

SPECIAL CABINET

**Tuesday, 5th February, 2013
at 5.00 pm**

Council Chamber - Civic Centre

This meeting is open to the public

Members

Councillor Dr R Williams, Leader of the Council
Councillor Stevens, Cabinet Member for Adult Services
Councillor Bogle, Cabinet Member for Children's Services
Councillor Rayment, Cabinet Member for Communities
Councillor Noon, Cabinet Member for Efficiency and Improvement
Councillor Thorpe, Cabinet Member for Environment and Transport
Councillor Payne, Cabinet Member for Housing and Leisure Services
Councillor Letts, Cabinet Member for Resources

(QUORUM – 3)

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BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

Executive Functions

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

The Forward Plan

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

Key Decisions

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

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

Decisions to be discussed or taken that are key

Implementation of Decisions

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

Southampton City Council's Seven Priorities

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

Procedure / Public Representations

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

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

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

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

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

Municipal Year Dates (Tuesdays)

2012	2013
19 June	29 January
17 July	19 February
21 August	19 March
18 September	16 April
16 October	
13 November	
18 December	

CONDUCT OF MEETING

TERMS OF REFERENCE

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

RULES OF PROCEDURE

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

DISCLOSURE OF INTERESTS

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

BUSINESS TO BE DISCUSSED

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

QUORUM

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

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.

AGENDA

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

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

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

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

3 HOUSING REVENUE ACCOUNT BUDGET REPORT AND BUSINESS PLAN

Report of the Cabinet Member for Housing and Leisure Services, seeking approval for the Housing Revenue Account budget proposals and long term business plan, attached.

4 GENERAL FUND REVENUE BUDGET 2013/14 TO 2015/16

Report of the Cabinet Member for Resources, seeking to set out the latest estimated overall financial position on the General Fund Revenue Budget for 2013/14 to 2015/16 and to outline the main issues that need to be addressed in considering the Cabinet's budget and council tax proposals to Council on 13 February 2013, attached.

5 THE GENERAL FUND CAPITAL PROGRAMME 2012/13 TO 2015/16

Report of the Cabinet Member for Resources, seeking to set out the latest estimated overall financial position on the General Fund Capital Programme for 2012/13 to 2015/16, attached.

MONDAY, 28 JANUARY 2013

HEAD OF LEGAL, HR AND DEMOCRATIC SERVICES

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Agenda Item 3

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	HOUSING REVENUE ACCOUNT BUDGET REPORT AND BUSINESS PLAN
DATE OF DECISION:	5 FEBRUARY 2013. 13 FEBRUARY 2013
REPORT OF:	CABINET MEMBER FOR HOUSING AND LEISURE SERVICES

CONTACT DETAILS

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STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY

The Reform of Council Housing Finance reached its conclusion with the final settlement payment to the Department for Communities and Local Government (DCLG) at the end of March 2012, which effectively bought the Housing Revenue Account (HRA) out of the Housing Subsidy system.

The new HRA Self Financing system started from April 2012. The budget update for 2012/13 and the budget for 2013/14 in this report have been prepared using the new arrangements, which also include a requirement to prepare and publish a rolling 30 year HRA business plan.

The report sets out the revenue budgets for 2012/13 and 2013/14, the detailed capital budgets for 2012/13 to 2017/18 and the HRA business plan for the period 2013/14 to 2042/43. It includes the proposed changes in rents, service charges and other charges to council tenants from April 2013.

RECOMMENDATIONS:

CABINET

- (i) To consider the report and agree that the recommendations, as set out below, be made to Council at the meeting on 13 February 2013.
- (ii) To approve, in accordance with Financial Procedure Rules, capital spending of £1,000,000 in 2012/13 on a contribution to major investment works at Rotterdam Towers, subject to Council

agreement to add a scheme of this value to the Safe, Wind and Weather Tight section of the HRA Capital Programme.

