance of securing funding through their National Station Infrastructure Programme (NSIP). Network Rail is anticipating that a decision on the funding will be made around April 2014.

West Park Road works will be a continuation of the work completed on Blechynden Terrace. It is important to note that the northern side footway will be funded through the new Student Accommodation development works and every effort will be made to co-ordinate the works with this project.

9 At current contract rates, the total cost of the entire North of the Station project will cost just under £10m to complete. Future phases of the scheme stand a good chance of being funded through Section 106, CIL, and any other externally awarded funding allocations like the recently completed City Streets Bid. Once the project has commenced and if the NSIP money is awarded, the scheme's chances of attracting external funding increases as funder providers seek to award schemes that are already underway and have the full support of the Authority.

10 During the construction there is likely to be a number of temporary changes to the local road layout (including relocation of bus stops and taxi ranks etc.) to ensure public and contractor safety. However, we will endeavour to keep disruption to the normal running of the area to a minimum.

Phase 1 will be split into smaller sections to minimise disruption; with most of the work being carried out during normal working hours using temporary two way lights.

Some of the surfacing will be carried out overnight under full road closures and in this instance; diversion routes will be in place.

All efforts to inform the local and wider community will be made through leaflet dropping and utilisation of the SCC E-Alerts.

11 An innovative approach to consultation has been taken for the North of the Station project. A public engagement exercise was undertaken in Nov / Dec 2011 where the project team spoke with about 200 local residents / businesses and visitors to ascertain what they would like to see changed or improved at the north of the station. People were asked to become part of a 'Champions Group' to lead on the project principles and design process. These community centric initial designs and more recently the preliminary designs have been publicly exhibited in the area where there has been a genuine enthusiasm to comment on them and a general feeling of excitement amongst locals for change.

12 Improvements to the transport links and the public realm environment will enable building owners to rent an estimated 6,000m^2 of currently empty space for retail and office use, potentially creating 300 new jobs. The involvement of key employment sites and leaseholders such as: Mapeley Ltd, F&C Reit, Skandia and Bond Pearce, have proven that there is an interest in how the scheme develops in terms of commercial potential. F&C Reit have been at the forefront of this potential – already engaging with the Council's planning team to modify the frontage of Overline House in order to introduce retail by extending their ground floor premises.

13 The extension to the Overline House frontage and associated public realm improvements in the vicinity can be viewed in:

- Appendix 1 Station North Side Phasing Plan
- Appendix 2 Station North Side Layout Plan
- Appendix 5 Station North Side 3D Sketch Views

Note that the plans are still under negotiation and are subject to change.

RESOURCE IMPLICATIONS

Capital/Revenue

14 The total cost for the remainder of the full scheme design, as well as Phase 1 of the North of Central Station project *works* is estimated to be £2.288m. This excludes advance design costs of £0.272m, which are recorded and accounted for previously and separately.

15 The phasing and funding of the proposed capital scheme is detailed in Appendix 3.

16 The capital programme for Environment and Transport Portfolio will be increased by a total of £0.806m. This includes the addition of £0.720m of LTP government grant (2014/15 confirmed allocation) and £0.086m of PUSH grant funding. In addition, transfers totalling £1.482m are recommended from existing provisions within the programme. In order to prioritise these works, it is proposed to make material reductions, totalling £957,000, in two existing approved schemes (City Centre Improvements and Civic Centre Place). All of the variations and additions are detailed in Appendix 4.

17 There is an adequate 30% contingency built into the North of Central Station project to ensure that the possibility of overspend on the scheme is minimised. This has generated a contingency of over £0.5m. If more than £0.2m of this contingency is required in 2013/14 it may be necessary to identify a source of temporary financing until the 2014/15 LTP grant allocation is received. The Chief Financial Officer has delegated authority to agree such a variation should it prove necessary.

18 There will be no additional maintenance costs as the proposed designs for Phase 1 will only use materials that are within the accepted palette of maintainable materials of the highways partnership contract.

19 To facilitate some of the main objectives of the scheme such as enhanced pedestrian and cycling facilities, there will be a net loss of on street parking spaces after Phase 1 of the works are complete. Specific losses during Phase 1 include with associated projections of income loss are as follows:

Parking Bays	**Annual Income Loss**
13 Pay & Display Bays	£15,000
6 Pay & Display Bays (Short Stay)	£2,500

The locations of these lost bays are included in Appendix 6 – Station North Side Parking Impacts (Phase 1).

20 The specific reasoning behind the losses:

13 Pay & Display Bays (Southbrook Road)

The rationale is to move the taxi rank from its existing position where there have been carriageway spacing issues for traffic turning into and out of Wyndham Place. Further to this, Community Safety had advised of a number of complaints from Wyndham Court residents about the existing position of the taxi rank and some of the drivers' behaviours. The new position is away from any residential areas

6 Pay & Display Bays Short Stay (West Park Road)

The rationale behind these losses is to accommodate the coach parking bay moving to West Park Road (south side) as there have been carriageway width issues (as noted above) in its existing position at Wyndham Place junction with Blechynden Terrace. Both of these changes open up the area – particularly at the junction of Wyndham Place and Blechynden Terrace which will improve pedestrian permeability and enhance the cycle provision along Blechynden Terrace and West Park Road.

21 This loss of income will have an impact on the ring-fenced 'on street car parking account' and reduce the surplus available to fund parking, transport or highway related expenditure going forward. The impact of the Phase 1 development for off street car parking income is considered to be minimal but this could be more of an issue if further phases are pursued at a later date.

22 The annual income losses do not take account of drivers using spare capacity in other nearby parking areas (including MSCPs), as an alternative. Parking saturation surveys were undertaken during feasibility stage and it was found that on and off street parking was not fully used at all times during the day / night.

23 In order to complete phase 1 of the work, it is proposed (per the recommendations) to transfer £167,000 from the Civic Centre Place Strategic S106 Contributions. The decision to draw on this funding has been made due to the strategic importance of the Station Quarter (as per note 4) and the considerable advances made in the design and consultation of the project. It is recognised that Civic Centre Place will still need to be progressed and it is intended that it will be funded through a combination of CIL, LTP contributions and the City Streets Bid.

Property/Other

24 The Phase 1 works do not impact upon any property interests as all the works are contained within the existing public highway.

25 The later phases of works will be subject to a number of property transactions and authority for these will be sought at the appropriate time.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

26 The North of the Station project will be delivered in accordance with a variety of Highways and Environmental legislation, including but not limited to the Highways Act 1980, Road traffic Regulation Act 1994 and the Traffic Management Act 2004.

27 Works will be undertaken in accordance with Section 75 of the Highways Act 1980 sub section (1) 'where a Highway maintainable at the public expense comprises both a Footway or footways and a Carriageway, the Highway Authority may vary the relative widths of the Carriageway and of any Footway. The authority may prescribe in relation to either one side of both sides of the street, or at or within a distance if 15 yards from any corner of the street, a line to which the street is to be widened'.

Other Legal Implications:

28 The project, including the design and construction of any highway infrastructure changes, will be delivered in accordance with the Equalities Act 2010, having particular regard to the public sector equalities duty and the need to ensure that public space and realm is accessible to all. Regard will also be had to s.17 Crime and Disorder Act 1998 when designing the scheme to ensure that, to the extent possible, opportunities for environmental crime and other forms of crime and disorder will be eliminated or minimised.

POLICY FRAMEWORK IMPLICATIONS

29 The City Council is a Local Transport Authority as prescribed in the Transport Act 2000 and the Council's relevant Policy Framework is the City of Southampton Local Transport Plan (LTP3).

30 The North of the Station project is compatible with the objectives of the Community Strategy and Economic Development Strategy.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Bargate

<u>**SUPPORTING DOCUMENTATION**</u>

Appendices

1.	Station North Side Phasing Plan
2.	Station North Side Layout Plan
3.	Central Station Quarter – Phasing and Funding
4.	Variations and Additions to Environment & Transport Capital Programme
5.	Station North Side 3D Sketch Views
6.	Station North Side Parking Impacts (Phase 1)

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	EIA has been completed for project

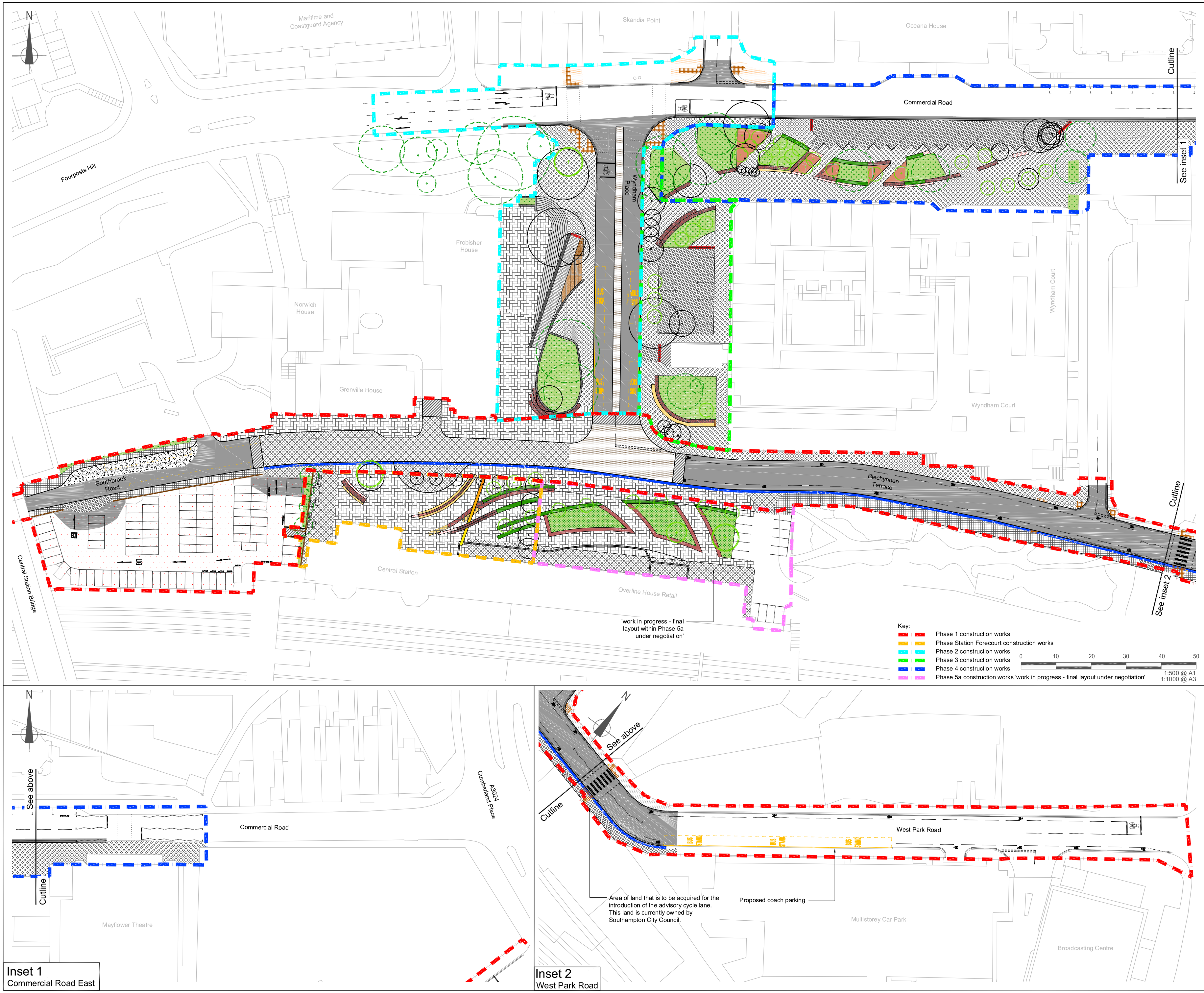
Other Background Documents

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.	The City of Southampton Local Transport Plan	http://www.southampton.gov.uk/s-environment/transportplanning/localtransportplan3/
2.	City Centre Master Plan	http://www.southampton.gov.uk/s-environment/future/ccplans/publicconsult.aspx

Agenda Item 17
Appendix 1



SIGNIFICANT RESIDUAL RISKS

The following list provides a cross reference between this drawing and the Designer's Health & Safety Risk Assessment and identifies those areas of Significant Residual Risk

Description of Risk	Ref. No.
Working close to live traffic and pedestrians	1
Excavation near existing stats	2
Pavement materials in relation to COSSH	3

Key:

- Bespoke granite paving
- Granite setts paving
- Bespoke granite wall
- Bespoke granite steps
- Bespoke granite seating
- Granite bespoke level paving
- Bespoke granite slope feature flush to 300mm
- Bespoke concrete retaining wall
- Bespoke concrete paving ramp
- Bespoke concrete amphitheatre steps
- 40mm inlay resurfacing
- Blacktop carriageway table and central island
- Blacktop carriageway ramp
- Existing footway paving material to be reused
- Footway surfacing construction
- Tactile paving
- Landscaping areas
- Bespoke lighting feature
- Lemoore Setts Paving
- Bespoke Lemoore paving
- Lemoore paving
- Existing car park to be re-marked
- Full depth carriageway construction
- Self binding gravel
- Brick retaining wall
- Bespoke basalt kerb canal edge 800mm wide
- Tree
- Existing tree to be retained
- Existing tree to be removed
- Clipped hedge

Rev	By	Chkd	Apprvd	Date	Description
P0	REA	PMN	CW	24-06-13	For information only

Client

Balfour Beatty
Living Places

Halcrow Group Limited
Elms House, 43 Brook Green, London, W6 7EF
Tel +44 (0)20 3479 8000 Fax +44 (0)20 3479 8001
www.halcrow.com

Halcrow
A CH2M HILL COMPANY

Project
Southampton Station Quarter

Drawing
Phasing of Construction Works
Including Overline House
Phases 1 to 5

Drawn by: REA Date: 24-06-13
Checked by: PMN Date: 24-06-13
Approved by: CW Date: 24-06-13

Drawing No. 201015-BE-000-033
Revision P0

Drawing Scale: as shown @ A1

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Agenda Item 17

Appendix 2

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Central Station Quarter - Phasing and Funding

FUNDING STREAM	2013/14	2014/15	TOTAL CAPITAL FUNDING
	£000	£000	£000
LTP Government Grant (Existing Allocation)	100	0	100
LTP Government Grant (Future Allocation)	0	720	720
Strategic Transport S. 106	957	0	957
LSTF Government Grant	425	0	425
PUSH Grant	86	0	86
Total Funding	**1,568**	**720**	**2,288**

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Agenda Item 17

Appendix 4

VARIATIONS & ADDITIONS TO THE ENVIRONMENT AND TRANSPORT CAPITAL PROGRAMME

Appendix 4

Block	Scheme No	Scheme Description	2013/14 LTP Government Grant (Existing Allocation)	2013/14 Strategic Transport S. 106	2013/14 LSTF Government Grant	2013/14 PUSH Grant	2013/14 Total Funding 2013/14	2014/15 LTP Government Grant (Future Allocation)	2014/15 Strategic Transport S. 106	2014/15 LSTF Government Grant	2014/15 Total Funding 2014/15	Total LTP Government Grant (Existing Allocation)	Total LTP Government Grant (Future Allocation)	Total Strategic Transport S. 106	Total LSTF Government Grant	Total PUSH Grant	Total Total Funding
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Variations to the Capital Programme																	
Public Realm	C890E	North of Station Advanced Design	-100	0	0	0	**-100**	0	0	0	**0**	-100	0	0	0	0	**-100**
Public Realm	C8900	City Centre Improvements	0	-390	0	0	**-390**	0	-400	0	**-400**	0	0	-790	0	0	**-790**
Public Realm	C890A	Civic Centre Place	0	-167	0	0	**-167**	0	0	0	**0**	0	0	-167	0	0	**-167**
Public Realm	C890N	LSTF Southampton Central Station	0	0	-25	0	**-25**	0	0	-400	**-400**	0	0	0	-425	0	**-425**
							-682				**-800**						**-1,482**
Public Realm	New	Central Station Quarter	100	957	425	0	**1,482**	0	0	0	**0**	100	0	957	425	0	**1,482** *
		Net Capital Variations					**800**				**-800**						**0**
Additions to the Capital Programme - funded by additional LTP government grant (2014/15 allocation) and additional PUSH government grant																	
Public Realm	New	Central Station Quarter	0	0	0	86	**86**	720	0	0	**720**	0	720	0	0	86	**806** *
Memo: Following capital variation & addition this revises the capital schemes as below																	
Public Realm	New	Central Station Quarter	100	957	425	86	**1,568**	720	0	0	**720**	100	720	957	425	86	**2,288** *

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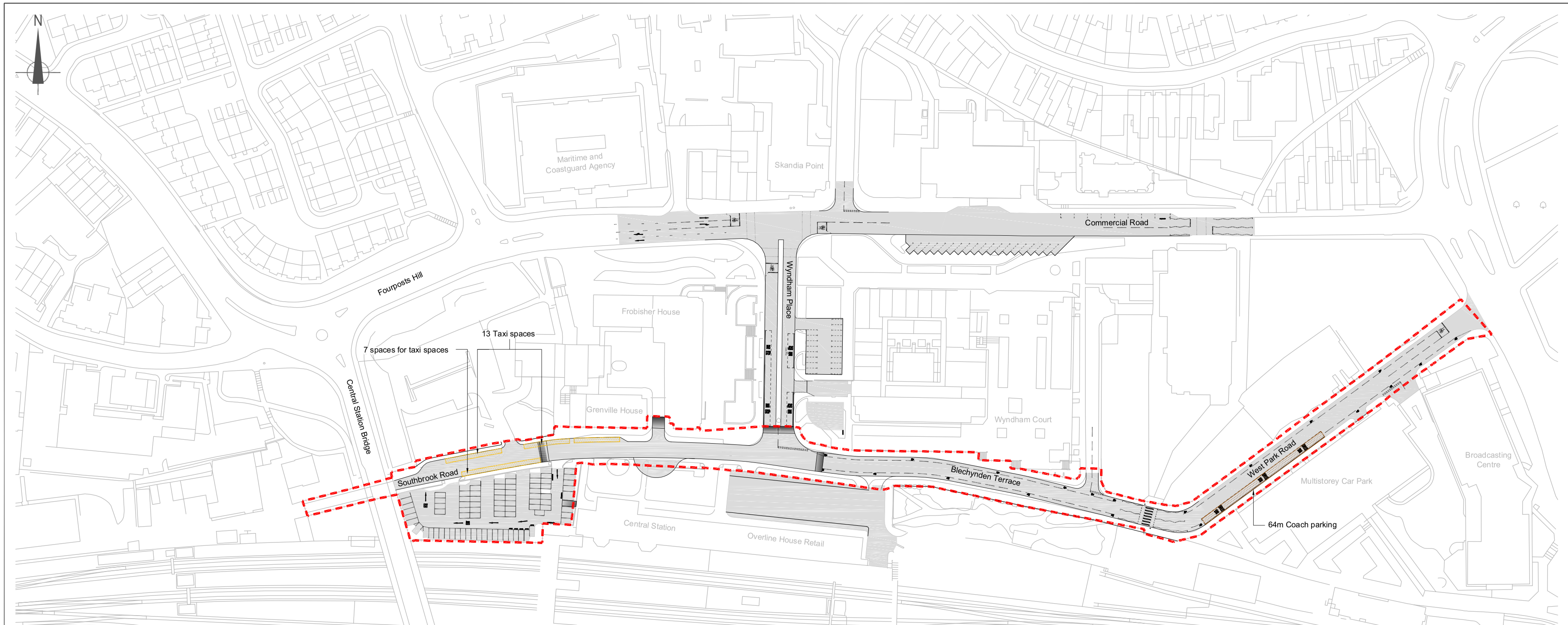
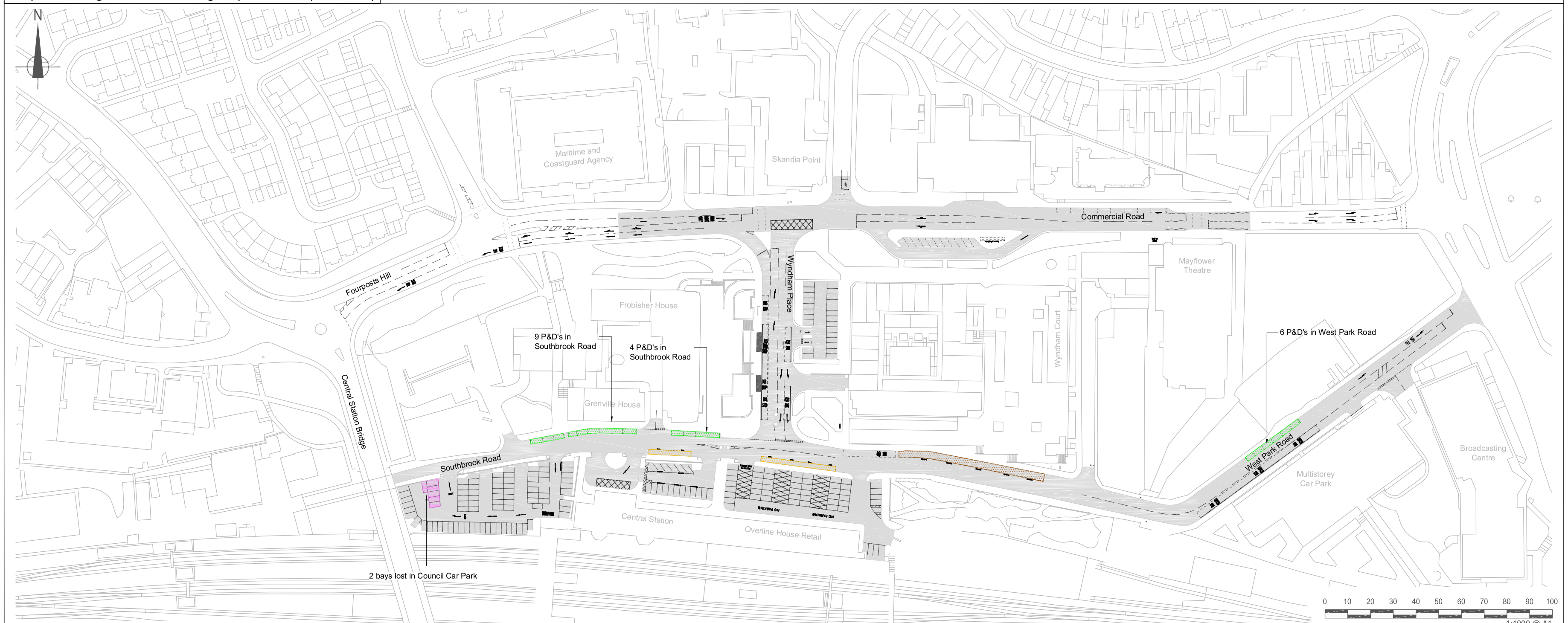
Agenda Item 17