- (iii) To approve, in accordance with Financial Procedure Rules, a transfer, within the Estate Regeneration section of the HRA Capital Programme, of £1,325,000 from the Estate Wide scheme to create a Weston Enabling Works scheme, phased £700,000 in 2013/14, £375,000 in 2014/15 and £250,000 in 2015/16.

COUNCIL

- (i) To thank tenant representatives for their input to the capital and revenue budget setting process and to note their views as set out in this report.
- (ii) To agree that, with effect from the 1 April 2013, the current average weekly dwelling rent figure of £75.06 should increase by 4.62%, which equates to an average increase of £3.47 per week, and to approve the following to calculate this increase:
- That the percentage increase applied to all dwelling rents should be 3.1%, equivalent to an increase of £2.33 per week; and
 - That the rent restructuring component of the increase should follow the arrangements agreed by Council in February 2012, giving an increase in average rent levels of 1.52% (£1.14 per week) and
- to note that:
- The total percentage increase in individual rents will vary according to the restructured rent of their property.
- (iii) To note the following weekly service charges from 1 April 2013 based on a full cost recovery approach:
- Digital TV £0.42 (unchanged from 2012/13)
 - Concierge £1.20 (unchanged from 2012/13)
 - Tower Block Wardens £4.97 (unchanged from 2012/13)
- (iv) To note that the service charges in supported accommodation will not change from 1 April 2013 but that these will be reviewed, in consultation with tenants, with any changes taking effect later in 2013/14.
- (v) Subject to further consultation with tenants, to approve the introduction of a new cleaning charge for walk up blocks of £0.91 per week, the start date for which will be agreed with tenants.
- (vi) To note that the charges for garages and parking spaces for 2013/14 will be increased by 2.6% in line with the increase in RPI used in the calculation of the increase in average rents.
- (vii) To approve the Housing Revenue Account Revenue Estimates as set out in the attached Appendix 1.

- (viii) To approve, in accordance with Financial Procedure Rules, the addition of a scheme to the Safe, Wind and Weather Tight section of the HRA Capital Programme for a contribution of £1,000,000 to major investment works at Rotterdam Towers, funded by unapplied Direct Revenue Financing available within the overall HRA Business Plan.
- (ix) To approve the revised Housing Revenue Account Capital Programme set out in Appendix 2.
- (x) To approve the 30 year revenue and capital business plans set out in Appendices 4 and 5.
- (xi) To note the principles underlying capital spending plans set out in Appendix 6.
- (xii) To note the HRA business planning assumptions set out in Appendix 7.
- (xiii) To note that rental income and service charge payments will continue to be paid by tenants over a 48 week period.

REASONS FOR REPORT RECOMMENDATIONS

1. The Council's Constitution sets out the process to be followed in preparing the Council's budget. This process includes a requirement for the Executive to formally submit their budget proposals for the forthcoming year to Council. The budget proposals in this report cover the HRA revenue budget and capital programme.
2. The introduction of the new self-financing regime for HRA finances in April 2012 brought with it a requirement for long term business planning. This report also sets out in financial terms the HRA business plan for the next 30 years.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The proposals in this report follow the principles established in the report approved by Council in November 2011 and are consistent with the views of tenant representatives expressed at various meetings during the preparations for HRA self-financing. Alternative options are not therefore supported.

DETAIL (Including consultation carried out)

Background

4. The HRA 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 16,821 homes for Southampton tenants and their families and to 1,722 homes for leaseholders. This includes housing management, repairs and improvements, welfare advice, supported housing services, neighbourhood wardens, and capital spending on Council properties.

5. This report sets out the HRA revenue budgets for 2012/13 and 2013/14, the detailed capital programme for the period 2012/13 to 2017/18 and the 30 year HRA business plan covering the period 2013/14 to 2042/43. The proposed increase in rents and other charges is an integral part of the revenue estimates for 2013/14.
6. The capital and revenue estimates for 2012/13 onwards and the 30 year business plan have been prepared using the new self-financing arrangements for the HRA.