Appendix 6



Proposed Alignment - Parking Implications (Phase 1)



Parking Bays - Net Loss (Phase 1)

Notes:

1. Print in colour.

Key:

- Pay and display short term
- Pay and display long term
- Taxi parking
- Coach parking
- Phase 1 construction works

Southampton City Council	
Pay and display short term	-18
Taxi parking	+10

Station Forecourt/Car Park	
Parking bays net loss (PH 1)	-2

P0	REA	PMN	CW	24-06-13	For information only
Rev	By	Chkd	Apprvd	Date	Description

Client

Balfour Beatty Living Places

Halcrow Group Limited
Elms House, 43 Brook Green, London, W6 7EF
Tel +44 (0)20 3479 8000 Fax +44 (0)20 3479 8001
www.halcrow.com

Halcrow A CH2M HILL COMPANY

Project: Southampton Station Quarter

Drawing: Existing and Proposed Parking Phase 1

Drawn by: REA Date: 24-06-13
Checked by: PMN Date: 24-06-13
Approved by: CW Date: 24-06-13

Drawing No. 201015-BE-000-034 Revision P0

Drawing Scale: as shown @ A1

Drawing file path & name: T:\Projects\...\Southampton\Projects\BE - Station Quarter North\CAD\Drawings\Series 000\ 201015-BE-000-034.dwg

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DECISION-MAKER:		CABINET COUNCIL		
SUBJECT:		COUNCIL PLAN 2013- 2016		
DATE OF DECISION:		16th JULY 2013 17th JULY 2013		
REPORT OF:		LEADER OF THE COUNCIL		
AUTHOR:	Name:	Suki Sitaram	Tel:	023 8083 2060
	E-mail:	Suki.sitaram@southampton.gov.uk		
STATEMENT OF CONFIDENTIALITY				
None.				

BRIEF SUMMARY

The Council Plan forms part of the council's Policy Framework and must therefore be approved by Council. It is a cross cutting document which covers all areas of the council's activities. The plan reflects the leadership role of the Executive in delivering the council's policy objectives, value for money and service improvement for the benefit of residents and businesses in the city. It is set in the context of opportunities and challenges faced by the council which influence priorities for the next 3 years. The council's strategic planning and policy framework is being reviewed in light of the Council Plan so that they relate to the delivery of the priorities in this Plan and can be streamlined.

The Council Plan 2013-16 has been drafted as an easy to read, simple document so that it can be more accessible to and understood by all staff and stakeholders. It reflects the council's priorities and identifies a short list of measures that the council will use to measure success. It seeks to highlight the key improvements and developments the council is aiming to achieve in the next 3 years and therefore does not detail all the council's "business as usual" activities. In developing this plan, the Cabinet has worked with the Council's Management Team to consider known national policy and budgetary changes which will have a significant impact on the city. The council remains committed to delivering its planned short and medium term aspirations and key projects. However, progress over the next few years will be partially dependent on the availability of funding from external sources.

RECOMMENDATIONS:

Cabinet

(ii) To note the recommendations made by the Overview and Scrutiny Management Committee, as reported verbally at the meeting, which, if approved by Council, will be reflected in the final version of the plan

(iii) To recommend the draft Council Plan 2013-16, including the council priorities as detailed in Appendix 1, to Council for approval.

Council

(i) To note the recommendations made by the Overview and Scrutiny Management Committee and Cabinet, to be reported verbally at the meeting, and which, if approved, will be reflected in the final version of the Council Plan

(ii) To approve the draft Council Plan 2013-16, including the council priorities as detailed in Appendix 1

(iii) To delegate authority to the Chief Executive, following consultation with the Leader of the Council, to finalise the Council Plan 2013-16, including incorporating any changes made at the meeting and to make any in year changes and to refresh relevant sections of the plan in 2014 and 2015 so that it aligns with any new budgetary or policy developments which will impact on the council's activities during 2013-2016.

REASONS FOR REPORT RECOMMENDATIONS

1. The Council Plan is a key element in the council's policy framework and as such there is a requirement that the council publishes this document. The plan sets the direction and priorities of the council for 2013-2016 to ensure the council has an integrated and planned approach from which policies and spending decisions will be made. However, further amendments will be required as a result of the council's budgetary planning for the next 3 years and emerging national policy changes. Delegated authority is therefore being sought to enable the plan to be amended to reflect any future changes.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not to produce a Council Plan - this has been rejected because the plan sets the direction and priorities of the council and is the key overarching document for directorates to plan future service delivery and stakeholders to link to as appropriate.

   To have an alternative plan / priorities – this has been rejected because the priorities identified in this plan best suit the challenges and issues facing the council and our customers.

DETAIL (INCLUDING CONSULTATION CARRIED OUT)

3. Whilst recognising the period of change the council is going through, its core purpose and commitment remains the delivery of excellent services to its customers and to lead economic development in the city.

4. The draft Council Plan 2013 – 2016 identifies the council's priorities and is based on the 2013/14 budget, approved by Council in February 2013. The budget was formulated following extensive consultation with local residents and stakeholders. The draft Council Plan incorporates key service improvements and commitments identified by directorates.

5. The Overview and Scrutiny Management Committee (OSMC) is due to consider the draft Council Plan 2013-16 on 11 July 2013 with the Leader and the Chief Executive. Their recommendations will be reported verbally at the Cabinet and Council meetings.

6. The final Council Plan 2013-16 will be published on the council's website, following consideration of the feedback from OSMC, Cabinet and Council.

7. The draft Council Plan 2013-16, attached as Appendix 1, outlines the council's vision, priorities, and what the council wants to achieve by 2016 to deliver effective, quality and efficient services to customers and lead on economic development.

8. The council's vision is One Council, working for a sustainable Southampton – Economically, Socially and Environmentally. The council's top priorities, as identified in the draft Council Plan are:

- Promoting Southampton and attracting investment
- Raising ambitions and improving outcomes for children and young people
- Improving health and keeping people safe
- Helping individuals and communities to work together and help themselves
- Encouraging new house building and improving existing homes
- Making the city more attractive and sustainable
- Developing an engaged, skilled and motivated workforce
- Implementing better ways of working to manage reduced budgets and increased demand

9. The Council Plan reflects the need for the council to meet its financial challenges while still maintaining its focus on delivering quality services to customers. Hence, the plan emphasises the delivery of the transformation programme to achieve the required level of savings and ensure the capacity of the organisation to achieve this.

10. The draft Council Plan also identifies that the council has to modernise and therefore, will need to be reshaped over the next 3 years. The council has to become a more business like organisation, driving out unnecessary costs and ensuring that the council is maximising investment to support the delivery of services and economic growth.

11. The draft Council Plan is a much shorter Plan than in previous years, with the aim of it being a more reader friendly version that is more accessible to and understood by a wide range of people. It has been designed to be printed and used as an A3 poster or fold-out document and will be easily viewed online.

12. The top priorities represent improvement that the Council as a whole will focus and progress on. These priorities for improvement will be reported to Cabinet on a quarterly basis. Each directorate will also focus on a list of priorities for improvement with the aim of narrowing our focus on the essential performance indicators within each directorate. The same approach will be taken at a service level, with the aim of focusing on the most important areas for improving performance.

13. The Cabinet is committed to equalities, anti-poverty and fairness and the priorities reflect many of the challenges relating to tackling inequalities that the council and its partners face and the proposed actions for the council over the next 3 years. These include actions to address health inequalities, helping people to address the impact of the welfare reforms and reducing the gap in educational attainment. Integrating equalities in this way helps the council to

mainstream compliance with equalities legislation and therefore, it is proposed that the council's Equality Action Plan will detail only those actions that are not included in the Council Plan. The council will continue to mainstream equality issues into its day-to-day business, for example, by using Equality and Safety Impact Assessments to inform decision making.

14. The areas requiring continued improvement reflect some of the challenges:

- Achieving marked improvement in school attendance ranking, as for the 2011/12 school year Southampton ranked147th out of 152 local authorities for total school absence
- Improving educational performance for some groups of children and young people, particularly those eligible for free school meals
- Improving children's safeguarding services
- Reducing health inequalities across the city
- Modernising adult social care services, helping people become more self reliant and reducing delayed transfers of care
- Increasing business growth and business start ups in Southampton
- Increasing recycling rates and transforming waste services
- Ensuring the council has the capacity to achieve the required level of change
- Reducing council costs by 30% at a time of increasing demand for some council services
- Working with our partners to improve our relative performance in overall crime

15. The current Council Plan (2011-14) was approved in July 2011 and highlights of the progress against agreed targets detailed in that plan are attached at Appendix 2.

16. The final version of the Council Plan will be published on the Council's website.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

17. There are no additional capital implications for 2013/14 arising from the proposals outlined in this report.

Revenue

18. There are no additional revenue implications for 2013/14 arising from the approval of the report's recommendations. The measures contained within the plan will be met from the resources allocated to portfolios through the 2013/14 budget setting process and future approved budgets.

Property

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

Other

20. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

21. The statutory powers for producing this plan can be found in the Local Government & Housing Act 1989, Local Government Acts 1972, 1999 and 2000 and s.1 Localism Act 2011. The council has a statutory duty to secure best value. The production of the Council Plan demonstrates that the council has an integrated and planned approach to this requirement.

Other Legal Implications:

22. In preparing the plan the council has had regard to its duties under the Equalities Act 2010, the Human Rights Act 1998 and s.17 of the Crime and Disorder Act 1998.

POLICY FRAMEWORK IMPLICATIONS

23. The annual Council Plan forms part of the council's Policy Framework, as set out in Article 4 of the Council's Constitution. The Executive is, for almost all functions, responsible for implementing the policies and spending the budget in accordance with the Policy Framework and budget. Each of the proposed actions in this plan will be subject to the council's normal decision making processes, including detailed legal and financial assessments as necessary.

24. In developing this plan, consideration has been given to known national policy and budgetary changes which will have a significant impact on the city. Progress over the next few years will be partially dependent on the availability of funding from external sources or the identification of new income sources. As it is not possible to guarantee the outcomes in some cases, the Council Plan is subject to in year variation. It is therefore proposed to delegate authority to the Chief Executive, following consultation with the Leader of the Council, to finalise the Council Plan, including incorporating any changes made at the meeting and to make any in year changes and to refresh relevant sections of the Plan in 2014 and 2015 so that it aligns with any new budgetary or policy developments which will impact on the council's activities during 2013- 2016.

25. Any in year amendments will be highlighted through the council's performance monitoring arrangements, which includes the presentation of information highlighting key variances to the Overview and Scrutiny Management Committee.

SUPPORTING DOCUMENTATION

Appendices

1	Draft Council Plan 2013 - 2016
2	Council Plan 2011 - 14 – Progress highlights

Documents In Members' Rooms

	None

Background Documents

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

KEY DECISION	Yes
WARDS/COMMUNITIES AFFECTED:	All

Southampton City Council Plan **2013-16**

Agenda Item 18

Appendix 1

One council, working for a sustainable Southampton

- Economically, socially and environmentally

Our priorities

Economic
- Promoting Southampton and attracting investment.
- Raising ambitions and improving outcomes for children and young people.

Social
- Improving health and keeping people safe.
- Helping individuals and communities to work together and help themselves.

Environmental
- Encouraging new house building and improving existing homes.
- Making the city more attractive and sustainable.

One council
- Developing an engaged, skilled and motivated workforce.
- Implementing better ways of working to manage reduced budgets and increased demand.

How we will work

We will put residents and customers at the heart of what we do, reflecting the city's diversity

- We will listen, learn and improve
- We will spend money wisely
- We will be an employer of choice
- We will work with others to make a difference
- We will strive to get it right, first time, every time

Our challenges

- Addressing the effects of the continued recession and while we want growth, few people are able to invest.
- Helping more local people to improve their skills and get a local job.
- Improving school attendance.
- Improving educational attainment for those children who do not do as well as others.
- Effective support to safeguarding of vulnerable children, young people and adults.
- Working with our partners to improve our relative performance in overall crime.
- Reducing health inequalities across the city.
- Reducing the numbers of vulnerable children, young people and adults.
- Reducing the impact of the Welfare Reforms on people who live in poverty or on a low income.
- Reducing reliance on and demand for intensive council support.
- Meeting housing needs.
- Improving waste and recycling services.
- Ensuring the council has the capacity to achieve the required level of change.
- Reducing council costs by 30% at a time of increasing demand for some council services.

Our opportunities

- Working regionally to improve local outcomes e.g. City Deal, community budgets.
- Attracting external funding, particularly to improve the city's infrastructure.
- Regenerating the council's housing estates.
- Significant investment planned across the waterfront and the city centre.
- Integration with Health to manage demand and share risks and costs.
- Encouraging and maximising opportunities for economic growth and inward investment.
- Increasing new business start ups.
- Benefiting from local business rate retention.
- Supporting citizens to become more self reliant.
- Harnessing initiatives that increase community powers e.g. Community Asset Transfer, personalised budgets.
- Transforming the organisation through the council's Change Programme
- Responsibility for Public Health.
- Harnessing the potential of partnerships

SOUTHAMPTON CITY COUNCIL ®

Southampton City Council Plan 2013-16

Our priorities	By 2016 we want to	Key actions in 2013/14	Success measures for 2014
Economic			
Promoting Southampton and attracting investment	Increase opportunities in the city for business start ups. Increase take up of skills development and job opportunities by local people.	Maximise economic growth and jobs through initiatives including City Deal, Section 106 agreements and Community Infrastructure Levy. Develop opportunities to improve literacy and digital skills across the city's libraries.	Increase the employment rate (68.3% December 2012). Increase the net gain of businesses in the city (70 in 2011 based on 750 start-ups and 680 closed). 550 people supported / completed skills courses.
	Increase inward investment in the city.	Raise the profile of Southampton as a place to invest in by promoting the city's success and unique selling points including implementation of the City Centre Master Plan.	Manage 100 new inward investment projects on behalf of the Solent LEP (Subject to the Solent LEP Board decision). Maintain % satisfied with Southampton as a place to live (81% 2010).
	Develop partnerships and an investment programme to support growth in the green economy.	Support growth in the green economy including securing ECO (Energy Company Obligation) funding.	Develop a Strategic Energy Action Plan to secure ECO funding and jobs.
Raising ambitions and outcomes for young people	Reduce school absence rates in line with the South East Average.	Reduce the gap in educational attainment for pupils eligible for free school meals (FSM) and those who are not through: • investing in our support for school improvement • working with schools to support the ways they are working together to do this.	Reduce the gap for pupils eligible for FSM attaining Level 4+ in English and Mathematics at Key Stage 2 (2012 City average: 77% / FSM: 62%). Reduce the gap for pupils eligible for FSM attaining 5+ A* to C grades at GCSE inc. English and Mathematics (2012 City average: 54.4% / FSM: 32.4%).
	Reduce the gap in educational attainment between the Southampton average and the South East average.	Develop the Southampton Apprenticeship Action Plan. Launch the Southampton Apprenticeship Campaign.	Reduce people aged 16-18 (academic age) who are not in Employment, Education or Training (NEET) from 6.3% to 6%. (384 young people). Increase the number of apprenticeship starts – all ages from 2,000 to 2,150.
Social			
Improving health and keeping people safe	Improve safeguarding of vulnerable children, young people and adults.	Redesign the way we deliver and commission services for children, young people and adults.	Increase the timeliness of initial child protection work for vulnerable children from 75% to 85%. Increase care leavers who are in suitable accommodation from (63% 2012/13). Reduction in the number of first time entrants to the Youth Justice System aged 10-17 from 968 to 871 and reoffending rates from 48% to 43%.
	Deliver sustained improvements for families through our Families Matter programme.	Implement the Families Matters model to work with 593 families with complex support needs.	30% (178) of families worked with through the Families Matter programme have been turned around.
	Improve people's health and reduce health inequalities between the different areas of the city.	Support people to make better lifestyle choices to help reduce health inequalities.	16% of the eligible population are offered health checks. Increase adult participation in sport from 24.7% to 25.7%.
Helping individuals and communities to work together and to help themselves	Mitigate the impact of the welfare reforms through increasing welfare information, training and support.	Implement the Welfare Reforms Action Plan.	Maintain levels of statutory duty homelessness acceptance (197 2012/13). Maintain reasonable levels of council tax (in year) collection rates (96.2% 2012/13).
	Increase opportunities for self reliance and community resilience.	Welfare Reforms Monitoring Group to establish baseline data to measure the impact of the welfare reforms and make recommendations to enhance the sustainable local welfare provision. Implement the 1st phase of the Community Asset Transfer Strategy.	Number of community assets transferred. Increase take up of social care clients receiving self directed support (direct payments and individual budgets) from 6.5% (2012/13).
Environmental			
Encouraging new house building and improving existing homes	Improve council estates by making significant progress in our estates regeneration programme and increasing the number affordable of homes.	Deliver the milestones of the estate regeneration programme for Meggeson Avenue (Phase 2) and Hinkler Parade.	Deliver 330 affordable homes. Bring 100 empty properties back into use. Deliver 42 new homes through the estate regeneration programme.
	Improve the quality of housing in the city.	Improve private sector housing standards. Continue ongoing 5 year investment programme to improve the council's housing stock, with a key focus on energy efficiency and remodelling supported housing blocks.	Ensure all private landlords of houses in multiple occupation (HMOs) in the Bargate are licensed. Complete key milestones for 2013/14 in the Council Housing Investment Programme.
Making the city more attractive and sustainable	Achieve a modal shift in transport from the private car to other methods.	To encourage a change in travel habits to more sustainable modes by delivering the capital programme and the "My Journey" campaign.	Reduce people entering the city centre in a light vehicle during the morning peak (7.30-9.30am) from 58.6% to 57%.
	Transform waste services and improve recycling levels.	Introduce a glass collection service. Reduce recycling contamination levels.	Increase recycling rate from 25.42% to 27%. Reduce net cost of waste and recycling service from £124 to £112 per household.
	Provide an expanded cultural offer for the city.	Finalise development proposals for the Southampton New Arts Complex. Start fit out work for the new Woolston Library.	Start work on site for SNAC.
One council			
Developing an engaged, skilled and motivated workforce	Develop a skilled and motivated workforce to include improving programme and project management and IT literacy within the council.	Develop and implement a Workforce Strategy and Engagement Plan. Develop an IT training programme. Establish a council-wide pool of project management expertise.	% people who go through the STEP programme who are redeployed. Reduce the number of days lost to sickness absence per full time equivalent (excluding schools) from 11.1 to 8.25 days
Implementing better ways of working to manage reduced budgets and increasing demand	Redesign the points where customers access information and services to encourage use of more efficient channels such as the web.	Work with services (especially the People Directorate) to redesign processes to move appropriate actions earlier in the customer's contact with the council, whether that be the web, the contact centre or face to face.	Reduce end to end service delivery times. Increase use of the web portal to access information and services.
	Deliver an agreed programme of transformation through the change programme to make a significant contribution to the council's savings gap of £60m.	Work with partners to implement joint and integrated commissioning for the People Directorate.	Achieve savings as a result of integrated commissioning. Reduction in the number of delayed transfers of care.
		Develop a Medium Term Financial Action Plan. Achieve milestones to reduce council buildings used for staff.	Agreed level of savings achieved.

Council Plan Progress Highlights in 2012/13

We said	We did
We want to attract more jobs for local people	• Launched the Southampton City Centre Master Plan • Created 11 new Employment and Skills Plans (ESP) S106 programmes which will lead to the creation of 140 new supported jobs for unemployed residents and 102 new/safeguarded apprenticeships • Led the multi agency task force to provide skills training, advice and guidance to Ford employees to maximise their choices and job opportunities on the closure of the Swaythling Plant.
More local people who are well educated and skilled	• More young people achieving well at Key Stage 2 and 4 (GSCE): A*- C grade GCSEs, including English and Maths (increased from 51.7% in 2011/12 to 54.4% in 2012/13 • More young people staying on in education post 16 and taking up applied/vocational learning opportunities – from 88.3% in 2011/12 to 89.3% in 2012/13 • More children and young people attended school regularly – absence rates reduced from 6.4% in 2011/12 to 5.9% in 2012/13
A better and safer place in which to live and invest	• Launched an integrated web presence for inward investment to Southampton, Hampshire and the Isle of Wight • Received 97 inward investment enquiries on behalf of the Solent LEP • Increased visitor numbers at Sea City Museum and progressed work on Centenary Quay, Woolston • Secured £17.8million investment for the project 'A Better Connected South Hampshire' as part of the Transport for Southampton, Hampshire and Isle of Wight partnership • Delivered a capital programme of £14m investment in Southampton's roads, pavements, transport, and the street scene environment • 456 new homes completed, 196 affordable homes delivered and improved 1,643 private homes
Better protection for children and young people	• Increased the number of approved Southampton Foster Care Placements from 386 to 453 • Commissioned detailed work on the challenges faced by the council in safeguarding vulnerable children to develop an Implementation Plan for improvement in outcomes.
Support for the most vulnerable people and families	• More people helped to live at home for longer (people receiving domiciliary care increased from 2,730 2011/12 to 2,887 2012/13; reduced those in residential care from 627 2011/12 to 586 in 2012/13) • Increased the safety of the highest risk victims of domestic violence evidenced through a reduction of repeat incidents of domestic violence incidents returning to MARAC in 12 months from 20.13% in 2011/12 to 19.5% in 2012/13 • Identified the first wave of families with complex, multiple

We said	We did
	problems to be supported through the Families Matter project and established a multi agency model to support families with complex needs • Led the city's preparation on informing and supporting residents in understanding and dealing with the impacts of the welfare reforms, including the publication of Moneytree for raising awareness
Reducing health inequalities	• 1,547 people stopping smoking through 4 week smoking quitters • Increased the proportion of people participating in sport and physical activity from 23.10% to 24.7% • Increased cycling amongst schools targeted through the My Journey project from 1.1% to 3.6%
Deliver high quality, low cost services that meet customer needs	• Achieved budget savings of £13.7m to reduce the council's funding gap • Established a new People Directorate to improve outcomes, transform services and reduce costs. • Implemented the chargeable garden waste scheme • Approved the Houses in Multiple Occupation Licensing project

DECISION-MAKER:		CABINET COUNCIL		
SUBJECT:		COMMUNITY INFRASTRUCTURE LEVY AND PLANNING OBLIGATIONS SUPPLEMENTARY PLANNING DOCUMENT ADOPTION		
DATE OF DECISION:		16 JULY 2013 17 JULY 2013		
REPORT OF:		THE LEADER OF THE COUNCIL		
CONTACT DETAILS				
AUTHOR:	**Name:**	**Jo Moorse**	**Tel:**	**023 8091 2603**
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STATEMENT OF CONFIDENTIALITY
None

BRIEF SUMMARY

The Community Infrastructure Levy (CIL) Regulations (as amended) came into force in April 2010 and introduced a new mechanism by which local authorities can seek developer contributions to assist in funding the infrastructure needed to support new development. The rate of CIL to be applied to new development is set out within the proposed Charging Schedule (as set out in Appendix 1).

The Charging Schedule has been informed by two public consultation exercises, a viability assessment, infrastructure needs assessment and has been scrutinised at an independent examination hearing in public (please refer to the Examiner's Report in Appendix 2). In response to the Examiners Report, the Charging Schedule has been amended accordingly from its draft form reducing the residential charge rate from £90 sq m to £70 sq m. The Charging Schedule would be supported by the Developer Contributions Supplementary Planning Document (attached as Appendix 3) to secure further contributions towards affordable housing and address the site specific impacts of new development and also an Instalments Policy (as set out in Appendix 4) which would assist with developers' cash flow in paying the CIL.

RECOMMENDATIONS:

CABINET:

(i) To recommend the Community Infrastructure Levy Charging Schedule, the statement of Statutory Compliance (contained within the Charging Schedule) and the Community Infrastructure Levy Instalments Policy (Appendices 1and 4) to Council for approval;

(ii) To approve the Developer Contributions Supplementary Planning Document (Appendix 3) and to delegate authority to the Head of Planning Transport and Sustainability to approve the necessary amendments to Appendix A: Commuted Sums Tables contained therein; and

(iii) To delegate authority to the Head of Planning Transport and Sustainability to establish the procedure, following consultation with the Leader of the Council, for how neighbourhood funding from the Community Infrastructure Levy will be allocated.

COUNCIL:

(i) To approve the Community Infrastructure Levy Charging Schedule as set out at Appendix 1 to take effect from 1st September 2013;

(ii) To approve the statement of Statutory Compliance as set out within th Community Infrastructure Levy Charging Schedule at Appendix 1;

(iii) To approve the Community Infrastructure Levy Instalments Policy at Appendix 4 to take effect from 1st September 2013; and

(iv) To delegate authority to the Head of Planning Transport and Sustainability to establish the procedure, following consultation with the Leader of the Council, for how funding bids for the Community Infrastructure Levy will be made to the Capital Board and to approve and publish the Council's Regulation 123 list.

REASONS FOR REPORT RECOMMENDATIONS

1. The 2004 Barker Review of Housing Supply noted that the lack of timely delivery of infrastructure is a key barrier to the delivery of development. The key purpose of the Community Infrastructure Levy Regulations (2010) is to raise additional revenue for such infrastructure. The Southampton Local Development Framework Core Strategy Development Plan Document (2010) sets out the growth plans for Southampton up to 2026. An assessment of the infrastructure needed to support this growth, undertaken as part of this study, highlights a significant gap between the known available sources of funding for infrastructure and its total cost. In such circumstances, the CIL Regulations make it clear that it is appropriate to introduce the CIL to ensure that new development contributes towards the infrastructure needed to support it.

2. Financial contributions would be generated by CIL liable development at a rate set out within the Charging Schedule. The Council carried out the requisite public consultation in respect to the Draft Charging Schedule which was informed and supported by viability evidence. There was a considered response to the initial proposals from various parts of the development industry. These responses were carefully considered and taken into account in the final version of the Draft Charging Schedule. In March 2013, the Draft Charging Schedule was heard before an independent examination which was held in public. The examination Inspector published his report in April 2013 which concluded that, subject to one modification in respect to reducing the rate of CIL applied to residential development, the Charging Schedule is

capable of providing an appropriate basis for collecting the Community Infrastructure Levy in Southampton and that retail and residential development will remain economically viable across most of the City. The Charging Schedule has been revised in line with the modification set out within the examination report. The charge rate is proposed for residential uses but not for commercial uses with the exception of retail uses.

3. To assist with developer cash flow and economic viability, Regulation 69(b) of The Community Infrastructure Levy (Amendment) Regulations (2011) allows CIL to be paid in instalments. The Instalments Policy sets out the level of the CIL charge, the number of instalments available for that charge and the timing of instalments for that charge.

4. The Developers Contributions Supplementary Planning Document (SPD) sets out the Council's policy for securing developer contributions for new developments and should be considered alongside the Charging Schedule. Whilst some development may only be CIL liable, other development will be CIL liable and also have to make other contributions (through a Section 106 agreement) towards, for example, affordable housing and site specific transport and access requirements. The purpose of the SPD is: to explain policies and procedures for securing developer contributions; the relationship between CIL and developer contributions; and to provide evidence and guidance about the types of contributions that will be sought in regards to this. Since CIL will provide developer contributions towards strategic infrastructure, the planning obligations sought through the section 106 process need to be scaled back to ensure there is no duplication between the two mechanisms. The new SPD addresses this.

5. Under Regulation 123 of The Community Infrastructure Levy Regulations (2010) the Council will publish a list of infrastructure projects of types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. The Capital Board will make a decision on the infrastructure projects and types of infrastructure that will appear on this list.

6. The Capital Board will co-ordinate and determine requests for CIL funding from across the Council. Where appropriate, the Head of Planning, Transport and Sustainability will advise the Board on how these requests align with the City's Infrastructure Needs Assessment and Regulation 123 list. A more detailed process for the allocation of CIL on an annual basis will be developed, in close consultation with the Leader of the Council and the Cabinet Member for Resources. This will provide a clear and accountable way of managing the CIL allocation process.

7. The Community Infrastructure Levy (Amendment) Regulations 2013 make provision for the Council to utilise 15% of the revenue generated from CIL on neighbourhood funding, to help communities accommodate the impact of new development in their areas. The Council will retain the Levy receipts but should engage with the communities where development has taken place and agree with them how best to spend the neighbourhood funding. We are required to clearly and transparently set out our approach to engaging with neighbourhoods. This approach will be developed by the Head of Planning Transport and Sustainability in close consultation with the Leader of the Council and the Cabinet Member for Resources.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Option 1 – Do not approve the Charging Schedule

8. This option is not recommended as the Council's ability to provide strategic infrastructure to support growth would be significantly compromised. After 2014, the Council would lose the ability to pool contributions from more than five schemes towards infrastructure. Planning contributions would be therefore be restricted to addressing site specific issues rather than towards strategic infrastructure. Furthermore, the Council has previously committed to seeking contributions through CIL and subsequently public consultation on the Draft Charging Schedule and its examination in public were undertaken.

DETAIL (Including consultation carried out)

9. The Southampton Core Strategy (2010) commits to building 16,300 new homes, 300,000 square metres of employment space (currently subject to revision) and 130,000 square metres of retail space before 2026. This level of growth will clearly require significant support from a range of infrastructure and services, including measures to enable development to respond to future challenges such as flood risk. Funding for such infrastructure can be generated from CIL. These targets are currently going through a Partial Review, the new homes target remains the same but the employment space and retail space targets have been reduced to 110,000 square metres and 100,000 square metres respectively.

10. An Infrastructure Study and Delivery Plan were prepared in response to the Community Infrastructure Regulations (2010) (as amended). The Infrastructure Study has a detailed evidence base which includes a Demographics Analysis, an Infrastructure Needs Assessment and a Viability Appraisal. The Demographics Analysis provides further detail regarding the likely growth of the City over the plan period and underpins many of the assumptions in the Needs Assessment. The Needs Assessment highlights a gap in funding between the total cost of infrastructure needed and the anticipated funding for this. It therefore concludes that the following types of infrastructure should be beneficiaries of CIL with the total estimated costs associated with providing this infrastructure also listed:
    - Strategic Transport (£431.1 million);
    - Strategic Open Space and Biodiversity (£42.9 million);
    - Strategic Flood Risk (£87.8 million);
    - Education (£24.3 million);
    - Sports, Recreational and Community Facilities (£17.0 million);
    - Health (£4.3 million) and;
    - Museums and Libraries (£3.9 million).

11. Strategic transport, strategic flood risk, open space and education represent the greatest infrastructure costs. The CIL Regulations require the Levy to be used for infrastructure needed to support new development but planning regulations provide a broad definition of infrastructure and so enable Local Authorities flexibility in deciding how to use the Levy. The Council is not rigidly

tied to committing the Levy each year towards the infrastructure identified in the Needs Assessment. Once CIL is adopted, Local Authorities are required to publish annual reports detailing the amounts collected and how and where the Levy is used.

12. The Levy would be a flat rate charge for all new floorspace created in developments of over 100 square metres. The Levy will also apply to the construction of all new dwellings, irrespective of size. The Regulations set out that affordable housing would be exempt from the charge, as would development by charities for charitable purposes. The Council may also make exceptional relief from CIL available for developments with abnormal site specific infrastructure costs, subject to the tests set out in the relevant tests being met, as set out in the CIL Regulations. Other than through this provision, CIL is not negotiable (unlike S106 Contributions).

13. For developers, CIL is clear and unambiguous in terms of what contribution will be required. For the Council, CIL provides flexibility in how the charge will be spent across the City. There is no requirement to link each CIL receipt directly to an individual development, enabling funds to be used strategically to target priority areas for infrastructure required to accommodate new development anywhere in the City. A Viability Appraisal was carried out as part of the Infrastructure Study and provides key evidence in determining the level of CIL that should be charged. The key conclusions of the Viability Appraisal were that for residential development, a charge would be viable. However, commercial uses, with the exception of retail, could not support CIL payments in the current economic climate.

14. The Examination Report concludes that the rates for retail and residential development across the City as set out within the Draft Charging Schedule are based on reasonable assumptions about current local development values and likely costs, with both retail and residential development remaining viable across most of the City. The report recommends that the residential rate is modified from £90 per sq m to £70. The Report also considers that the Council has tried to be realistic in terms of achieving a reasonable income to help address an acknowledged gap in infrastructure funding, whilst ensuring that development remains viable in the City.

15. The Examiner's Report also clarifies that developments of new student accommodation provided by commercial operators will be charged the same as other residential development within the City. The Examiner required a change to the Charging Schedule to clarify this and the Schedule has been amended accordingly.

16. The Levy will be kept under review to ensure that it is updated if market conditions change and to ensure that it remains relevant to the funding gap. The Regulations also give discretion to the authority to decide if they want to cease charging the Levy. The Levy can be terminated at any time provided that the authority formally resolves to cease charging.

17. These proposed Charge Rates (per sq m) are to be applied to the increase in gross internal floorspace of any new building or extension, if it has at least 100 sq m of gross internal floorspace or involves the creation of a dwelling (even when that is below 100 sq m):

Retail (Classes A1 – A5)	£43
Hotels (Class C1)	£0
Residential institutions (Class C2)	£0
Residential development (C3, C4 and Sui Generis Houses in Multiple Occupation	£70
Community Uses (Class D1)	£0
Business (B1, B2, B8 and other commercial uses not specified above)	£0

18. For comparison, other local authorities within the surrounding area that have adopted the CIL are currently charging the following (per sq m):

Fareham – effective since 1st May 2013

Residential falling within Class C3 (a) & (c) and C4	£105
Carehomes falling within Class C3 (b) and C2	£60
Hotels falling within Class C1	£35
Comparison retail in the centre	£0
All other retail	£120
Standing charge (applies to all other development not separately defined)	£0

Portsmouth – effective since 1st April 2012

All development unless otherwise stated	£105
Classes A1 – A5 in centre retail any size and small (<280 sq m) and out of centre retail	£53
B1 (a), B1, B2, B8 Office and Instruction	£0
Hotels Class C1	£53
Residential Institutions Class C2	£53
Community uses Class D1	£0

Havant – effective from 1st August 2013

Residential	Emsworth and Hayling Island £100 Rest of Borough £80
Hotel	£0
Industrial	£0
Offices	£0
Retail	Town Centre £0 Out of Centre > 280 sq m £80 Out of Centre < 280 sq m £40
Community uses	£0

Poole – effective since 2nd January 2013

Residential dwellings – Zone A	£150
Residential dwellings – Zone B	£100
Residential dwellings – Zone C	£75
All other development	£0

19. The CIL Regulations also make provision to introduce an Instalments Policy. This will have a positive impact on developers' cash flow and will help to ensure that development within the City remains viable. It is recommended that the Instalments Policy is approved and applied to all CIL liable development from 1st September 2013.

20. Once the Charging Schedule is adopted, it will no longer be possible to use the Section 106 agreement process to pool contributions from more than five developments. As such, a Developer Contributions Supplementary Planning Document has been produced which would secure the negotiable elements that cannot be addressed by the Levy. This would include affordable housing and the resolution of site specific issues, such as the provision of highway improvements to serve the development and make it acceptable in planning terms. The Council would continue to take matters of site specific viability into account as part of this process.

21. It is recommended that the Developer Contributions Supplementary Planning Document is adopted. This provides clarity on the expected interaction between the CIL and S106 legal agreements for site specific infrastructure, to avoid possible double counting of financial contributions.

22. The CIL Regulations (2010) require the Council to publish a list (known as the Regulation 123 List) of infrastructure projects and types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. The Capital Board will determine the infrastructure projects and types of infrastructure that will appear on the list. It is recommended that authority is delegated to the Head of Planning Transport and Sustainability to establish the procedure for this, in close consultation with the Leader of the Council and the Cabinet Member for Resources. It is intended that the 123 list would be regularly reviewed, to ensure that it reflects the up-to-date infrastructure needs of the City.

23. As noted in paragraph 7, the Community Infrastructure Levy (Amendment) Regulations 2013 make provision for the Council to utilise 15% of the revenue generated from CIL on neighbourhood funding, to help communities accommodate the impact of new development in their areas. We are required to clearly and transparently set out our approach to engaging with neighbourhoods. This approach will be developed by the Head of Planning Transport and Sustainability in close consultation with the Leader of the Council and the Cabinet Member for Resources.

RESOURCE IMPLICATIONS

Capital/Revenue

24. The Council is able to use up to 5% of the CIL receipts to cover the costs of monitoring, administering and updating the Levy. The resources required to monitor and manage CIL will be borne by existing budgets and staffing (including a post which has been specifically set up for this purpose). Additional monitoring and administrative work will also be carried out from within existing resources. A savings proposal was approved by Council in July 2012 which was based on the anticipated additional income from infrastructure charge administration fees. As a consequence income of £50,000 in 2013/14 and £90,000 in subsequent years is now included in Environment and Transport Portfolio's base revenue budget. The Council report noted that the yield from CIL is uncertain and will depend on market recovery. The income will therefore need to be closely monitored following implementation of the process.