Reform of Council Housing Finance – Self Financing

7. On 28th March 2012 the HRA paid a one-off levy to DCLG to buy its way out of the subsidy system and stop the need for annual payments. The February 2012 budget report assumed borrowing of £75.251M would be required to fund the payment of this levy. However, as was reported to Council in the HRA Final Accounts report of July 2012, the final settlement was £1.674M lower than anticipated and required borrowing of only £73.487M.
8. The budget report assumed an interest rate on borrowing of exactly 4%. However, when funds were acquired from the Public Works Loans Board on 26th March 2012 the average interest rate was slightly over 3.5%.
9. As previously reported, the combined impact of these variations was an annual saving of £433,000 and a subsequent increase in the surplus on the HRA Business Plan of almost £13M over thirty years. In addition, it was anticipated that there would be a forecast increase in interest on cash balances over the thirty year period of approximately £0.5M.
10. This report considers further changes to the assumptions in the original HRA business plan and the impact that these will have on the 30 year surplus.

HRA business plan principles

11. A report to Council in November 2011 approved the key business planning principles that were to be adopted in the preparation of the HRA budget and business plan. Some limited changes and additions were made in the budget report of February 2012. The following section sets out some of these principles.

Rents

12. The calculation of the rent level for each individual dwelling is made up of two elements:
 - A standard increase of RPI plus 0.5% plus
 - A dwelling specific addition that will gradually increase the actual rent up to the target rent (often referred to as “Housing Association social rent levels”).

The CLG guidance is that the dwelling specific component should not exceed £2.00 per week.

13. The £2.00 per week limit has not been increased since rent restructuring started back in 2000. An alternative calculation was therefore considered, in the February 2012 report, whereby the £2.00 limit was increased by RPI plus

0.5% from 2001/02. For 2013/14, this would give a limit of £3.36.

14. It was agreed, however, that the move from the £2.00 fixed limit to the index linked limit should be phased over the 3 year period starting in 2013/14. Therefore, the limit next year will be £2.45 and this will rise to £3.36 by 2015/16. This seeks to ensure that:

- All flats will be at their target rent by 2015/16, and
- In the long term, houses will also reach their target rent more quickly.

It was stated that the agreed proposal was closer to delivering the assumptions on this matter that were set out in the DCLG debt settlement.

Service charges

15. The November 2011 Council report approved the recalculation of all service charges to ensure that they were set to fully recover the costs of the service. Delegated authority was given to the Senior Manager for Housing Services, following consultation with the Cabinet Member for Housing, to approve the annual revision to service charges within the policy parameters agreed by Council.

Garages and Parking Spaces

16. Following representation from tenants it was agreed that the basis for increasing charges for garages and parking spaces should be amended so that they are increased by RPI and not RPI plus 0.5%, with the RPI being based on the September index used in the rent calculation. As for service charges, delegated authority was given to the Senior Manager for Housing Services to approve the revised charge.

HRA Revenue budget 2012/13 and 2013/14

17. The revised estimates for 2012/13 and the original estimates for 2013/14 are set out for approval in Appendix 1. The main issues that need to be considered in setting the revenue budget are detailed below.

Responsive repairs

18. The proposed budget for 2013/14 of £10.4M includes an anticipated efficiency saving of £250,000 from the transformation programme. The budget is sufficient to fund 49,253 responsive repair orders and works to 1,213 voids.

Housing Investment

19. The overall budget for 2012/13 has been reduced by £335,000. There are forecast under spends of £508,000 on decorating, pending the appointment of a replacement contractor, £139,000 on smoke detector and electrical testing, due to fewer repairs than budgeted being required as a result of the testing programme, and £50,000 on Energy Performance Certificates, due to a reduction in the number of properties requiring certification. These have been offset by forecast over spends of £220,000 on lift maintenance, due to higher than expected lift failures, and £137,000 on asbestos removal, as the work on the CESP project at International Way has revealed unexpected volumes of asbestos.

20. The budget for 2013/14 has been increased by over £1M in comparison with the original estimate for 2012/13. This includes an addition of £816,000 in the decorating budget, to allow the new contractor to address a back log of work from previous years, and an increase of £166,000 on the budget for various servicing contracts, to facilitate more proactive asset management and potentially reduce future maintenance costs.

Supervision and Management

21. The budget for 2013/14 has been increased by over £1M in comparison with the original estimate for 2012/13. This includes an increase of £374,000 for the reinstatement of employee terms and conditions and a number of other service developments identified during the budget process. These include the refocus of HRA Grounds Maintenance activity to be more tenant specific and increases in contributions to support housing needs, employment issues, improving the natural environment, sustainability and communications.

Interest and Principal Repayments

22. There is an additional cost in 2012/13 of £726,000, due to the repayment of a loan earlier than planned. This is a timing issue, rather than an increase of cost in the business planning period, and will correct itself by the end of financial year 2013/14.

Dwelling Rent Income

23. There is an increase of £241,000 in Dwellings Rent income in 2012/13. This is partly due to rents from Local Authority New Build properties being higher than budget, leading to a favourable variance of £98,000. In addition, the income from a previous 53 week rent year has been amortised over the 6 years in which there are 52 rent weeks. This additional income of £143,000 has now been included in the revised estimate.
24. For 2013/14 rents have been calculated using the basis agreed by Council in September 2012. This means that with effect from the 1 April 2013, the current average weekly dwelling rent figure of £75.06 should increase by 4.62%, which equates to an average increase of £3.47 per week. This is made up of a 3.1% increase for all dwellings (equivalent to an increase of £2.33 per week) and a further 1.52% (£1.14 per week) for the rent restructuring component of the increase.

Service Charges

25. There is an income shortfall of £263,000 in 2012/13 from service charges for a proposed new cleaning service for walk-up blocks, due to delays in implementation of the Wardens' Review. The approval of a restructure was required prior to further consultation with tenants being undertaken.

26. The service charges for 2013/14 have been determined in accordance with the principles set out in paragraph 15. As there has been no net increase in costs, the proposed weekly charges are unchanged. A detailed list of the proposed charges is shown below (based on 52 weeks).

Description	Proposed weekly charge
Tower block wardens	£4.97
Sheltered housing management charge:	
• Scheme based accommodation	£4.90
• All other sheltered accommodation	£1.23
Concierge monitoring charge	£1.20
Sheltered support charge	£2.63
Community Alarm monitoring charge	£1.25
Digital TV	£0.42

27. The review of service charges for supported accommodation has yet to be completed. Therefore, there will be no change to these charges from April 2013. The charges will be reviewed in 2013/14 and tenants will be fully consulted. Any changes will take effect later in the financial year.
28. It is also proposed that a service charge of £0.91 per week will be introduced to pay for a cleaning service in walk-up blocks. The plan is to start charging for this proposed new service early in 2013/14, subject to further consultation with tenants.

Other Charges

29. It is proposed to increase the charges for garages or parking spaces for 2013/14 in line with RPI, i.e. 2.6%.

Level of HRA Revenue Balances and Contingency Provision

30. For 2012/13, it was recommended that the minimum level of HRA balances should be increased from £1.2M to £2M. This reflected the additional risks of operating in a self-financing environment. The working balance at the start of 2012/13 was £2.621M and allowing for the revised estimates for 2012/13 the balance carried forward into 2013/14 is estimated to be £2.281M.
31. The budget proposed for 2013/14 shows a break even position, such that the balances at 31 March 2014 are forecast to be £2.281M. This position includes allowance for the deletion of the additional £100,000 contingency provision previously held within the repairs and maintenance budget.

HRA Capital Budget 2012/13 to 2017/18

32. The HRA capital programme was fully reviewed and approved in September 2012. These spending plans have now been reviewed to take account of the latest estimated costs and phasing of those schemes and the forecast change in resources.
33. The proposed February programme is shown in detail at Appendix 2. The programme update totals £206,986,000. This can be compared to the previous September update total of £145,357,000, resulting in an increase of £61,629,000, which represents a percentage increase of 42.4%.
34. The changes in the overall programme are summarised by year in the table in Appendix 3. A large proportion of the increase (£60,105,000) is due to the addition of new 'unapproved' schemes, following the extension of the programme by two years (2016/17 and 2017/18). The other main changes in total scheme spending, totalling £1,524,000, and the significant changes in spending between years are also set out in Appendix 3.