25. Further decision making reports will be brought forward detailing proposals for the use of the CIL generated each year.

Property/Other

26. There are no implications that arise for the Corporate Property Strategy.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

27. The Community Infrastructure Levy Regulations 2010 (as amended) are applicable as detailed in the main body of the report.

Other Legal Implications:

28. In making the proposals set out in this report the Council MUST have regard to the provisions of the Equality Act 2010 (including carrying out integrated impact assessments as appropriate), the duty under s.17 of the Crime & Disorder Act 1998 to carry out its functions having regard to the need to reduce or eliminate crime & disorder and the provisions of the Human Rights Act 1998 , in particular Article 8 (right to respect for private & family life) and Article 1 of the First Protocol (the protection of property). Any interference with the rights protected under the Act must be necessary and proportionate in the interests of a democratic society. The Council is satisfied that the proposals in the report comply with the statutory requirements set out above.

POLICY FRAMEWORK IMPLICATIONS

29. The proposed recommendations support the policies of the Council's current Local Development Framework.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	ALL

SUPPORTING DOCUMENTATION

Appendices

1.	Community Infrastructure Levy Charging Schedule and Implementation Guide
2.	Examination Report
3.	Developer Contributions Supplementary Planning Document
4.	Instalments Policy
5.	Integrated Impact Assessment

Documents In Members' Rooms

1.	None.

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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)

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Community Infrastructure Levy Charging Schedule Development Plan Document

April 2013

Contacts for this document

Development Management
Planning and Sustainability
Civic Centre
Southampton SO14 7LS

023 8083 2603
planning@southampton.gov.uk

The Charging Authority

The Charging Authority is Southampton City Council.

Date of Approval

This Charging Schedule was approved by the Council on (DATE TO BE AGREED AT CABINET/COUNCIL) 2013.

Date of Effect

This Charging Schedule will become effective on (DATE TO BE AGREED AT CABINET/COUNCIL) 2013.

The CIL Rate

CIL is charged on gross internal floorspace of any new building or an extension to an existing building in Southampton City administrative area if it has at least 100m² of gross internal floorspace or involves the creation of a dwelling even when that is below 100m².

Table 1 Charge Rates

Use Class	Maximum CIL (psm)
Retail (A1-A5)	£43
Hotels (C1)	£0
Residential Institutions (C2)[1]	£0
Residential (C3, C4 and Sui Generis Houses in Multiple Occupation)[2]	£70
Community Uses (D1)	£0
Business (B1, B2, B8 and other commercial uses not specified above)	£0

[1] This applies to student accommodation which includes individual bedrooms with shared communal facilities and where residents do not live as a single-family.
[2] This includes self-contained student flats and cluster flats

However, buildings into which people do not normally go, or go only intermittently for the purposes of inspecting or maintaining fixed plant or machinery are not liable to pay[3].

Affordable housing and buildings owned by charities and used for charitable purposes are exempt from the charge[4].

CIL will be charged for the net additional floorspace, that is, after the area of demolished buildings has been deducted.

The rates shown in Table 1 will apply uniformly to all land uses across the whole geographic extent of the City.

The rate will be updated annually for inflation in accordance with the Royal Institute of Chartered Surveyors "All In Tender Price Index".

Statutory Compliance

This draft Charging Schedule has been approved and published in accordance with the Community Infrastructure Levy Regulations 2010 and Part 11 of the Planning Act 2008.

In setting the rates, the Council has struck an appropriate balance between:

- the desirability of funding from CIL in whole or part the estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and
- the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

[3] Regulation 6(2) of the Community Infrastructure Levy Regulations 2010
[4] Regulations 43 and 49 of the Community Infrastructure Levy Regulations 2010

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Agenda Item 19

Appendix 2

The Planning Inspectorate

Report to Southampton City Council

by Nigel Payne BSc (Hons), Dip TP, MRTPI, MCMI

an Examiner appointed by the Council

Date: 16 April 2013

PLANNING ACT 2008 (AS AMENDED)

SECTION 212(2)

REPORT ON THE EXAMINATION OF THE DRAFT SOUTHAMPTON COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

Charging Schedule submitted for examination on 4 February 2013

Examination hearings held on 11 and 12 March 2013

File Ref: PINS/D1780/429/7

Non Technical Summary

This report concludes that with one major and one minor modification the Southampton Community Infrastructure Levy Charging Schedule is capable of providing an appropriate basis for the collection of the levy in the city.

The Council has sufficient evidence to support the schedule and show that the retail levy is set at a level that will not put the overall development of the area at risk. However, the evidence also shows that the rate proposed for new residential development, including new student housing, is too high and would pose a significant threat to the viability of housing schemes in the city and thus to the delivery of the adopted Core Strategy. Accordingly, it needs to be reduced.

Two modifications, one major and one minor, are needed to meet the statutory requirements. These are listed in Appendix A and can be summarised as follows:

- Reduce the residential charging rate from £90 psm to £70 psm.
- Clarify the applicability of the residential charging rate to the different types of new student housing.

The specified modifications recommended in this report are based on matters discussed during the public hearing sessions and do not materially alter the basis of the Council's overall approach or the appropriate balance achieved.

Introduction

1. This report contains my assessment of the Southampton Community Infrastructure Levy (CIL) Charging Schedule in terms of Section 212 of the Planning Act 2008. It considers whether the schedule is compliant in legal terms and whether it is economically viable as well as reasonable, realistic and consistent with national guidance (Charge Setting and Charging Schedule Procedures – DCLG – March 2010 and Community Infrastructure Levy – Guidance – DCLG - Dec 2012).

2. To comply with the relevant legislation the local charging authority has to submit what it considers to be a charging schedule which sets an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the city. The basis for the examination, on which hearings sessions were held on 11 and 12 March 2013, is the submitted schedule of 4 February 2013, which is effectively the same as that published for public consultation on 12 September 2012.

3. The Council proposes two charging rates across the city, one of £43 per square metre (psm) for all retail uses (A1 – A5 classes) and one of £90 psm for residential (C3, C4 uses and sui generis houses in multiple occupation). All other uses, including hotels (C1), residential institutions (C2) and all business development (B classes) would be nil rated.

4. Two footnotes to the schedule confirm that first the nil rating for residential institutions (C2) will apply to new student accommodation that includes individual bedrooms with shared facilities and where residents do not live as a single family. The second says that other types of student housing including self contained or cluster flats could be subject to the residential charging rate.

Infrastructure planning evidence

5. The Southampton Core Strategy (CS) was adopted in January 2010 and sets out the main elements of growth that will need to be supported by further infrastructure in the city. The accompanying Infrastructure Delivery Plan has been updated to October 2011. At current prices the Council estimates the total infrastructure funding required to deliver the CS over the plan period at approximately £528 million (m), of which only about £256m, or just less than half, has been identified to date, thereby leaving a significant gap for the CIL to help fill.

6. CIL receipts are presently expected to raise approximately £32.7m between 2013 and 2026, or about £2.5m per year, towards filling that gap, alongside other sources. This is only slightly more than the city's average annual S106 legal agreement receipts of £2.4m over the last few years. In the light of the information provided, the proposed charge would therefore make only a modest contribution towards filling the likely funding gap. However, the figures clearly demonstrate the need to introduce the CIL.

Economic viability evidence

7. The Council commissioned a CIL Viability Assessment, dated April 2010, which was updated in April 2012 (EV 1), based on January 2012 figures. The assessment essentially uses a residual valuation approach, using reasonable standard assumptions for a range of factors such as local building costs (including Code for Sustainable Homes Level 4 requirements), developer profit levels and professional fees. The model incorporates relevant and up to date local data on existing land values; likely sale prices based on a range of sites across the area and anticipated housing densities, as well as the full impacts of the Council's relevant planning policies, including for affordable housing, set out in the adopted CS. It has also been compared to some examples of recently delivered schemes in the city and, in general terms, found to be fit for purpose in that respect too.

8. The local industrial, office and storage/warehouse markets are depressed at present and all the available evidence demonstrates that the imposition of the CIL on new business and related development (B class uses) across the city would not be economically viable or appropriate currently. The same is true for hotels (C1), residential institutions (C2) and community uses (D1). The Council's judgement in this respect is universally endorsed by consultees and there is nothing to justify a different conclusion at present.

9. The draft Charging Schedule is also supported by suitable detailed evidence of identified community infrastructure needs, including the Council's draft Regulation 123 list. On this basis, the evidence which has been used to inform the rates proposed is largely robust, proportionate and appropriate.

Main Issues

10. In addition to the above and taking into account all the evidence, the representations and the discussions at the examination hearings, I have identified two main issues upon which the viability of the CIL charging schedule depends.

Issue 1 - Retail Rate

(a) *Is the local levy rate for new retail floorspace justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the Council's adopted Core Strategy, the City Centre Action Plan and regeneration ?*

(b) Overall, does it strike an appropriate balance between helping to fund the new infrastructure required and the potential effect on the economic viability of new retail floorspace and related/mixed use development across the city ?

11. Although limited in scope and extent, the Council's evidence clearly demonstrates that the proposed CIL rate of £43 per square metre (psm) for new build retail floorspace would be currently viable across the city at both the supermarket and neighbourhood convenience store scale. Moreover, in a relatively small and compact city, there are insufficient economic viability, geographical or any other important differences between the various parts of Southampton that might, individually or collectively, help to justify a need for separate retail charging zones.

12. Under the national CIL Regulations the application of differential rates for the different forms of retail use, such as convenience and comparison shopping, and/or distinction by size of unit/floorspace, could only be justified by rigorously tested evidence related to viability. No such local evidence exists. The fact that, once established, A2 – A5 uses can benefit from permitted development rights to change to A1 reinforces the conclusion that there is no justification for any exemptions from the CIL rate that would apply across the city, at present.

13. In the city centre the CS envisages a post 2016 major expansion of retail floorspace, together with new dwellings and offices. It is common ground that mixed use redevelopment schemes already permitted but not yet started may well need to be reconsidered and/or reconfigured in the light of the ongoing national economic difficulties, not least in the retail sector, to remain viable in the current market. Nevertheless, once adopted, the implications of the CIL on the overall viability of such schemes can be taken into account at the outset of any such redesign process. This would include in respect of all other infrastructure requirements and expectations, arising from the Council's (draft) Regulation 123 list and revised Planning Obligations SPD (draft June 2012) in relation to any S106 legal agreements necessary.

14. The national CIL Regulations do not permit rates in general or for any particular schemes to be "negotiated" on a "one off", or site specific basis, in relation to individual proposals, no matter how large or important. Nor is a separate city centre charging zone appropriate in a very largely built up and

homogeneous urban area, particularly in the absence of any obvious or logical boundary definition or clear viability evidence to justify such a division, as distinct from policy considerations.

15. In such circumstances, and bearing in mind the viability evidence relating to new retail development in the city, nor is there any reason to resist or delay the imposition of the CIL, either in the city centre as a whole or on any particular site or sites. This includes those that have been specifically identified as essential (VIPs - Very Important Projects) to the delivery of the Council's overall strategy for the city. The application of a zero CIL rate to these sites would not only lead to an inappropriate and unreasonable "cross subsidy" effect on suburban sites but also a significant reduction in likely CIL income that would materially alter the balance drawn by the Council.

16. In the absence of any specific evidence to the contrary, it is clear from further analysis of the Council's figures that the proposed CIL rate for new retail development would constitute a limited and manageable proportion, of less than 5%, of total build costs, and less than 2% of GDV, for a new convenience store of 300 sq. m. For larger retail stores the relevant percentages would be materially lower, thus ensuring that a suitable viability margin, or "cushion", would be maintained for such projects when the CIL is introduced. Thus, the relatively modest retail rate of £43 psm would not, of itself, create a serious risk to the delivery of the new shopping provision envisaged in the CS and/or in the city centre in particular, and it is justified and endorsed accordingly.

Issue 2 - Residential Rate

(a) *Is the local levy rate for residential development in the city justified by appropriate available evidence, having regard to national guidance, local economic context and infrastructure needs, including in relation to the Council's adopted Core Strategy ?*

(b) Is the local levy rate for residential development in the city reasonable and realistic in relation to an appropriate balance between helping to fund new infrastructure and the potential effects on economic viability, and/or should there be different rates for different parts of the city, and if so, why and where ?

17. The residential market in the city remains challenging for private developers and there is ample evidence of schemes being permitted with significantly less affordable housing (or even none) than would normally be expected under policy CS15 of the CS for viability reasons. But, importantly, average new housing completions in the city over the first few years of the plan period to 2026 are still meeting the overall requirements of the CS, despite the difficult economic circumstances, as evidenced in the latest Annual Monitoring Reports.

18. Furthermore, in total, new affordable housing delivery across the city also continues to meet CS targets, despite a significant proportion of new housing continuing to come forward on smaller/windfall sites. Equally, there will always be some, usually previously developed, sites where abnormal costs, such as for remediation, ground conditions and/or servicing, require flexibility to be applied if they are to be delivered, as recognised in policy CS15.

19. Accordingly, the suggestion that the CIL should be delayed to await a potential return to earlier/more favourable market conditions is unnecessary and unrealistic. This is particularly so bearing in mind the funding gap identified and the long lead in times needed to bring forward some elements of the new infrastructure required and which the CIL will help to fund.

20. For new housing, the various assumptions used in the Council's generic testing of different development scenarios have been criticised by some representors in a number of specific respects and also in terms of the overall cumulative effect of the single CIL rate for housing to be applied across the city. However, the Council's Viability Studies (EV 1) have taken account of all the relevant policies of the adopted CS, as required by national guidance, including the provision of 35/20% affordable housing, as appropriate, under policy CS15.

21. Moreover, the Council's studies do not make any allowance for the fact that on previously developed land any existing floorspace on site (in lawful use) will be exempt from the CIL, thus assisting viability in many instances in a city with few, if any, greenfield sites. In these circumstances, and allowing that the rate will be known at the outset of a project, in principle, the adoption of a CIL for new housing should not normally risk such schemes becoming economically unviable, even in the present difficult market conditions.

22. By definition, the CIL cannot make allowance for abnormal, site specific, costs on individual projects. The rates have to be based on a generic analysis of a variety of size and type of schemes across the area, taking into account average local build costs, not the individual circumstances of particular sites. The fact that a few specific schemes that are already marginal may become unviable in certain locations should not have a significant impact on the delivery of new housing across the city to meet the requirements of the CS.

23. Respondents have also criticised the profit level assumed by the Council as too low, particularly in the present difficult market conditions that include bank lending restrictions. Obviously, such levels vary with each scheme, including as the market changes over time. Nevertheless, using an average figure of 20% on total build costs across the city is not unreasonable or unrealistic in generic analyses, as distinct from the detailed costing of a fully designed project for a particular developer on a specific site.

24. Particularly in relation to large housing sites there is also a concern that an insufficient allowance has been made for likely site specific infrastructure contributions. These could include for roads and public transport, with recent local examples referred to of higher contributions being required. However, these arrangements are not directly comparable with the intended future operation of the CIL, once adopted, and the Council's accompanying revised SPD on Planning Obligations (BG 1), which will be used as the basis for new legal agreements for site specific infrastructure.

25. Coincidentally, the Council's figures indicate that, for those housing schemes providing affordable housing at least, the use of the CIL rates and the new SPD will lead to broadly equivalent total contributions as under the present S106 legal agreements system that it would replace. Of course, there may well be limited increases for some and slight reductions for others, depending

on the exact nature of each scheme, but not, overall, a significant risk to the economic viability of new build development compared to the present position, providing that the rate itself is set an appropriate level.

26. From the available evidence it is also clear that a realistic recent level for the average sales values for new housing in the district has been taken as an input to the viability testing undertaken. The figures used have also been checked against actual current asking prices in the city and found to be generally consistent in CIL terms. The fact that certain recent schemes may not have proved viable had the CIL rates been in place at the time is an inevitable consequence of its imposition, in that the margins of viability will be affected. However, once established, the CIL will be taken into account early in the development process, including in relation to land and building values, with new project viability having to be considered accordingly by landowners, developers, lenders and their advisors.

27. The evidence shows that there are material differences in the current viability of new residential development across the city, but not of such scale or variance, in themselves, as to create a significant risk to the overall delivery of new housing in particular parts of the city. In general, the Council responded appropriately to specific additional viability evidence, provided in response to the preliminary draft charging schedule, by reducing the rate for new housing in the later submission draft to better reflect current sales values and overall viability, as well as the national economic situation.

28. The CIL must be based solely on the economic viability of development across the city. There is no necessity or requirement to co-ordinate rates with those being introduced or contemplated by adjoining Councils as the "duty to co-operate", applicable to Local Plans, does not apply to the CIL. For the same reason, it would be inappropriate to make any exception or exemption from the CIL rates for any particular part of the city, including the city centre, for planning or other policy reasons, despite the need for regeneration in places.

29. In a small compact city like Southampton the evidence is not sufficiently distinctive to justify any separate charging zones, which would be difficult to define in any event, particularly as ward boundaries do not provide a satisfactory answer locally. The use of a single consistent rate also has the advantages of clarity for all concerned and ease of implementation.

30. Importantly, the Council has also made it clear that the economic viability of any scheme, that is otherwise acceptable in all other respects, would be assessed for all other possible non CIL contributions on an overall basis. This would mean taking into account the fixed CIL liability first and then, if necessary, where the overall viability is in genuine doubt, any further infrastructure needs in a flexible and negotiated process. The Council can demonstrate a recent track record in this regard and the absence of objections from the major national residential developers supports this conclusion.

31. The Council's evidence has included the additional build costs associated with the Code for Sustainable Homes (CSH) Level 4 and policy CS 20 relating to sustainable design, construction and energy measures. Whilst the final introduction date and full implementation details of higher CSH Levels remains uncertain, if and when it occurs residential build costs are likely to increase to

a material degree. However, given the present general lack of demand for new build construction, it might be reasonably assumed that any such building price rises would be tempered through competitive tendering. This would be so even if basic raw materials become somewhat more expensive too, as predicted by some respondents.

32. Furthermore, previous experience suggests that additional unit costs are likely to be mitigated as construction expertise develops and relevant technologies improve. Nevertheless, the viability margins need to be sufficient to absorb the percentage increase without serious difficulty and this factor reinforces my conclusion on the need for a larger viability margin or "cushion", in accord with advice in the Harman Report - "Viability Testing Local Plans" (June 2012).

33. The Council's evidence shows that the initially proposed rate was, essentially, the maximum possible and that this has subsequently been reduced by around 20% to address the concerns expressed by respondents in the consultation period and the continuing national economic difficulties, as well as more up to date information. It also indicates that the effect of the CIL rate, as now proposed, is likely to amount to about 7% of total build costs or 4 to 7% (average 5.5%) of gross development value (GDV) for typical new housing schemes at present. At this level, I consider that the relevant evidence, including from representors, shows that the rate proposed is still too high and would therefore pose a significant threat to the viability of new housing development in the city and therefore the delivery of the CS and its objectives.

34. In the light of all of the above, the viability margin or "cushion", as referred to in the Harman Report, needs to be increased to about 30%, including to reflect the impact of the CSH and policy CS20, if the imposition of the CIL rates is not to lead to a serious risk of non delivery of enough new housing schemes to matter over the next 5 years or so at least. This should also reduce any effect of the CIL introduction on the continuing supply of windfall sites throughout the city, particularly those smaller schemes where affordable housing requirements do not apply, as it forms a material element of overall new housing delivery in current market conditions.

35. I therefore conclude on the second main issue that the local levy rate for new housing as justified by the available evidence should be modified by a reduction from £90 psm to £70 psm in order to strike a more realistic and appropriate balance between helping to fund new infrastructure and the effect on the economic viability of residential development across the city (**EM 1**).

36. There is firm evidence of significant levels of new student housing provision, such as in the form of "studio led" schemes, remaining viable and continuing to come forward in the city during the recent economic recession. Current local demand is bolstered by the presence of the two universities and other local educational establishments. Student accommodation built and operated directly by universities and similar education establishments, including schools, may be entirely exempt from the CIL if they have charitable status. It would be subject to the nil rate for residential institutions (C2) if in the form of "halls of residence", or similar.