Major Investment at Rotterdam Towers

35. A report to Cabinet on 24 October 2011 stated that only four blocks at International Way were eligible for external funding (CESP) for a number of substantial investment works but that Rotterdam Towers was excluded from the funding stream due to the boundary restrictions.
36. The Housing Investment Team have subsequently been investigating other potential grant funding opportunities that would allow Rotterdam Towers to receive the identical works to its four sister blocks. They have recently been successful in securing another substantial amount of grant funding from British Gas, via their Energy Companies' Obligations (ECO) grant funding scheme.
37. The actual cost for all these energy saving projects for Rotterdam Towers has been estimated to be £2.7M. British Gas has guaranteed to contribute £1.7M to this project, resulting in the requirement for the Council to provide up to £1M as its contribution, with any cost saving reducing the Council's contribution. If, due to unforeseen circumstances, costs are forecast to exceed the original estimates, the project will be reviewed with British Gas and any necessary budget variation will be approved in accordance with Financial Procedure Rules.
38. This report recommends that £1M is added to the HRA Capital Programme, and that this sum is approved for expenditure. The amount requested is in line with the Council's contribution for the other four blocks. If approved, it is envisaged that the programme of works will commence in early 2013 and be completed by July 2013.
39. It is worth noting that the project currently being completed on the first four blocks has not only changed the aesthetics of the blocks but has met the requirements of the energy usage savings proposed in the initial submission. This scheme is providing individually controlled heating and hot water systems for each individual flat. Resident satisfaction levels with the finished work are high.

Weston Estate Regeneration Enabling Works

40. It is recommended that Cabinet approve a transfer, within the Estate Regeneration section of the HRA Capital Programme, of £1,325,000 from the Estate Wide scheme to create a Weston Enabling Works scheme. This will kick start the Weston Shopping Parade estate regeneration scheme and be available to cover the cost of items such as demolition (including archaeology), highway works and any contribution required to a developer. The expenditure is expected to be phased £700,000 in 2013/14, £375,000 in 2014/15 and £250,000 in 2015/16.

HRA business plan 2013/14 to 2042/43

41. A 30 year HRA business plan has now been prepared using the planning principles agreed in November 2011 and amended by the proposals in the February 2012 budget report. The summary for the revenue and capital budgets is set out in Appendices 4 and 5. The principles underlying capital spending are set out in Appendix 6. This emphasises the intention to use quality materials and life cycle replacements that are in many cases better than the old decent homes standard. Other key assumptions used in the updated plan are set out in Appendix 7.
42. The main points to note are:
- All HRA debt can still be repaid over the 30 year life of the plan.
 - The capital spending plans still include provision to maintain and improve all existing dwellings and feature an increase in the level of planned expenditure in the early years that has been reflected in the updated capital programme.
 - This investment can be achieved within the Government's borrowing restrictions, as the level of borrowing remains within the 'debt cap' of £199.6M.
 - The provision that is set aside for stock replacement, which will support the renewal of any of the existing dwellings that may be required over the next 30 years, has been increased from £100M to £130M. This provision has been phased between year 10 and year 30 of the plan.
 - The revenue budget continues to meet minimum balances of £2M over the life of the plan.
43. In February 2012, it was reported that from year 10 onwards revenue balances increase above minimum levels. By year 30 the projected revenue balance was a surplus of £76.1M.
44. The main variation over the last 12 months is a small long term improvement in this position, due to the more competitive unit rates achieved from letting longer term contracts. This has reduced capital cost estimates by approximately £58M over the 30 year period. This change has been offset by a reduction in rental income projections over 30 years, which has resulted from a lower than forecast level of inflation.

45. The current 30 year Business Plan shows that consistent revenue balances above minimum levels is still achievable and by year 30 the projected revenue balance will be at a higher surplus level of £84.3M. However, predicted revenue surpluses do not begin to consistently exceed minimum levels until 2025/26 and as reported in last years budget report, the main risk to the long term success of the plan is that, if building inflation was to exceed general inflation over a prolonged period, this would have a significant adverse impact on HRA balances. Therefore the annual and full 30 years surplus are liable to change on an annual basis and will reflect the annual review of stock investment needs and estimated unit rates.

Consultation

46. The budget and business planning proposals have been discussed with tenants at various meetings during the preparations for self-financing. Most recently, these matters were discussed at the Winter Conference.
47. This was a well attended meeting with over 100 tenants and residents in attendance. There was very broad support for the proposals in particular the ongoing higher levels of investment in tenants' homes.
48. It is recommended that Members formally recognise the support and commitment of tenants and tenant representatives who have participated in this year's capital and revenue budget setting exercise.
49. There has also been consultation with various officers within the Council and with our partners and this will continue as the capital and revenue initiatives in this report are developed to support the delivery of wider city objectives.

RESOURCE IMPLICATIONS

Capital/Revenue

50. These are in the body of the report.

Property/Other

51. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

52. Housing Act legislation provides the authority to increase rent and other associated or like charges. There are no specific legal implications arising from the overall budget proposals contained in this report.
53. The provision, maintenance and improvement of social housing by local authorities is authorised by various Housing Acts and other legislation
54. The Localism Act gives the statutory basis for the HRA self-financing arrangements set out in this paper.

Other Legal Implications:

55. None.

POLICY FRAMEWORK IMPLICATIONS

56. The HRA estimates form part of the Council’s budget and are therefore key elements of the council’s overall budget and policy framework.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	ALL
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SUPPORTING DOCUMENTATION

Appendices

1.	HRA Revenue Estimates 2012/13 and 2013/14.
2.	Detailed HRA capital programme 2012/13 to 2017/18.
3.	Key Variances & Issues – February 2013 programme update
4.	HRA Business Plan – 30 year revenue account
5.	HRA Business Plan – 30 year capital spending plan and financing
6.	HRA Business Plan – Principles underlying capital spending plans
7.	HRA Business Plan – planning assumptions

Documents In Members’ Rooms

1.	None
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Equality Impact Assessment

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

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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1.	None	
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Agenda Item 3

Appendix 1

APPENDIX 1

HOUSING REVENUE ACCOUNT BUDGET REPORT

REVENUE BUDGET

Original Estimate 2012/13 £'000	Revised Estimate 2012/13 £'000	Original Estimate 2013/14 £'000
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SUMMARY

EXPENDITURE

10,177.9	10,177.9	Responsive Repairs	10,399.6
4,693.7	4,358.5	Housing Investment	5,712.3
<u>14,871.6</u>	<u>14,536.4</u>	Total Repairs	<u>16,111.9</u>
55.5	80.0	Rents Payable	130.0
69.8	69.8	Debt Management	69.8
18,767.1	18,718.5	Supervision & Management	19,933.2
7,025.4	5,966.1	Interest Repayments	5,829.5
8,648.8	10,433.9	Principal Repayments	5,551.0
17,172.0	17,172.0	Depreciation	16,116.6
1,614.7	1,614.7	Direct Revenue Financing of Capital	7,514.0
100.0	0.0	Contingency	0.0
<u>68,324.9</u>	<u>68,591.4</u>	TOTAL EXPENDITURE	<u>71,256.0</u>

INCOME

64,851.2	65,092.4	Dwelling Rents	67,714.3
1,220.8	1,221.4	Other Rents	1,326.3
<u>66,072.0</u>	<u>66,313.8</u>	Total Rental Income	<u>69,040.6</u>
1,604.7	1,341.4	Service Charge Income	1,616.2
637.9	586.8	Leaseholder Service Charges	572.3
9.7	9.7	Interest Received	26.9
<u>68,324.3</u>	<u>68,251.7</u>	TOTAL INCOME	<u>71,256.0</u>