37. The current evidence (including the late clarification provided by the Council at my request and on which representors were invited to comment further) is

clear that, on average and in most cases, new student housing provided by commercial operators is generally capable of absorbing the (modified) CIL rate proposed and remaining economically viable. This is partly, at least, because it does not normally make a contribution to affordable housing and often provides less car parking and open space in accord with relevant CS policies. Although some such schemes may well pay more under the CIL than the Council's current S106 legal agreement based system of contributions, which it would replace, others may pay less. Overall, the changes will not be significant comparatively and thus not in general economic viability terms.

38. Similarly, the CIL is not based on any direct link between the impact of a particular scheme on services or facilities and mitigation contributions, but rather the overall needs of the wider area and, crucially, the ability to pay in viability terms. Therefore, arguments that the impact of new student housing on requirements for new infrastructure are different to other types of residential development are not directly relevant to the consideration of a reasonable and realistic rate of the CIL to be applied. Nor is it to be compared with rates applied or to be applied in other areas, but based only on viability in the locality concerned.

39. Consequently, there is no clear evidence to justify a blanket exemption, or even a significant reduction, from the CIL rate for new student accommodation that falls outside use class C2 (residential institutions) in the city on viability grounds at present. The fact that the Council seeks to generally encourage such provision, in suitable locations, to reduce pressure on the existing stock in established residential areas is a policy matter that cannot properly be taken into account in relation to the viability considerations alone on which the CIL rates must be based.

40. I therefore conclude that applying the local residential levy rate, as modified, to new student housing that does not fall within use class C2 as a residential institution is justified by the available evidence and helps to strike an appropriate balance between funding necessary new infrastructure and the effect on the economic viability of these forms of development across the city. However, the wording of the schedule needs to be modified (**EM 2**) to confirm how it will apply, in practice.

Overall Conclusions

41. The Council's decisions to set single overall rates for retail and residential across the city are based on generally reasonable assumptions about current local development values and likely costs. The evidence suggests that retail and residential development will remain viable across most of the area if the charges, as modified, are applied. Only if development sales values are at the lowest end of the predicted spectrum would development in some parts of the city be at risk.

42. In setting the two CIL charging rates the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in Southampton, albeit a reduction is required in relation to new housing. The Council has tried to be realistic in terms of achieving a reasonable income to help address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable in the city.

43. Matters of implementation and governance, as referred to by various respondents, whilst not strictly within the remit of this examination, nevertheless have an impact on the smooth introduction and efficient administration of the CIL. By way of reassurance, the Council points out that their proposed phased payments policy should have a positive effect on cash flow and thus overall economic viability, especially for larger projects.

44. In addition, the Council's emerging revised Supplementary Planning Document (SPD) on Planning Obligations (BG 1) (June 2012) should improve clarity for interested parties on the expected interaction between the CIL and S106 legal agreements for site specific infrastructure, where the latter would still be necessary, to avoid any possible "double counting" of financial contributions.

45. In accord with the national CIL Regulations "exceptional circumstances" are intended to be exactly that and therefore I fully endorse the Council's stance that it would be inappropriate and unhelpful to try to define those very rare circumstances in advance in some sort of policy statement alongside the introduction of the CIL. This is also consistent with the position adopted by the Mayor of London and other Councils elsewhere in the country.

46. Nevertheless, it is relevant to note here that the Council has acknowledged publicly that there may be a case for such treatment in respect of both the Royal Pier Waterfront and the Watermark West Quay projects in the city centre, in the event that alternative schemes to those already permitted come forward after the introduction of the CIL.

47. However, also recognising the period of public notice necessary prior to the first introduction of the CIL, any such schemes would have to be prepared and negotiated in full knowledge of the implementation date in any event. Consequently, the direct effects of the CIL can also be taken into account in relation to the various elements of such mixed use schemes and any other infrastructure contributions sought on site in negotiations.

48. Overall, therefore, it is reasonable to conclude that, in general terms and with the modifications recommended, the Council will have found an appropriate balance in imposing the CIL. Subject to the modifications, it will make a material contribution to funding new infrastructure across the city without a serious risk to the economic viability of new built development locally.

49. As discussed at the examination hearings, the Council intends to review the CIL rates if and when there is any significant change in the local economic circumstances, but in any event it may well be appropriate to do so after it has been in place for no longer than 3 years.

LEGAL REQUIREMENTS	
National Policy/Guidance	The Charging Schedule, as modified, complies with national policy/guidance.
2008 Planning Act and 2010 Regulations (as amended 2011)	The Charging Schedule, as modified, complies with the Act and the Regulations, including in respect of the statutory processes and public

	consultation, consistency with the adopted Core Strategy and the Infrastructure Delivery Plan and is supported by an adequate financial appraisal.

50. I conclude that subject to the modifications set out in Appendix A the Southampton Community Infrastructure Levy Charging Schedule satisfies the requirements of Section 212 of the 2008 Act and meets the criteria for viability in the 2010 (as amended 2011) and 2012 Regulations. I therefore recommend that the modified Charging Schedule be approved.

Nigel Payne

Examiner

This report is accompanied by:

Appendix A (attached) – Modifications that the Examiner specifies so that the Charging Schedule may be approved.

Appendix A – Modifications that the Examiner specifies so that the Charging Schedule may be approved.

Examiner Mod. No.	Rate/Figure/Column	Modification
EM 1	Residential (C3, C4 and Sui Generis Houses in Multiple Occupation)	Reduce from £90 psm to £70 psm.
EM2	Residential (C3, C4 and Sui Generis Houses in Multiple Occupation) – Footnote 2	Replace "This could include self – contained student flats or cluster flats" with "This includes self – contained student flats and cluster flats".

Southampton Local Development Framework

Developer Contributions Supplementary Planning Document

April 2013

Contacts for this document

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SOUTHAMPTON CITY COUNCIL ®

Contents

1 Introduction

This Supplementary Planning Document (SPD) sets out Southampton City Council's policy for securing developer contributions from new developments that require planning permission. This SPD is supplementary to the Adopted Southampton Core Strategy, particularly Policy CS-25 and should be considered alongside the Community Infrastructure Levy Charging Schedule or any successor documents.

The City Council expects all eligible types and sizes of new development in Southampton to contribute to site related and broader infrastructure through a combination of the following mechanisms including:

- Planning conditions (development and project specific)
- Planning obligations e.g. Section 106 Agreements (development and project specific)
- Community Infrastructure Levy (City wide)

The necessity for site related developer contributions, secured through planning conditions and section 106 Agreements, is assessed against the needs of each site and project.

The Community Infrastructure Levy (CIL) is charged on most new development, based on an approved CIL Charging Schedule.

Planning Conditions and Obligations

The City Council negotiates financial or other contributions for site related infrastructure improvements that may be required to mitigate any adverse impacts of new development and thereby enable planning permission to be granted.

New development is managed by applying conditions to planning permissions or through a negotiated planning obligation, also known as a Section 106 Agreement, which is prepared and concluded as part of the planning application process.

Planning conditions and obligations are a tried and tested mechanism to require individual developments to provide or pay for the provision of development specific infrastructure requirements. They are flexible and have historically delivered a wide range of site and community infrastructure benefits, including the transfer of land for community use.

The Community Infrastructure Levy

The City Council is entitled, under the Community Infrastructure Levy Regulations (2010), to charge a Community Infrastructure Levy (CIL) on new developments within the City. The CIL applies to most new developments and charges are based on the size and type of the new development. The basis for the CIL charge for each development type is detailed in the City Council's Community Infrastructure Levy Charging Schedule or successor documents.

The CIL will generate funding to deliver a range of City-wide and local infrastructure projects that support residential and economic growth, provide certainty for future development, and benefit local communities.

It allows the City Council to work with infrastructure providers and communities to set priorities for what the funds should be spent on, and provides a predictable funding stream so that the delivery of infrastructure projects can be planned more effectively.

The CIL is designed to give developers and investors greater confidence to invest because there will be more certainty 'up front' about how much money they will be expected to contribute towards community infrastructure. Equally, the community will be better able to understand how new development is contributing towards prioritised infrastructure projects across the City.

Local communities which accept new development in their areas can be allocated a proportion of the collected CIL funds to help support their own local infrastructure projects.

2 The Purpose of the SPD

Southampton is a focus for housing and economic growth in Hampshire. The purpose of the Developer Contributions SPD is to:

- Explain the City Council's policies and procedures for securing developer contributions through planning obligations.
- Explain the relationship between the required developer contributions and the Community Infrastructure Levy in a fair and transparent way.
- Provide evidence and guidance to developers and landowners about the types of contributions that will be sought and the basis for charges.

This will ensure that new development is supported by locally and democratically prioritised community infrastructure.

Planning Legislation

The Community Infrastructure Levy Regulations 2010 which provide the detail on the implementation of CIL were published in April, 2010..The Department for Communities and Local Government (DCLG) outlined new statutory restrictions on planning obligations in line with the CIL regulations that:

- The tests for planning obligations outlined in the Community Infrastructure Regulations are a statutory basis for developments which are capable of being charged CIL.
- Ensure the local use of CIL and planning obligations do not overlap.
- Limit pooled contributions towards infrastructure which may be funded by CIL.

Planning Policy Context

Planning reforms have been enacted through the National Planning Policy Framework (2012) and the Localism Act (2012).

The Localism Act also sets out “a duty to co-operate” in relation to the planning of sustainable development which has been taken forward under the National Planning Policy Framework.

The National Planning Policy Framework (NPPF) states that the purpose of the planning system is to contribute to the achievement of sustainable development including the economic role attached to the delivery of infrastructure. Planning policies should recognise and seek to address potential barriers to investment, including any lack of infrastructure especially in priority areas. Local authorities are required to work with neighbouring authorities and transport providers to develop strategies for the provision of viable infrastructure necessary to support sustainable development, including large scale facilities such as rail freight interchanges, roadside facilities for motorists or transport investment necessary to support strategies for the growth of ports, airports or other major generators of travel demand in their areas. The NPPF also covers a range of potential policy conflicts concerning applications related to telecommunications and the relationship between competing priorities such as the protection of an existing townscape or heritage asset. The NPPF also elaborates on the duty to co-operate placed on local authorities citing the joint infrastructure and investment plans as an example of how this might be applied in practice.

On the matter of planning obligations, the NPPF also underlines the need to ensure that the scale of obligations and policy burdens does not undermine the viability of development. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition and should only be sought where they meet all of the three tests as set out below:

- necessary to make the development acceptable in planning terms;
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development.

Where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled. Planning conditions should only be imposed where they are necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects.

The planning policy context for planning related developer contributions in Southampton City Council is established through the Local Development Framework (LDF) and other related documents and evidence.

The adopted Southampton Core Strategy (2010) is part of the development plan for Southampton for the period from 2009 to 2026. It sets out the City Council’s vision for the sustainable development of the City, including a policy framework for addressing the infrastructure requirements necessary to meet the planned growth of the city to 2026.

Core Strategy Policy CS-25 sets out the contributions that may be required for infrastructure and will be applied to all housing and commercial developments across the administrative area of Southampton.

Evidence Base

Southampton is a focus for economic and residential growth and the adopted Core Strategy identifies the key directions of growth.

The main local evidence base that justifies developer contributions and CIL in particular, is the Southampton Infrastructure Development Plan (2010). The IDP is a study that supports the adopted Core Strategy 2009. It details the physical, social and green infrastructure needs arising from the planned growth of Southampton to 2026 and the potential funding sources, including developer contributions that could viably be obtained to help meet this need. The IDP is supported by a detailed viability assessment and demographic projects.

The Infrastructure Delivery Plan will be reviewed regularly in consultation with stakeholders and partners. The phasing of development (housing trajectory) will be updated on a similar basis. Additional information on funding resources from other organisations has been added to the model and the CIL levy refined to keep it in line with current economic conditions.

In determining infrastructure needs at this stage, the Council and partners have had to translate dwelling growth figures into population generation based on demographic projections taking into accounted reasoned assumptions concerning household size.

3 The Planning Contributions Framework

Planning conditions and obligations have, to date, been the standard planning process mechanisms for ensuring that development proposals are acceptable and can be granted planning permission. Following the legislative and policy changes outlined earlier in this SPD, the mechanisms used to ensure appropriate funding to meet the needs of a planning application have changed to include the Community InfrastructureLevy as well as the aforementioned planning conditions and obligations (S106 Agreements).

The Community Infrastructure Levy (CIL)

The CIL will generate funding to deliver a range of city-wide and local infrastructure projects that support residential and economic growth, provide certainty for future development and benefit local communities. Infrastructure needs identified as part of the CIL Regulation 123 list will not be duplicated in any S106 Agreement, in line with the CIL Regulations.

Planning Conditions

Planning conditions are requirements made by the Local Planning Authority for actions that are needed in order to make a development acceptable in planning terms. They cannot be used to secure financial contributions but can be used to ensure that certain elements related to the development proposal, and which may benefit the wider community, are carried out. In Southampton such conditions are likely to cover, amongst other things, the requirement to:

- undertake archaeological investigations;
- implement necessary local site-related improvements; and
- undertake appropriate flood risk solutions.

Planning Obligations

Planning obligations, also known as Section 106 Agreements, are legal agreements between Local Planning Authorities and developers/landowners, usually negotiated in the context of planning applications. Their purpose is to make unacceptable development acceptable in planning terms. The National Planning Policy Framework permits planning obligations to be used in the following ways:

- Prescribe the nature of a development e.g. by requiring a proportion of affordable housing within a development

- Secure a contribution from a developer to compensate for loss or damage created by a development e.g. loss of open space.
- Mitigate the impact of a development impact, e.g. through increased public transport provision.

The introduction of the Community Infrastructure Levy has restricted the use of planning obligations so that they must meet the three new statutory tests outlined above, they cannot be used to double charge developers for infrastructure, and, save for a maximum of five separate planning obligations, they cannot be used in the form of a pooled tariff system[1]. Affordable housing and other site and development specific measures that cannot be funded from the CIL are able to be funded through planning obligations.

The CIL will also apply to these developments to enable contributions to City wide and local community infrastructure.

Planning obligations can be secured through:

- In-kind and financial contributions. These could include, for example, the provision of land, facilities, or funds that enable the delivery of development related infrastructure and community needs.
- One-off payments, phased payments, and commuted payments. These could include, for example, funds provided to be invested to enable land and facilities to be maintained to agreed specifications over a period of time.
- Pooled contributions, for example, towards the cost of a large strategic project that could include improvements to existing strategic roads, to be delivered at a later date, subject to the limiting of pooling contributions towards infrastructure introduced through the CIL Regulations 2010.

Planning obligations may be:

- Unconditional or subject to conditions.
- Positive, requiring the developer to do something specific.
- Negative, restricting the developer from doing something.
- Related to specific financial payments based on a formula and often referred to as a commuted sum.

Planning obligations are tied to the land and are linked to specific planning permissions. They are registered as a land charge and will form part of the planning register, which is available for public inspection. They are

[1] After 2014 (currently subject to a proposed review to extend until 2015 under DCLG 'Consultation on Community Infrastructure Levy Further Reforms' April 2013)

enforceable against the original developer and anyone who subsequently acquires an interest in the land.

Timing of implementation is an important factor, especially in the following circumstances:

- If a planning obligation specifies a timescale within which the developer is required to undertake certain actions.
- If the planning permission refers to the phasing of development, the planning obligation may be linked to this phasing arrangement.
- If the planning obligation provides for a commuted sum to be paid to the Local Planning Authority the money must be spent within a specified period.
- If money raised through a planning obligation is not spent within the agreed period, the developer could be reimbursed with the outstanding amount, together with any interest accrued.

The Interaction between Planning Obligations and CIL

Following the adoption of the Charging Schedule, CIL will become the main source of funding available through development management decisions for the majority of sites.

The provision of affordable housing currently lies outside of the remit of CIL and will continue to be secured, in the main, through Section 106 Agreements as well as some exception sites. Section 106 Agreements and planning conditions will also continue to be used for local infrastructure requirements on development sites, such as site specific highway improvements, local provision of public open space, connection to utility services (as required by legislation), habitat protection, access footpaths and roads, and archaeology. The principle is that all eligible developments must pay towards CIL as well as any site specific requirement to be secured through Section 106 Agreements. Further details on the levy charge can be found in the Community Infrastructure Levy Charging Schedule, or successor documents, and should be read in conjunction with this document.

Large scale major developments usually also necessitate the provision of their own development specific infrastructure, which are dealt with more suitably through a Section106 agreement, in addition to the CIL charge. It is important that the CIL Charging Schedule differentiates between these infrastructure projects to ensure no double counting takes place between calculating the city wide CIL rate for funding of infrastructure projects and determining Section 106 Agreements for funding other development site specific infrastructure projects.

It is advisable for each large scale major development to come forward in its entirety at outline application stage in order for the scheme as a whole to be considered. Outline applications will need to agree phases of development in order for each phase to be considered as a separate development and enable CIL to be levied per agreed phase.

Status of the Developer Contributions SPD

The SPD forms part of the Southampton Local Development Framework and is a material consideration when assessing planning applications within the City. It links with the adopted Southampton LDF Core Strategy and its associated Development Plan Documents and Supplementary Planning Documents.

Other elements of the Southampton City Council Local Development Framework, including the evidence base that underpins it, can be found at http://www.southampton.gov.uk/s-environment/policy/developmentframework/.

4 The City Council's Approach to Planning Obligations

As Local Planning Authority, Southampton City Council has a fundamental legal role and responsibility in implementing the Developer Contributions process. In particular, the process needs to ensure that a balance is maintained between development-related and competing community infrastructure needs of the City.

It is the City Council's role to lead Planning Obligation (S106) negotiations, to notify developers of their CIL liabilities, and to ensure that funds provided by developers are spent as planned in conjunction with the agreed requirements of other authorities and implementation agencies.

Consultation, Negotiation and Notification

The City Council's Planning Service leads the Developer Contributions process, with input from a range of other City Council service areas and other public bodies. Whilst the guidance provided in this Developer Contributions SPD aims to be as clear as possible, developers will benefit from seeking early negotiations with Planning Services officers to agree planning obligations and understand their CIL liabilities prior to submitting planning applications.

Negotiations will include consultation with other City Council service areas where appropriate (e.g. where open space or affordable housing is to be provided) and others. The benefits of this approach include:

- It ensures that developers are aware of the scale of likely contributions required for a proposed development at the earliest opportunity.
- It assists in determining project viability.
- It provides greater clarity and certainty to the process.
- It minimises the timescales involved in determining affected planning applications.