<u>(0.6)</u>	<u>(339.7)</u>	SURPLUS/(DEFICIT) FOR YEAR	<u>0.0</u>
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BALANCES

2,095.6	2,621.0	Working Balance B/Fwd	2,281.3
<u>(0.6)</u>	<u>(339.7)</u>	Surplus/(deficit) for year	<u>0.0</u>
<u>2,095.0</u>	<u>2,281.3</u>	WORKING BALANCE C/FWD	<u>2,281.3</u>

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APPENDIX 2

Housing Revenue Account Capital Programme

Share Point Ref.	Project Description	Project Status	Prior Years Actual £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 & later £000's	Total Spend £000's
Estate Regeneration										
1257	Cumbrian Way	Approved	1,069	180	9	1	0	0	0	1,259
1258	Exford Parade	Approved	2,530	500	159	76	0	0	0	3,265
1259	Laxton Close	Approved	748	108	66	28	0	0	0	950
1260	Meggesson Avenue	Approved	358	55	50	22	0	0	0	485
1262	Hinkler Parade	Approved	2,618	279	25	0	0	0	0	2,922
1613	Weston Shopping Parade Redevelopment	Approved	597	854	504	0	0	0	0	1,955
TBC	Weston Enabling Works	Unapproved	0	0	700	375	250	0	0	1,325
1764	Acquisition of Property at Northham	Approved	20	6	424	0	0	0	0	450
1514	Estate Regeneration City Wide Framework	Approved	3	47	150	150	150	0	0	500
1599	Estate Wide	Unapproved	0	0	0	1,000	2,000	3,000	4,375	10,375
1600	Small Site Disposals	Approved	36	64	50	0	0	0	0	150
1817	Estate Regeneration Framework Townhill Park	Approved	92	225	39	0	0	0	0	356
1830	Townhill Park - Phase 1	Approved	0	329	2,171	1,400	0	0	0	3,900
TBC	Townhill Park - Phases 2 & 3 Leasehold Purchase	Approved	0	0	500	800	1,400	1,200	0	3,900
TBC	Townhill Park - Phases 2 & 3	Unapproved	0	0	0	0	0	800	3,200	4,000
TBC	Townhill Park - Enabling	Approved	0	60	120	20	0	0	0	200
Total for Estate Regeneration			8,071	2,707	4,967	3,872	3,800	5,000	7,575	35,992
New Build										
1265	LA New Build - Borrowdale Road	Approved	719	12	0	0	0	0	0	731
1266	LA New Build - Flamborough Close	Approved	452	13	0	0	0	0	0	465
1267	LA New Build - Chiltern Green	Approved	398	11	0	0	0	0	0	409
1268	LA New Build - Grately Close	Approved	1,016	16	0	0	0	0	0	1,032
1269	LA New Build - Orpen Road	Approved	778	31	0	0	0	0	0	809
1270	LA New Build - Keynsham Close	Approved	769	26	0	0	0	0	0	795
1403	L.A. New Build - Leaside Way	Approved	528	13	0	0	0	0	0	541
1404	L.A. New Build - Cumbrian Way	Approved	1,876	270	50	0	0	0	0	2,196
Total for New Build			6,536	392	50	0	0	0	0	6,978