Developer Contributions Process

Prior to submitting a Draft Heads of Terms with a planning application, developers will need to consider a range of factors that influence contributions.

i) Procedural Steps

Steps	Planning Obligations	Community Infrastructure Levy
1	As part of the Pre-Application process, if entered into, the City Council will identify for the developer the likely Planning Obligations Heads of Terms within the Pre-Application Report.	The developer provides the appropriate floorspace details with the application, where available. An Assumption of Liability Notice should be completed and included with the paperwork.
2	After the planning application is validated and the draft Heads of Terms are identified the City Council's Legal Services team are instructed to prepare a draft Section 106 Agreement if the Local Planning Authority is minded to approve the application. At this stage the City Council's Legal Team will require an undertaking for legal fees and proof of ownership title before the initial draft of the Section 106 Agreement can be produced.	Once full details of the planning proposal are known, the City Council will determine the levy based on the adopted charges.
3	On production of the initial draft Section 106 Agreement this will be circulated to the developer, normally via their acting solicitor for comment and review. Once the developer and the City Council have agreed the draft Section 106 Agreement, the S106 Agreement has been signed and sealed and planning permission has been granted, details will be registered by the City Council's Land Charges section.	If planning permission is granted, a Liability Notice will be issued and the levy rate will be registered by the City Council's Land Charges section.
4	The agreed Planning Obligations and their relevant triggers are monitored through to satisfactory discharge by the Council and the Council's Planning Agreements Officer.	Once verification of commencement date has been received, a Demand Notice/s will be issued to the person/s liable to pay the CIL.
NB: the above table is for indicative purposes only.		

ii) Legal Information

Developers will need to produce satisfactory proof of title for their particular site and all persons with an interest in the development site including owners, mortgagees, tenants and option holders must be party to the agreement. The Developer will also be expected to pay the Council's legal costs and will need to provide a solicitors undertaking that the Council's legal costs will be paid.

iii) Local Land Charges

Planning obligations have to be registered as local land charges. Applicants will therefore need to produce title to the site and third parties, such as mortgagees, may have to be party to agreements.

iv) Inflation

All Developer Contributions payments will be index linked to a relevant index, which at present is the BCIS Price Adjustment Formulae Indices for all highways related obligations and the Retail Price Index for all other obligations

v) Administration Charges

The Council employs a Planning Agreements Officer whose role it is to co-ordinate the Section 106 Agreement process, acting as the central point of contact for all parties to the Section 106 Agreement. The Developer will be expected to pay a Section 106 Monitoring Charge for the work undertaken by this Officer, based on the number of Heads of Terms within the Section 106 Agreement, which along with the Council's legal fees outlined below, become payable prior to the completion of the Section 106 Agreement.

The administration fee for the Community Infrastructure Levy is incorporated within the Levy itself, so no separate additional fee is payable.

vi) Late Interest Payments

In the event of any delay in making any payment required under a S106 Agreement interest shall be payable on the amount payable at a rate above the base lending rate from time to time in force from the date that the relevant payment falls due to the date of actual payment.

vii) Triggers for Planning Obligations

Planning Obligations are normally triggered on commencement of development i.e. the date on which works to begin the development start, as defined by the carrying out of a material operation (section 56 of the 1990 Town and Country Planning Act), but may be earlier or later e.g. first occupation or for significant major development may be phased through the development process.

viii) S106 Viability

In the event of anticipated viability issues, the developer is advised to contact the Planning Agreements Officer at the Local Planning Authority at an early stage to discuss ways of addressing the requirements for S106 planning obligations and to see if any exemptions can be made.

The Council would at first seek to test the viability by seeking other viability enhancements by various means of cash-flow improvements, for example, deferring contribution payments. If following an investigation of the alternative options, there is still a viability concern then the Council will expect the submission of a Viability Appraisal. The Viability Appraisal is an 'open book' assessment which should include information covering at least the following issues:

- Existing use values
- Proposed use values (sales and rental)
- Demolition and construction costs
- Finance and marketing costs
- Assumed yield
- Site abnormals
- Development phasing/timetable

If the Council alters the planning obligations sought on viability grounds a clause will be built into the Section 106 Agreement which requires a review of the viability situation unless the development is completed within a defined timeframe.

Please note that due to Freedom of Information requirements and requests, it cannot be guaranteed that the Viability Assessment will remain confidential. Generally, if a viability assessment is submitted in relation to a valid planning application then the Local Planning Authority will treat the submission as a public document. Only in very exceptional circumstances would a Viability Assessment be considered confidential on a valid planning application and the developer would need to explain this at the time of submission and justify why it should be considered confidential. The Council may not accept the arguments and even if it does may be required to release it under a Freedom of Information or other such request. The Council endeavours to keep all pre-application enquiries confidential and so any Viability Assessment submitted in relation to a pre-application enquiry is likely to be treated as confidential but the Council cannot guarantee this and again the applicant is advised to clearly explain if they believe the document is confidential and why, when it is submitted.

ix) Monitoring of Developer Contributions

It is important that the negotiation of planning obligations and subsequent expenditure of any contributions received from developers is carefully monitored so that the handling of developer contributions is managed in a transparent and accountable way.

The City Council will:

- maintain an ongoing overview of progress with the implementation of site specific and community infrastructure projects. The Planning Services team will provide a focus for liaising between the various City Council Service Areas, partner Authorities and other delivery agencies which are responsible for ensuring particular projects are completed satisfactorily.

x) Public Access to Planning Obligations

Planning Obligations form part of the planning permission. This is a public document and will be placed on the public planning register together with the planning decision notice. This information will usually be made available on the City Council’s website.

Furthermore, to continue the transparent process and accountability with regards planning obligations, details of member decisions will continue to be made available via the Council website.

5 Affordable Housing Requirements

Housing is a fundamental need and it is well documented that unsuitable housing conditions or being unable to access affordable housing can affect the quality of life of people. The need to make links between housing and health, social care, community safety, social inclusion, transport, energy efficiency, sustainability, education and employment is fully recognised.

Core Strategy Policy CS-15 sets out the affordable housing in development requirements and CS-25 sets out that contributions for infrastructure may be required and will be applied to all development proposals across the city.

Policy CS-15 Affordable Housing

On housing sites where 15 or more net dwellings are proposed, or which exceed 0.5 hectares in size (irrespective of the number of dwellings), the Council will seek provision, through negotiation, of 35% affordable housing.

On sites where 5 – 14 net dwellings are proposed the Council will seek provision, through negotiation, of 20% affordable housing. The proportion of affordable housing to be provided by a particular site will take into account:-

1. The costs relating to the development; in particular the financial viability of developing the site (using an approved viability model)
2. The need to contribute towards the sub-regional target whereby the total provision of affordable housing is made up of 65% social rented and 35% intermediate affordable housing
3. The proximity of local services and the accessibility of the site to public transport
4. Constraints on the development of the site imposed by other planning objectives
5. The need to achieve a successful housing development in terms of the location and mix of affordable homes. The affordable housing requirement will be applied to the net number of new housing units which are being proposed on site.

The delivery of affordable housing will be provided in accordance with the following hierarchy of provision:-

1. On-site as part of the development and distributed across the development as much as is reasonable and practical to create a sustainable, balanced community.
2. On an alternative site, where provision would result in a more effective use of available resources or would meet an identified housing need, such as providing a better social mix and wider housing choice.
3. Commuted financial payment to be utilised in providing affordable housing on an alternative site.

Planning conditions and /or obligations will be used to ensure that the affordable housing will remain at an affordable price for future eligible households, or for the subsidy to be recycled to alternative affordable housing provision.

The Council's affordable housing policy seeks to ensure the development of good quality affordable housing for local people in housing need, in balanced and integrated communities. This guidance provides clear advice to landowners, developers and residents about how the Council will deal with the negotiation of affordable housing in Southampton.

The Council's Housing Strategy 2011 'Homes for Growth', identifies plans which will support continued economic growth and prosperity for the city. The right mix of housing is important for a prosperous economy both to meet local needs in the city and to keep wealthier residents in the city; this in turn will have socio- benefits such as improving school performance and contributing to making Southampton a more prosperous, safer, greener, healthier place to live. The vision is for Housing ***to work towards attracting more jobs for local people, securing more investment in the City and delivering high quality, low cost services that meet customer needs.*** The three key priorities are:

(i) Maximising homes for the city;
(ii) Improving homes- transforming neighbourhoods and;
(iii) Extra support for those who need it.

This document works towards the first priority of maximising homes.

The affordability of homes is a major issue in the City with an average house price of about £181,354 (Q1, 2010, DCA). In 2010, the Housing Needs and Housing Market Survey calculated that the minimum single income required to purchase a one bed flat in Southampton was around £29,800 (based on the South of city), however, around 73% of people in the City, however, earned below this figure. There are also around 14,297 people (SCC Annual Monitoring Report, 2009/10) on the Council's Housing Register waiting for affordable homes.

Tenure	2010 %*	N$^{os.}$ implied	2005 %**
Owner occupier - mortgage	34.2	33,632	34.3
Owner occupier - outright	23.0	22,586	23.0
Housing Association (HA) Shared Ownership	0.1	125	0.1
Council rented	17.4	17,122	18.1
Private rented	16.7	16,435	16.7
Housing Association (HA) rented	6.8	6,730	6.0
Tied to employment / Other	1.5	451	1.5
Student Accommodation	0.1	80	0.1
Temporary Accommodation for the homeless	0.2	162	0.2
Total	**100.0**	**97,323**	**100.0**

Figure 1 Tenure of Existing Households

Source – **Housing Needs and Market Study Update Final Report – October 2010, DCA**

The affordability of homes across the region is accepted as a significant issue and is identified as a priority in the PUSH Affordable Housing Policy Framework. In addition the City's Housing Needs and Housing Market Survey 2010 have identified affordability as a significant issue for the city (see section 5.8). This has resulted in a total annual newly arising affordable housing need of 1,861 units in addition to existing current housing need of 5,088. It has also resulted in a high level of concealed households where adult children still live with their parents.

Within the households on the Council's housing waiting list there is a strong demand (82.7%) for 1 and 2 bed homes. The Housing Needs and Housing Market Assessment found that amongst existing households wishing to move to Registered Provider (RP) properties 17.3% require properties with 3 or more bedrooms and 22.4% require properties with 2 bedrooms.

The Council's planning policy framework adequately addresses the issue of delivering affordable housing and details a developer's contribution in this respect, alongside the other development contributions outlined in this SPD.

In future, affordable housing is expected to reflect more effectively individual needs and changing circumstances. Social Landlords (approximately 20 in the City) will be able to offer a growing proportion of new social housing tenants' new intermediate rental tenancies at

Affordable Rent (AR) levels. AR homes will be made available to tenants at a higher rent than traditional Social Rented housing (SR) up to a maximum of 80% of market rent and allocated in the same way as SR housing is at present. Landlords will have the option to offer AR properties on flexible tenancies tailored to the housing needs of individual households. The government has introduced a series of other measures such as changes to tenure (no longer a requirement to offer lifetime tenancies, flexibility to offer shorter terms with a minimum of two years); greater flexibility for local authorities in their strategic housing role and options to increase mobility for social tenants.

The Localism Act also obliges Local Authorities to produce a Strategic Tenancy Policy (STP). Developers will be expected to have due regard to these documents and their content may be regarded as material considerations in determining a planning application. In determining its STP, the council will take into account the affordability of AR relative to local incomes.

5.1 Thresholds

Any residential development providing 5 or more units (net) will be expected to provide affordable housing in compliance with CS-15. Residential development of 5 or more units but less than 15 will be expected to provide 20% affordable units. Sites involving 15 or more houses or involving a development site of over 0.5 ha in size (regardless of the number of units) will be required to make a 35% affordable housing provision.
The Council will not accept the deliberate sub-division of sites to provide individual parcels of development land to avoid the affordable housing threshold. Where a development site has been sub-divided and the affordable housing threshold has been reached cumulatively through the submission of successive applications, affordable housing will be sought on subsequent planning applications.

Institutional residential accommodation such as residential homes for the elderly or schemes for student accommodation would not be expected to provide affordable housing provision. In this instance, the Council would seek to control the tenure of the development within the Section 106 Agreement.

The affordable housing threshold will apply to the total number of housing units which are being proposed on site. This will be based on the net figure taking into account units that may be lost if redevelopment takes place.

5.2 Types of Affordable Housing

The National Planning Policy Framework defines affordable housing as "*social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market*" where eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Affordable housing for rent is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency. Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

The greatest need for affordable housing in the city is for affordable homes for rent. The Council will therefore seek a proportion of affordable housing for rent as a part of all new residential developments with an affordable housing requirement to meet this need. The Council's preference is for affordable housing for rent to be provided through a Registered Provider (RP) who is a member of the Council's Affordable Housing Partnership (or successor).This ensures new affordable homes for rent are developed and managed to the Council's required standards, and are available in perpetuity to people from the Councils Housing Register at affordable levels.

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

Intermediate housing has a role to play in meeting housing need but will usually only be supported as a proportion of the overall affordable housing requirement, where the remaining proportion is Affordable Rented accommodation.

For Low Cost Home Ownership schemes, the council's preference is for the new homes to be owned and managed by a partner RP.

5.2.1 Types of housing not considered to meet the requirement

Low Cost Sale housing is housing provided at sub market sale values but above normal affordable levels. This type of provision will not normally be accepted as affordable housing provision because it would not meet the Council requirement set out in Policy CS-15 for affordable housing.

5.3 Delivery Preference

The delivery of affordable housing will be provided in accordance with the following hierarchy of provision:

1 On-site as part of the development and distributed across the development as much as is reasonable and practical to create a sustainable, balanced community. The proposed affordable housing should be dispersed amongst the market element of the scheme. The affordable housing should be transferred to an RP on the following basis:

- Serviced Land (to the site boundary) should be transferred to an RP at nil value to enable the RP to build the affordable housing.

  OR

  Completed affordable housing should be sold to the RP at a price less the value of the serviced land i.e. nil land value and reasonable build costs only.

  Where the City Council consider that a better social mix and wider housing choice could be secured via one of the following approaches, the guidance set out below will be applied.

2 On an alternative site, where provision would result in a more effective use of available resources or would meet an identified housing need, such as providing a better social mix and wider housing choice. In this regard, two scenarios may apply:

  Affordable housing may be provided as part provision ‘on-site ’ (as above) and part provision ‘off-site’ on an alternative site, to be agreed by the City Council as being a suitable alternative for total on-site provision. The affordable housing should be sold to an RP at nil serviced land value either as a land only deal or the purchase of completed affordable housing units.

  OR

  Alternatively, total provision ‘off-site’ on an alternative site may be agreed by the Council as being a suitable alternative for affordable housing provision. In the event that any element of affordable housing is to be provided off-site on an alternative site the affordable housing provision should incorporate the 35% of units off-set from the main development plus the 20% required from the alternative site.

3 Commuted financial payment to be utilised in providing affordable housing on an alternative site. The financial contribution will be equal to the cost of providing affordable housing on-site or off-site i.e. the value of the serviced land for the affordable housing units had they been provided on-site.

5.4 Housing Mix and Tenures Balance

The 2010 Housing Needs and Market Study update recommended seeking a tenure mix of 65% social/ Affordable Rent and 35% intermediate tenures. The tenure definitions are provided in table 1 below. The study further recommended the following size mix.

Tenure/size	1 bed	2 bed	3 bed	4 bed
Social/ Affordable rented	30%	30%	20%	20%
intermediate	25%	50%	25%	0

Table 1: Affordable housing definitions

The exact tenure and size mix will be agreed through negotiation with the council and may vary on a site by site basis depending on need and demand. Usually the size and mix will be representative of the scheme as a whole; however this will be subject to negotiation based on housing need.

There is an ongoing need to meet the affordable housing requirements of people using wheelchairs. The Council will seek, where ever possible to include wheelchair suitable homes (above part M) on sites.

5.5 Design and Layout

Policy CS-15 provides guidance on the Council's expectations concerning the delivery of "Affordable Housing". Criterion 1 states that affordable housing should be secured on site "as part of the development and distributed across the development as much as is reasonable and practical to create a sustainable, balanced community". The Council requires affordable housing to meet Homes and Community Agency

(HCA) standards and be unidentifiable within a development of private housing.

On-site provision evenly distributed throughout the scheme is more likely to result in good design; a better chance of a higher Code for Sustainable Homes rating throughout the scheme; an avoidance of social exclusion and the development of a more balanced community, integrated into the mixed development.

5.6 Public Subsidy

Implementation of affordable housing policy CS-15 of the Core Strategy places no obligation on Southampton City Council to provide subsidy to support the provision of affordable housing. Developers must discuss availability of resources at an early stage with the Council and our partner RP's. In addition the HCA guidance is that all affordable housing secured through the planning process should be provided at nil land value and reasonable build cost. The Council supports this position.

5.7 Perpetuity

The Council wishes to ensure that affordable housing provision remains affordable in perpetuity. This is normally taken to be 125 years.

Initial rents, service charges and any sale prices should be subject to agreement by the city council and be demonstrably affordable throughout.

5.8 Commuted Sums Payments Table

The Commuted Sums Payment Table set out in Appendix A indicates the sums that should be payable per plot, dependent on the type of dwelling that would have been provided within the development. Dwelling sizes are quoted on the basis of Gross Internal Floor Area; these are provided in order to ensure that, for example a 3 bedroom unit does not purport to comprise a 2 bedroom unit, by the specification of for example the bedroom in another form of use, such as a study or breakfast room.

The table is broken down by ward area in accordance with the 16 electoral wards within the City. The commuted sum payment relates to the cost of providing the dwelling plot within the locality of the development and not elsewhere in the City. Otherwise, a situation may evolve where affordable housing is not provided in particular wards, or developers may assume they can always provide a commuted sum based on acquiring a dwelling within the area of the lowest plot value.

The financial contributions table below will be reviewed as required, with reference to an appropriate property index and other market information. The financial contribution should normally be paid upon implementation of the development secured through the section 106 agreement or phased payment may be negotiated in the case of larger and more complex developments.

5.9 Who Provides Affordable Housing?

The Council wishes to ensure that affordable housing provision remains affordable in perpetuity so that initial rents or sale prices should be subject to agreement by the city council and index linked thereafter. In this respect, the development of affordable homes using a Registered Providers (RP) should better serve the needs of the city’s residents. Contact details for the Council’s partner RPs can be provided by the Council on request.

6 Planning Obligation Requirements

The following sections provide the policy guidance for requiring planning obligations.

They relate to:

- Site Specific Transport Requirements
- On Site Public Open Space
- Employment & Skills
- Historic Environment
- Site Specific Flood Risk
- Public Art
- Sustainability
- Community Safety

In considering the planning obligations requirements for a development, the current capacity of infrastructure will be considered to ensure that obligations are only necessary where present facilities are not able to accommodate the additional need generated by the development.

There may also be obligations which are not covered by the above. The Council can advise on these at the pre-application stage but these could include tree replacement (at a ratio of two replacements for each removed tree), drainage or other aspects of the public realm.

As with Affordable Housing, the Council will not accept the deliberate sub-division of sites to provide individual parcels of development land to avoid the thresholds for planning obligations as outlined below. Where a development site has been sub-divided and the planning obligations thresholds have been reached cumulatively through the submission of successive applications, planning contributions will be sought on subsequent planning applications.

6.1 Site Specific Transport Requirements

Threshold

- **All residential developments involving a net increase of 5 or more dwelling units**
- **Non-residential developments with a net increase of over 200**

sq.m gross floor area

Smaller developments can also trigger the need for site specific transport works, early engagement with the Council can identify these requirements

Core Strategy Reference

Policy CS-18 Transport: Reduce – Manage – Invest

Most developments require localised contributions that are site specific. These address the immediate impact of a development. One of the main aims of the site specific transport obligation is to promote sustainable and active travel including walking, cycling and public transport. The site specific highway obligations could therefore relate to the following types of infrastructure:

- Footway improvements
- Cycleway improvements
- Access to Public Transport
- Highway improvements
- Travel Plans
- Parking controls

The works would be implemented as part of the development scheme and the Council would normally expect such measures to be put in place either on commencement of development or prior to occupation of the development as appropriate.

The obligation can be secured either through a financial contribution, paid to the Council to carry out the identified works, or through developer provision of the identified works. In cases where the developer is providing infrastructure improvements a licence would be required for the developer to work on the public highway, a Section 278 Agreement may also be required to be entered into and further guidance on this is available by contacting the City Council's Highways Team.

6.2 On-site Open Space

Threshold / Standard

- **All residential developments to provide amenity open space sought on site to a standard of 0.22 hectares per 1,000 population equivalent.**

The exact provision will take account of the nature of the development and the proximity of other open spaces.

Core Strategy References

Policy CS21 - Protecting and Enhancing Open Space
Policy CS22 – Promoting Biodiversity and Protecting Habitats
Emerging City Centre Action Plan - Policy 11 – Public Open Space in New Developments (for city centre sites)

The Core Strategy recognizes the need to retain and improve the quality and accessibility of open spaces, and the need to deliver new space within the city to meet the needs of residents. The Standards to be applied to new developments are derived from the council's Green Space Strategy (adopted 2008). The Green Space Strategy refined national planning policy categories into open spaces that are appropriate, with standards that are relevant to the spaces found in Southampton. This provision will enhance the overall development for residents.

6.3 Site Specific Flood Risk

Threshold

New developments within Flood Zone 3 depending on the site specific issues of the case

Core Strategy References

Policy CS-1 – City Centre Approach
Policy CS-23 – Flood Risk
Policy CS-25 - The Delivery of Infrastructure and Developers Contributions

The National Planning Policy Framework states that "local planning authorities should adopt proactive strategies to mitigate and adapt to climate change, taking full account of flood risk, coastal change and water supply and demand considerations". When determining planning applications, local planning authorities should ensure flood risk is not increased elsewhere and only consider development appropriate in areas at risk of flooding where, informed by a site-specific flood risk assessment. Where development is appropriate in a flood risk area development is appropriately flood resilient and resistant, including safe access and escape routes where required, and that any residual risk can be safely managed, including by emergency planning; and it gives priority to the use of sustainable drainage systems.

Site specific measures can include the use of such as land raising, raised floor levels, restrictions on ground floor uses and flood evacuation plans. On larger sites, sustainable urban drainage techniques can be employed to manage water effectively. It should be noted that SUDS is likely to become a statutory requirement for new development once the relevant sections of the Flood and Water Management Act has been implemented.

Sustainable drainage systems (SUDS) will include:-

- Source control measures including rainwater recycling and drainage.
- Infiltration devices to allow water to soak into the ground, which can include individual soakaways and communal facilities.
- Filter strips and swales.
- Filter drains and porous pavements.
- Basins and ponds to hold excess water after rain and to allow controlled discharge to avoid flooding, where possible in an urban environment.

Where the surface water system is provided solely to serve any particular development, the construction and ongoing maintenance costs should be fully funded by the developer. Where a sustainable urban drainage project contributes to more than one development, maintenance contributions may be sought towards an adopted solution. A Planning Obligation may be appropriate to secure this.

6.4 Public Art

Threshold

- **100 or more residential dwelling units**

10,000 sq.m of commercial floorspace

Local Plan Reference

SDP8 – Urban Form and Public Space

Provision of public art is considered integral to the achievement of the highest quality urban design. Policies CS-12 and CS-13 support improvements to the public realm of the city centre. Policy justification states that: *“public realm must be legible, comfortable and stimulating, with safe streets and public spaces across the city. High quality street furniture and public art should be used to enhance the quality of the urban environment incorporating signs and maps which aid legibility”.*

The Public Art Strategy approved by the City Council is delivered through:

- Using the planning and development control process to negotiate the integration of public art, architecture and urban design in all key developments.
- Using Percent for Art and Section 106 contributions to secure new funds to support the Public Art Strategy.
- Requiring public and private sector developers to appoint an artist as member of the professional master planning or design team.
- Requiring that the principles of Southampton City Council's Art in Public Places policy and Public Art Strategy are reflected in the Local Development Framework, Local Plan Review, Statutory Planning Documents (SPD), Design Guides and Development Briefs produced by the City Council.
- Devising and implementing quality programmes of community participation and education as part of public art commissions.
- Providing a comprehensive public art project management services to developers, City Council officers and community groups.

Public art will be sought on all key developments. Where the provision of public art is to be secured through planning obligation, the Council will work with the developer to ensure the successful integration of commissioned public art works within the development, including associated quality programmes of community participation and education.

6.5 Community Safety Facilities

Thresholds

- **New food, drink and late night entertainment and leisure uses open after 22:00 within the City Centre**
- **Applications to extend opening hours for food, drink and late night entertainment and leisure uses until after 22:00.**

Core Strategy Reference

Policy CS-13 – Fundamentals of Design

Local Plan Reference
SDP10 - Crime and Safety
Policy CLT-14 – City Centre Night Time Zones and Hubs
Policy – CLT-15 – Night Time Uses in Town, District and Local Centres

Planning policy guidance recognizes the role of planning in designing safe environments and crime reduction. Policy CS-13 of the Core Strategy requires the design and layout of new development to address these issues.

Planning Obligations will centre around a Night Time Community Safety Plan which will require the submission for Council approval a plan providing a package of community safety measures identified as necessary in connection with the development or proposed use. Such measures could include signage, lighting, improvements of late night bus services or other transportation measures, CCTV, or any other night time community safety measures. Any development proposals for entertainment venues in the city centre will be expected to contribute to CCTV coverage. Current estimated costs for providing CCTV coverage are included below:

	City Wide	City Centre
Camera and fittings	£11,400	£14,400
Control room equipment (per camera)	£6,700	£6,700

6.6 Use of S.106 for the delivery of non infrastructure related mitigation

S106 will also be used to ensure the delivery of those core strategy policies unrelated to the provision of infrastructure, specifically:

- Employment and Skills
- Carbon Management
- Waste Management
- Highway Condition Survey
- Travel Planning

6.6.1 Employment and Skills

Threshold

All major planning applications

Core Strategy Reference

Policy CS-24 – Access to Jobs

In appropriate circumstances, and particular in respect of major developments consistent with Policy CS-24, the Council will take account of the following additional matter:

- the aim of the Core Strategy to secure the economic, social and environmental well-being of citizens;
- the concerns and commitments included in the Southampton Partnership‘s Community Strategy, in particular the need to address

low economic activity rates and low skill levels amongst some City populations.

To address these issues and avoid an unnecessary increase in commuting to employment sites in the City, the Council will assess on a site-by site basis the need for a developer commitment to targeted recruitment and training for City residents which should take the form of an Employment and Skills Plan. This plan should include targets for work experience and training, as well as measures to improve access to jobs for local people. The Employment and Skills Plan relates to both construction and occupation phases of development and could include the following:

- Consultations with the Council on appropriate actions, setting out targets for recruitment of residents experiencing disadvantage, a programme of actions that will achieve these, and verifiable monitoring information that will be provided;
- The provision of recruitment and/or training facilities;
- Training linked to the development site; and
- Other measures to support access to jobs
- Plan Review procedures

Development may contribute positively to the promotion of economic competitiveness and social inclusion, helping people who experience difficulties entering or re-entering the labour market to get a job. The Council will seek to work in partnership with developers to ensure that an acceptable Training and Employment Management Plan is submitted setting out steps they will take to expand the local labour market and the supply of appropriate skills in the local labour market, and how this will be resourced.

6.6.2 Carbon Management and Sustainability Measures

Threshold

Net gain of 5 residential units or 500 sq.m of non-residential floorspace

Core Strategy Reference

Policy CS-20 – Tackling and Adapting to Climate Change. 1 c) Contributing to the Carbon Offset Fund

The Government believes that climate change is the greatest long-term challenge facing the world today. Addressing climate change is therefore the principal concern for sustainable development, and it is widely recognised that there is no one solution. Alleviating the problems of climate change and adapting to the challenges it will bring requires new development to adopt cross cutting action spanning a broad range of design topics, and at a range of spatial scales. Many of these actions focus on the need to reduce carbon emissions.

Policy CS-20 sets out to support national policies aimed at reducing carbon emissions from new building by establishing a requirement to meet Code for Sustainable Homes standards and BREAM standards by reduce on site emissions to levels commensurate with the government's "Building a Greener Future" policy targets by encouraging improvement in the energy efficiency of new buildings, and support the use of renewable energy technology to enable by setting standards for onsite CO2 reduction. Policy CS-20 states that "from 2012 - once energy efficiency measures and renewable or low-carbon technology opportunities have been maximised, any remaining CO2 emissions can be offset through contributions to a carbon offset fund, which will be invested in offsite renewable energy and energy efficiency projects throughout the city". As such, where carbon neutrality for new developments cannot be achieved on site and secured by planning conditions, the developer will be required to contribute towards a Carbon Offset Fund. The calculation of any contribution will be relative to the design of the development proposed and is set out in the Southampton City Council Carbon Offset Study March 2012.

There would be a charge of £210 per tonne of Carbon Dioxide generated by the development. Although, the maximum amount that a development should contribute will not exceed £3 per sq.m of gross internal floorspace.

Where development proposals include the replacement of existing inefficient buildings, the difference in the amount of carbon emissions generated will not be taken into account in the calculation of the Carbon Offset Fund.

7 Glossary

Adoption
The point at which the final agreed version of a document comes fully into use.

Affordable Housing
Housing available at a significant discount below market levels so as to be affordable to householders who cannot either rent or purchase property that meets their needs on the open market. It can include social-rented housing and intermediate housing. It is defined in Planning Policy Statement 3: 'Housing'.

Annual Monitoring Report (AMR)
Document produced each year to report on progress in producing the Local Development Framework and implementing its policies.

Community Infrastructure
Facilities available for use by the community that could provide for a range of social, economic and environmental infrastructure needs.

Core Strategy
The main document in the Local Development Framework. It is a Development Plan Document containing the overall vision, objectives, strategy and key policies for managing development in Southampton.

Development Plan
The documents which together provide the main point of reference when considering planning proposals as defined in legislation.

Development Plan Documents
A document containing local planning policies or proposals that forms part of the Development Plan, which has been subject to independent examination.

Examination
An independent inquiry into the soundness of a draft Development Plan Document chaired by an Inspector appointed by the Secretary of State, whose recommendations are binding.

Heads of Term
The definition of the proposed terms of a S106 Agreement.

Infrastructure
A collective term used for services such as roads, electricity, sewerage, water, education and health facilities.

Interested Party
An interested party or person is someone who needs to be involved in directly complying with the provisions of a S106 Agreement e.g. all those with a material interest in the land.

Large Scale Major Development
A development comprising of a:
- residential development of 200 or more dwellings or ,where the residential units is not given, a site area of 4 hectares or more, or
- any other development where the floor space to be built is 10,000 sq m or more or where the site is 2 hectares or more as per the DCLG Development Control PS 1/2 statistical definition 2007/8.

Local Development Framework (LDF)
The collective term for the group of documents including Local Development Documents, the Local Development Scheme and Annual Monitoring Reports.

Mitigation measures
These are measures requested/ carried out in order to limit the damage by a particular development/ activity.

Open Space and Recreational Land
Open space within settlements includes parks, village greens, play areas, sports pitches, undeveloped plots, semi-natural areas and substantial private gardens. Outside built-up areas this includes parks, sports pitches and allotments.

Planning Obligation
Obligation (either an agreement or unilateral undertaking) under Section 106 of the Town and Country Planning Act 1990 (as amended).

Spatial Planning
Spatial planning goes beyond traditional land use planning. It brings together and integrates policies for the development and use of land with other policies and programmes which influence the nature of places and how they function. This will include policies which can impact on land use, for example, by influencing the demands on or needs for development, but which are not capable of being delivered solely or mainly through the granting of planning permission and may be delivered through other means.

Strategic Road Network
The Trunk Road and Motorway network, which, in England, is managed on behalf of the Secretary of State

Submission

Point at which a draft Development Plan Document (or the draft Statement of Community Involvement) is submitted to the Secretary of State for examination.

Supplementary Planning Documents (SPD)
An SPD provides additional guidance on the interpretation or application of policies and proposals in a Development Plan Document.

Sustainable Development
In broad terms this means development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Government has set out five guiding principles for sustainable development in its strategy “Securing the future - UK Government strategy for sustainable development”. The five guiding principles, to be achieved simultaneously, are: Living within environmental limits; Ensuring a strong healthy and just society; Achieving a sustainable economy; Promoting good governance; and Using sound science responsibly.

Unilateral Undertaking
Where a planning obligation is required to secure a financial contribution, instead of agreeing obligations through the standard process of negotiation and agreement between the Council and the developer, developers may provide a Unilateral Undertaking. This is a document that contains covenants given by the developer and enforceable by the Council, but with no reciprocal covenants given by the Council. The Council will only rely on such a Unilateral Undertaking to secure a financial contribution if its provisions are acceptable to the Council. The provider of the undertaking will have to submit evidence of legal title to the application site with the undertaking and will be responsible for the Council’s legal costs in checking the suitability and acceptability of the undertaking.

Use Class Order
Planning regulations outlining a schedule of uses to which a given premises or building can be put. Some changes of use require planning permission.

Vitality and Viability
In terms of retailing, vitality is the capacity of a centre to grow or to develop its level of commercial activity. Viability is the capacity of a centre to achieve the commercial success necessary to sustain the existence of the centre.

Appendix A

Commuted Sum Tables

A1 Commuted Sum Payment Tables (1-3)

WARD	COMMUTED SUMS PAYABLE PER PLOT (£) DWELLING TYPE 2007							
	FLATS				**HOUSES**			
	STUDIO To 450 sq ft (42 sq m) GIFA	**1 BED To 575 sq ft (53 sq m) GIFA**	**2 BED To 750 sq ft (70 sq m) GIFA**	**3 BED Above 750 sq ft (+70sq m) GIFA**	**1 BED To 600 sq ft (56 sq m) GIFA**	**2 BED To 800 sq ft (74 sq m) GIFA**	**3 BED To 1200 sq ft (111 sqm) GIFA**	**4 BED+ Above 1200 Sqft (111sq m) GIFA**
BARGATE	35,000	46,000	57,000	85,000	52,000	71,000	92,000	120,000
BASSETT	35,000	46,000	59,000	76,000	49,000	71,000	93,000	116,000
BEVOIS	42,000	51,000	63,000	76,000	52,000	79,000	93,000	121,000
BITTERNE	31,000	41,000	46,000	61,000	47,000	64,000	79,000	96,000
BITTERNE PARK	31,000	41,000	46,000	61,000	49,000	66,000	82,000	99,000
COXFORD	23,000	30,000	36,000	46,000	38,000	42,000	49,000	56,000

WARD		COMMUTED SUMS PAYABLE PER PLOT (£) DWELLING TYPE							
		FLATS			HOUSES				
	STUDIO To 450 sq ft (42 sq m) GIFA	1 BED To 575 sq ft (53 sq m) GIFA	2 BED To 750 sq ft (70 sq m) GIFA	3 BED Above 750 sq ft (+70 sq m) GIFA	1 BED To 600 sq ft (56 sq m) GIFA	2 BED To 800 sq ft (74 sq m) GIFA	3 BED To 1200 sq ft (111 sq m) GIFA	4 BED+ Above 1200sq ft (>111 sq m) GIFA
FREEMANTLE	28,000	37,000	43,000	47,000	45,000	49,000	56,000	76,000
HAREFIELD	25,000	34,000	40,000	44,000	46,000	49,000	56,000	62,000
MILLBROOK	21,000	28,000	37,000	41,000	38,000	42,000	49,000	59,000
PEARTREE	30,000	39,000	49,000	57,000	46,000	52,000	69,000	86,000
PORTSWOOD	27,000	36,000	46,000	57,000	46,000	52,000	69,000	86,000

WARD		COMMUTED SUMS PAYABLE PER PLOT (£) DWELLING TYPE							
		FLATS				HOUSES			
	STUDIO **To 450 sq ft (42 sq m) GIFA**	**1 BED** **To 575 sq ft (53 sq m) GIFA**	**2 BED** **To 750 sq ft (70 sq m) GIFA**	**3 BED** **Above 750 sq ft (70 sq m) GIFA**	**1 BED** **To 600 sq ft (56 sq m) GIFA**	**2 BED** **To 800 sq ft (74 sq m) GIFA**	**3 BED** **To 1200 sq ft (111 sq m) GIFA**	**4 BED+** **Above 1200 sq ft (>111sq m) GIFA**
REDBRIDGE	21,000	27,000	37,000	41,000	42,000	46,000	50,000	60,000
SHIRLEY	31,000	41,000	50,000	79,000	45,000	52,000	79,000	103,000
SHOLING	27,000	36,000	46,000	54,000	45000	52,000	66,000	72,000
SWAYTHLING	29,000	37,000	46,000	54,000	52,000	62,000	69,000	76,000
WOOLSTON	28,000	37,000	46,000	54,000	42,000	52,000	62,000	83,000

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Community Infrastructure Levy Instalments Policy

June 2013

Contacts for this document

Development Management
Planning and Sustainability
Civic Centre
Southampton SO14 7LS

023 8083 2603
planning@southampton.gov.uk

The Instalments Policy

This Policy is made in line with Regulation 69B of The Community Infrastructure Levy (Amendment) Regulations 2011.

Date of Approval

This Instalment Policy was approved by the Council on (DATE TO BE AGREED AT CABINET/COUNCIL) 2013.

Date of Effect

This Policy will become effective on (DATE TO BE AGREED AT CABINET/COUNCIL) 2013.

Level of CIL Charge	Number and Amount of Instalments	Timing of Instalments
Less than £50,000	1 Full payment	Full payment within 60 days of commencement
£50,000 - £250,000	3 Equal instalments	1st payment within 60 days of commencement
		2nd payment within 6 months of commencement
		3rd payment within 9 months of commencement
£250,000 or more	4 Equal instalments	1st payment within 60 days of commencement
		2nd payment within 6 months of commencement
		3rd payment within 9 months of commencement
		4th payment within 18 months of commencement

Once the development has commenced, all CIL payments must be made in accordance with the CIL Instalment Policy. Where a payment is not received in full on or before the day on which it is due, the total CIL liability becomes payable in full immediately in accordance with Regulation 70(8)(a).

SOUTHAMPTON CITY COUNCIL ®

Integrated Impact Assessment
Stage 1 - Quick Assessment

Name of initiative:	Community Infrastructure Levy Charging Schedule
Summary of main aims and expected outcomes:	Adoption of a Charging Schedule to secure developer contributions towards new infrastructure.
Assessment completed by:	Jo Moorse
Date:	14.06.13

Approval by Level 1 manager	
Name:	
Signature:	
Date:	

Complete this initial assessment sheet using the following symbols:

✓ Where an impact (positive or negative) is likely to occur from implementation of your policy, strategy, project or major service change

? Where further information is required to make the assessment

Where no impact occurs, leave the box blank

Assessment Category	Positive Impact	Negative Impact	Reason for predicted impact
Age			
Disability			
Gender Reassignment			
Pregnancy and Maternity			
Race			
Religion or Belief			
Sex			
Sexual Orientation			
Cohesion			
Community Safety (s17)			
Health and Well Being			
Poverty & Deprivation			
Contribution to local economy	✓		Proposes the collection of developer contributions to benefit the local economy.
Green Purchasing	✓		Proposes the collection of developer contributions towards green infrastructure.
Pollution & Air Quality			
Natural Environment	✓		Will assist in the delivery of the city's flood risk management programme
Energy & Water Efficiency			
Waste Reduction			
Climate Change			

Please email a copy of the completed IIA to integrated.impact.assessment@southampton.gov.uk. You must also save a copy of the IIA as part of your decision documentation.

DECISION-MAKER:		CABINET COUNCIL		
SUBJECT:		*OAKLANDS SWIMMING POOL		
DATE OF DECISION:		16 JULY 2013 17 JULY 2013		
REPORT OF:		LEADER OF THE COUNCIL		
CONTACT DETAILS				
AUTHOR:	**Name:**	**Mike Harris**	**Tel:**	**023 8083 2882**
	E-mail:	**Mike.d.harris@southampton.gov.uk**		
Director	**Name:**	**John Tunney**	**Tel:**	**023 8083 4428**
	E-mail:	**John.tunney@southampton.gov.uk**		

STATEMENT OF CONFIDENTIALITY
None.

BRIEF SUMMARY

Following the closure of Oaklands swimming pool, there has been significant support for the pool to be reopened. In order to provide a medium term life span for the building a capital investment is required. Work is ongoing with a community group to establish a viable operator, but other options will be explored if this is not a feasible way forward.

RECOMMENDATIONS:

CABINET

(i) Approve, in accordance with Financial Procedure Rules, capital expenditure of £18,000 in 2013/14 from the Economic Development and Leisure Capital programme for refurbishment works at Oaklands swimming pool to undertake a detailed feasibility study, subject to approval by Council of the addition of the scheme to the Capital Programme on 17 July 2013.

(ii) That work to progress the feasibility and business plan development is progressed.

(iii) Delegate authority to the Head of Legal, HR and Democratic Services, after consultation with the Head of Leisure and Culture, to formalise the arrangement to reopen and operate Oaklands Pool by the preferred community group using whichever form of agreement deemed most appropriate in the circumstances.

COUNCIL

(i) To add, in accordance with Financial Procedure Rules, a sum of £1,258,000 to the Economic Development and Leisure Capital programme for refurbishment works at Oaklands swimming pool. Initially this will be phased £200,000 in 2013/14, £848,000 in 2014/15 and £210,000 in 2015/16, although this may be subject to change on completion of the detailed feasibility study

REASONS FOR REPORT RECOMMENDATIONS

1. To enable the refurbishment of Oaklands pool in order for it to provide a reliable service to residents,

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not to refurbish the pool – this would not meet community aspirations

3. Open at minimal cost – there would be no guarantee that repairs will last, with the consequent high risk of ongoing business interruption, and subsequent loss of trade and viability for any new service provider.

DETAIL (Including consultation carried out)

4. Oaklands Swimming Pool closed in May 2012, following ongoing leaks in the pool. Subsequently significant local community support for reopening the pool has been voiced.

5. An approach has been received from a local community group to operate the pool. The group includes individuals with some experience in the operation of swimming pools and links to the local community. The initial business plan submitted needs further work to provide the necessary assurances that the operation would be robust and viable in the long term. Officers and consultants will continue to work with the community group to refine the business plan.

6. Working with the community group is the preferred mechanism to delivering the service, and could be achieved by the award of a service concession through a Cabinet report. Should the initial business planning work fail to deliver sufficient reassurances, the opportunity to operate the pool will be widened. The appointment of the community group as an operator, or alternative operator, will be the subject of a separate cabinet report once the business plan and feasibility work has been completed

7. It is proposed to ensure the pool is in good state of repair and fit for purpose for the medium to long term to afford any new operator the best opportunity to deliver a high quality service and a viable operation. Capita has assessed the costs of providing a 15 year life expectancy for the pool and building. Whilst it will not result in a pool that will look wholly new internally, it will be efficient and functional for the period. The works would include a full mechanical and electrical upgrade (especially to the elderly plant room) and roof repair. The provision of shared car park provision with other community uses anticipated on the old school site is also included.

8. Capita has proposed a programme which delivers the building ready for occupation in a period of some 23 months from instruction. This timescale allows for detailed feasibility work in advance of final design and procurement of the works. This detailed feasibility is required to finalise costs and is anticipated to take 3 months, the tender and design works a further 8 months, with works in site estimated at 12 months.

9. The conclusion of the feasibility works will provide greater clarity on capital costs and programme and together with the outcome of the business plan review will enable a detailed decision to be made by Cabinet later this year.

RESOURCE IMPLICATIONS

Capital

10. A detailed feasibility study will be commissioned to finalise the capital cost and phasing of the refurbishment works to enable the re-opening of the pool.

11. It is proposed that funding for the project will be from Council resources. A capital receipt will be generated from the sale of the Oakland's School site and whilst we do not earmark specific receipts to ensure flexible funding of the capital programme, this receipt will contribute to the overall resources available to fund the Capital Programme.

Revenue

12. The ongoing revenue costs associated with maintaining the site are currently being covered within existing property management budgets. However, these costs will continue to create a pressure on these budgets in 2013/14 and future years until the capital works commence and the pool is able to re-open. Approval to add the scheme and then progress work is therefore critical to minimise the impact of these costs during the transition period.

Property/Other

13. Property issues are covered elsewhere in this report

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

14. The Section 1 Localism Act 2011, empowers a Council to do anything that a private individual may do provided that it is not prohibited by any pre or post commencement limitations.

Other Legal Implications:

15. Not applicable.

POLICY FRAMEWORK IMPLICATIONS

16. The proposals are commensurate with the Policy Framework

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Specifically Coxford, but users of the pool could come from many other parts of the City

SUPPORTING DOCUMENTATION

Appendices

1.	None.

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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.	None	

DECISION-MAKER:	COUNCIL			
SUBJECT:	APPOINTMENT OF CHIEF EXECUTIVE AND HEAD OF PAID SERVICE			
DATE OF DECISION:	17th JULY 2013			
REPORT OF:	HEAD OF LEGAL, HR AND DEMOCRATIC SERVICES			
CONTACT DETAILS				
AUTHOR:	**Name:**	**Richard Ivory**	**Tel:**	**023 8083 2794**
	E-mail:	**richard.ivory@southampton.gov.uk**		
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STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY

The previous Chief Executive and Head of Paid Service, Alistair Neill resigned his position with the Council in March 2013. This report recommends to Full Council his successor

RECOMMENDATIONS:

(i) To approve the appointment of Dawn Baxendale to the position of Chief Executive and Head of Paid Service at Southampton City Council; and

(ii) That the Head of Legal, HR and Democratic Services be given delegated authority to take any further action necessary to give effect to the contents of this report

REASONS FOR REPORT RECOMMENDATIONS

1. The resignation of the Chief Executive and Head of Paid Service in March 2013 and the necessity to appoint to this position

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. N/A

DETAIL (Including consultation carried out)

3. Following the resignation of the former Chief Executive in March, the Council appointed Dawn Baxendale as interim Chief Executive and Head of Paid Service until a successor could be appointed.

4. Subsequent to this appointment, Berwick Partners were appointed as the Council's consultants for the purpose of this recruitment

5. The Chief Officer Employment Panel convened on 22nd May 2013. This, and subsequent meetings, were either attended by the Director of Corporate Services, Head of Legal, HR and Democratic Services, Head of Strategic HR, Democratic Services Officer and recruitment consultants as appropriate.

6. At the meeting on the 22nd May 2013, the consultants presented details of applicants for the post of Chief Executive. Following scrutiny of these the Panel agreed a long list for further consideration.

7. The Panel reconvened on 11th June 2013 and after careful consideration and due diligence the Panel agreed a short list of four candidates for Panel interview

8. The final stages of the process were carried out by the consultants following the meeting, including agreed psychometric testing by the consultants, a city tour and a 'meet and greet' for Members, selected Partners and Senior Council Officers.

9. The Panel carried out individual interviews on 25th June 2013.

10. A decision was made to recommend to Full Council that Dawn Baxendale is appointed as Chief Executive and Head of Paid Service at Southampton City Council. Dawn Baxendale is currently the interim Chief Executive of the Council.

11. Following that, in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001 as set out in the Council's Constitution (Officer Employment Procedure Rules) an opportunity to object to the recommendation was sent to all Members of the Executive. No objections have been received.

RESOURCE IMPLICATIONS

Capital/Revenue

The remuneration for the Chief Executive will be met from existing budgets and will be in accordance with the Council's existing Chief Officer Pay Rates for the Chief Executive.

Property/Other

N/A

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

Local Government Acts 1972, 2000 and the Local Government (Standing Orders) (England) Regulations 2001

Other Legal Implications:

N/A

POLICY FRAMEWORK IMPLICATIONS

N/A

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None

SUPPORTING DOCUMENTATION

Appendices

1.	None

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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.	N/A	

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DECISION-MAKER:		COUNCIL CABINET		
SUBJECT:		CAPITAL FUNDING FOR ADULT SERVICES		
DATE OF DECISION:		17 JULY 2013 20 AUGUST 2013		
REPORT OF:		CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE		
CONTACT DETAILS				
AUTHOR:	**Name:**	**Jane Brentor**	**Tel:**	**023 8083 3439**
	E-mail:	**Jane.brentor@southampton.gov.uk**		
Director	**Name:**	**Alison Elliot**	**Tel:**	**023 8083 2602**
	E-mail:	**Alison.elliot@southampton.gov.uk**		

STATEMENT OF CONFIDENTIALITY
Appendix 1 is not for publication by virtue of category 3 (financial and business matters) of paragraph 10.4 of the Access to Information Procedure Rules as contained in the Constitution. It is not in the public interest to disclose this information because it contains financial and business information that if made public would prejudice the Council's ability to operate in a commercial environment and obtain best value during a live procurement process prior to final tenders being received and contracts being entered into.

BRIEF SUMMARY

An appraisal process is followed annually to address buildings related issues in respect of internal care provision.

The Local Authority residential care homes are subject to regulation and inspection. It is therefore essential to maintain service standards and respond to the requirements of the Care Quality Commission (CQC) Care Standards. The appraisal also identifies separate elements to address Health and Safety Regulations and the provision of equipment replacement where this is not covered under the separate repair and maintenance provision.

A separate appraisal has also been undertaken in relation to Sembal House which is currently subject to subject to a refurbishment programme which is already underway. During the programme a number of previously unidentified repairs and maintenance issues have become obvious in the material state of the building and funding is required to address these newly identified defects and complete the project.

RECOMMENDATIONS:

COUNCIL

(i) To approve the addition of £482,000 to the Health and Adult Services Capital Programme to be allocated as £80,000, £100,000 and £302,000 to the existing schemes for Equipment and Health and Safety, Sembal House refurbishment and the National Care

Standards projects respectively. This will be funded through Council resources made available through receipt of the 2013/14 Personal Social Services Capital un-ring fenced grant.

CABINET

(i) Subject to approval by Full Council on 17th July 2013 for the addition of funding to the Health and Adult Services Capital Programme, to approve, in accordance with financial procedure rules, capital expenditure of £302,000 in 2013/14 to maintain the condition of residential care homes to a standard in line with the requirements of the Care Quality Commission.

(ii) To delegate authority for overseeing the management of the sum of £302,000 identified for maintaining the Council's residential homes to the Director of People following consultation with the Cabinet Member for Health and Social Care Portfolio and to take any steps necessary to procure the relevant works within overall budget approvals.

REASONS FOR REPORT RECOMMENDATIONS

1. That the Council's in house care services be maintained to a standard which is safe and of good quality to provide care for the City's residents.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. This issue has been considered by the Corporate Capital Board for inclusion within the Capital Programme and all items in the attached appendix have been approved as the preferred priority for repairs and maintenance for the forthcoming financial year. Options which included not allocating the funding were rejected as they fail to address quality of care and safety issues for residents of the relevant accommodation.

3. Programme to run from time of approval to March 2014.

DETAIL (Including consultation carried out)

4. Building deficiencies have emerged that reduce the capability of the Service, to meet the needs of the people who use these services but which do not meet the criteria for corporate Reactive Repair and Maintenance. The Repair and Maintenance budget is corporately held but is always insufficient to meet the needs of all the Council's buildings. This budget is allocated on a priority basis which, due to its limited nature, results in monies only being allocated against reactive repairs but not improvements and does not extend to access, paths, patios, boundaries, internal or external redecoration, fire safety or improvements as listed in the corporate guidance or temporary structures. In addition the maintenance of corporately owned buildings is undertaken against a programme informed by the age of the item requiring maintenance and its expected life usefulness rather than applying service requirements. This is understandable but does leave the services at risk of inefficiency, poor quality environments and potentially high risk external environment. The corporate approach does not differentiate between corporate office accommodation and buildings which are homes to vulnerable people or users of social care services.

The attached appraisal documents provide detail of the work required, identified as appendices 1, 2 and 3.

5. Consultation in respect of the care standards appraisal has been undertaken with the managers of the respective homes and services and, where possible, with the residents and service users. However, due to the lack of mental capacity of the homes' residents and service users consultation with the latter has been more limited with greater reliance placed on professional assessment of needs.

6. Specifically, the appraisal for Sembal House is identified to cover works the necessity of which became apparent during the planning phase of the existing approved project. These additional works included windows which were found to be in a worse than expected condition, asbestos removal and electrical infrastructure which required replacement rather than repair. The building work had gone out to tender at a time when the market was thought to be likely to provide cost effective bids and this was proved to be the case. Work has therefore progressed to maximise the positive quote eventually accepted but now requires the outstanding funding to complete the additional work identified as a result of further more detailed appraisal.

RESOURCE IMPLICATIONS

Capital/Revenue

7. Subject to approval of an additional £302,000 by Council on 17th July 2013 to the Health and Adult Services Capital programme to maintain the condition of residential care homes to a standard in line with the requirements of the Care Quality Commission, approval to spend the £302,000 is now being sought. The funding for this addition has been identified from Council resources, specifically from receipt of the non ring-fenced Adults Personal Social Services Capital Expenditure grant which totals £597,000 in 2013/14.

8. There are no ongoing revenue implications anticipated from the approval of the addition of funding to these schemes.

9. The Residential homes bid totals**: £302,000 plus equipment of £80,000**

   The Sembal House bid totals: **£100,000.**

   Total £482,000

Property/Other

10. The project work will be undertaken where appropriate in partnership with Capita Symonds Property and Infrastructure Services. Each segment of the bid has a Capita support cost and these costs have been included in the bid detail.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

11. Section 1 Localism Act 2011 empowers the Council to do anything that a private individual may do subject to any specific statutory limitations (none of which apply to the proposals in this report). The matters set out in this report fall within the scope of this power.

Other Legal Implications:

12. The appropriate EU procurement process in accordance with Contract Procedure Rules will be followed depending on the value of contracts for individual works. Any works undertaken will be designed and implemented having regard to the Council's duties under the Equalities Act 2010 and s.17 Crime & Disorder Act 1998.

POLICY FRAMEWORK IMPLICATIONS

13. The proposal conforms to the Council's stated aims of supporting vulnerable older people and adults.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	None

SUPPORTING DOCUMENTATION

Appendices

1.	Capital Bid Appraisal form – Residential homes (confidential)
2.	Capital Bid Appraisal form – Sembal House
3.	Capital Bid Appraisal form – Equipment

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) 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.	None	

by virtue of paragraph number 3 of the Council's Access to information Procedure Rules

Agenda Item 24

Appendix 1

Document is Confidential

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Agenda Item 24

Appendix 2

CAPITAL BIDS APPRAISAL FORM

Project Name	Bid Sponsor	Portfolio
Care Standards Improvement – Sembal House	Jane Brentor	Health and Adult Social Care
Question 1 – Does the scheme deal with infrastructure works e.g. maintenance of existing buildings (operational or corporate), IT systems (service based or corporate).		**Yes** = Infrastructure

Question 2: -	**Y / N**	**If Yes please give details**
a) Is there a stated commitment to the scheme within an approved Policy document or does it contribute directly to one or more of the 5 Council priorities?	Y	The buildings involved accommodate services that promote independence for adults and older people with disabilities
b) Will the Council be open to legal challenge or exposed to significant risk if the scheme is not done?	Y	In some cases the buildings involved are not fit for purpose. The services have to meet the Care Quality Commission's essential standards – eg the adequate 'care and welfare of people who use services', 'safety and suitability of premises' and 'safety, availability and suitability of equipment'
c) Is there a strong publicly stated Political Commitment to the Scheme specifically?	Y	The Change Board has stated that there is a continuing commitment to the transformation of in house care provision
d) Does the scheme attract significant (greater than 50%) external funding?	N	

Question 3 – Have you answered 'Yes' to one or more Questions under Question 2 a) to d)?				**Yes** = 'A' List Bid
Please provide details of: -	**Pre 2011/12**	**2011/12**	**Forecast 2012/13**	**Bid 2013/14**
Project Costings External Funding (none) **Revenue Costs (none)**	**Nil**	**£6,000**	**£48,000**	**£100,000 Plus C/Fwd 12/13 £264,000**

Please Outline Details of the Scheme below: - Sembal House – day service provision for people with physical disability and mental ill health The refurbishment of this Centre has been tendered and costs are in excess of the amount allowed for the initial refurbishment. Significant value engineering has already taken place but further elements of the project which could be removed would have a disproportionate impact on the value and quality of the whole project. The relocation of the CCFS staff from Woodside to office space at Sembal is dependant on the full works proposed for which this additional funding is required to enable. A sum of £100,000 will allow the initial project to achieve its planned outcome as per the original capital report, (appended). **Total - £100,000 (This sum is required to fund the shortfall on the current cost to completion of the scheme including fees)** **Total of all projects in this proposal - £100,000**
What are the Benefits arising from the Scheme OR the implications of not doing it? As per original capital report as appended.
What are the Options (including costs) for delivering the same or similar results? To close the Day service and re-provide care to the client through the purchasing from external providers. Due to the eligibility of these clients for services the council have a legal obligation to provide an alternative form of care. Please note this project was developed on the basis that Council had already decided to retain some internal provision. Without this building there are no other suitable options from which to provide this care within the Adult Services Portfolio as Bedford House is now subject to sale.
If Revenue Costs are significant please provide details of options for meeting them No revenue costs will be incurred
Please provide details of work carried out to establish if any of the costs can be met from within the existing portfolio programme or grants The Adult Services Capital Programme is relatively small therefore the scope to pick up a scheme of this nature, which in total is over a quarter of the future programme spend, without additional funding is limited. Additional funding is being utilised from under spends in the R&M budget from prior years. AC you may not want this in here!!!

Please provide a short risk analysis for the scheme (timing, costings, funding etc.) A positive working relationship with Capita project management has been established and is monitored through monthly client relationship meetings which have minimised risks and maintained close scrutiny of all previous building works. The risks are therefore low and the work outlined above is expected to be completed within the financial year. The costing outlined in this paper have been established in cooperation with our client relationship manager and therefore have a reasonable degree of accuracy within the limitations of visual estimates, albeit more accurate costings will be determined as the projects are developed in more detail.

CAPITAL BIDS APPRAISAL FORM

Project Name	**Bid Sponsor**	**Portfolio**
Replacement of Appliances and Equipment 2013/14	**Jane Brentor**	**Health and Adult Social Care**

Question 1 – Does the scheme deal with infrastructure works e.g. maintenance of existing buildings (operational or corporate), IT systems (service based or corporate).	**Yes** = Infrastructure

Question 2: -	**Y / N**	**If Yes please give details**
a) Is there a stated commitment to the scheme within an approved Policy document or does it contribute directly to one or more of the 5 Council priorities?	Y	Safeguarding the most vulnerable people
b) Will the Council be open to legal challenge or exposed to significant risk if the scheme is not done?	Y	To enable Social Care provision to be maintained to regulatory standards, appliances and equipment must be replaced before it fails or reaches a state of uneconomic repair
c) Is there a strong publicly stated Political Commitment to the Scheme?	N	
d) Does the scheme attract significant (greater than 50%) external funding?	N	Grant

Question 3 – Have you answered 'Yes' to one or more Questions under Question 2 a) to d)?	**Yes** = 'A' List Bid

Please provide details of: -	**Pre 2011/12**	**2011/12**	**Forecast 2012/13**	**Bid 2013/14**
Project Costings	**148,000**	**£101,000**	**£86,000**	**£80,000 Plus C/Fwd 12/13 £35,000**
External Funding (none)				
Revenue Costs (none)				

1 2013 – 14 Replacement Appliance and Equipment Capital Bids

Please Outline Details of the Scheme below: - The social care buildings around the City have a significant number of items of commercial catering, laundry and ancillary equipment needed to provide support to service delivery. This scheme is to repair or replace such items as required in the financial year 2013/14. The repair and or replacement of these items have previously been funded through a series of capital schemes.
What are the Benefits arising from the Scheme OR the implications of not doing it? A planned replacement programme has been adopted that has avoided untimely equipment failures affecting service delivery and adding extra pressure on staff.
What are the Options (including costs) for delivering the same or similar results? Lease/Maintenance arrangements have been used in the past but have proved to be more costly and not value for money
If Revenue Costs are significant please provide details of options for meeting them N/A
Please provide a short risk analysis for the scheme (timing, costings, funding etc.) Simple failures of appliances can result is large disruption to service delivery Equipment failure can result in temporary disruption to service which are expected to provide 3 full service meals a day and the level of laundry required to support five homes with people with severe disabilities. 2013/14 Unlike domestic appliances which are low priced with a fairly short life, the industrial grade equipment designed for the residential homes use is both sturdy and expensive and require full professional installation which is covered by a separate charge. This budget would also cover specialist care equipment such as beds, moving and handling equipment etc. The level of funding required for 2013/14 is difficult to predict due to the reactionary nature of the spend, however the amount requested is consistent with the average spend incurred in the last three years for which provision has not already existed within the general R&M budget. **Bid £80,000**