Share Point Ref.	Project Description	Project Status	Prior Years Actual £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 & later £000's	Total Spend £000's
1713	Cheriton Avenue - Land Drains 11/12	Approved	109	1	0	0	0	0	0	110
1855	CESP - International Way Energy Savings Initiative	Approved	734	2,266	0	0	0	0	0	3,000
TBC	Rotterdam Towers	Unapproved	0	1,000	0	0	0	0	0	1,000
1210	Door Entry - Townhill Park	Approved	424	0	0	0	0	0	0	424
1851	Supported Housing 2 Storey Walkway Repairs	Approved	0	0	1,331	1,109	1,146	0	0	3,586
1861	Supported Housing 2 Storey Walkway Repairs 12/13	Approved	124	650	0	0	0	0	0	774
TBC	Supported Housing 2 Storey Walkway Repairs	Unapproved	0	0	0	0	0	1,117	1,156	2,274
1469	Windows	Approved	0	1,873	380	424	211	0	0	2,888
TBC	Windows	Unapproved	0	0	0	0	665	924	956	2,544
1842	Electrical Riser Upgrades	Approved	0	459	964	398	0	0	0	1,821
1844	Structural Works.	Approved	0	573	428	444	458	0	0	1,903
TBC	Structural Works.	Unapproved	0	0	0	0	315	838	867	2,021
1408	Door Entry - Millbrook & Maybush	Approved	538	29	0	0	0	0	0	567
1468	Door Entry System Replacement Programme	Approved	3	0	214	222	229	0	0	668
TBC	Door Entry System Replacement Programme	Unapproved	0	0	0	0	0	251	260	512
1845	Roof Finish-Pitched/Structure/Gutter/Downpipes etc	Approved	0	161	1,310	610	163	0	0	2,244
TBC	Roof Finish-Pitched/Structure/Gutter/Downpipes etc	Unapproved	0	0	0	0	903	1,117	1,156	3,176
1846	Wall Structure & Finish	Approved	0	155	940	1,562	289	0	0	2,946
TBC	Wall Structure & Finish	Unapproved	0	0	0	0	174	503	520	1,197
1847	Chimney	Approved	0	50	568	231	20	0	0	869
TBC	Chimney	Unapproved	0	0	0	0	66	91	94	252
1848	External Doors - Flats	Approved	0	0	4	123	117	0	0	244
1849	Garage Maintenance	Unapproved	0	0	22	22	23	25	26	118
1850	External Doors - Houses	Approved	0	0	327	202	8	0	0	537
TBC	External Doors - Houses + Flats	Unapproved	0	0	0	0	118	262	271	651
1465	Roof Replacement 11/12	Approved	192	125	0	0	0	0	0	317
1843	Roof Finish - Flat	Approved	0	892	1,146	1,188	1,226	0	0	4,452
TBC	Roof Finish - Flat	Unapproved	0	0	0	0	0	817	845	1,662
TBC	Contingent Major Repairs Allowance	Unapproved	0	0	0	0	0	637	659	1,296
Total Safe Wind & Weather Tight			2,124	8,234	7,634	6,535	6,131	6,582	6,812	44,052

Share Point Ref.	Project Description	Project Status	Prior Years Actual £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 & later £000's	Total Spend £000's
Modern Facilities										
1211	Digital TV	Approved	2,688	42	0	0	0	0	0	2,730
1464	Electrical Rewires 11/12	Approved	302	0	0	0	0	0	0	302
1472	Electrical System	Unapproved	0	155	321	333	344	378	391	1,922
1474	Programme Management Fees 12/13	Approved	416	539	0	0	0	0	0	955
TBC	Programme Management Fees Future Years	Unapproved	0	0	551	567	583	602	623	2,927
1476	Supported Self Contained Conversions 11/12	Approved	78	22	0	0	0	0	0	100
1477	Housing Refurbishment	Approved	0	0	8,942	9,264	9,567	0	0	27,773
TBC	Housing Refurbishment	Unapproved	0	0	0	0	0	6,131	6,345	12,476
1478	DH Voids	Approved	249	0	0	0	0	0	0	249
1522	Decent Homes Futures years	Unapproved	0	0	0	0	0	0	0	0
1714	DH - Central 11/12	Approved	2,701	12	0	0	0	0	0	2,713
1716	DH Lordshill 11/12	Approved	1,890	2	0	0	0	0	0	1,892
1717	DH - Supported 11/12	Approved	1,075	2	0	0	0	0	0	1,077
1836	Disabled Adaptations	Approved	0	0	964	998	1,031	0	0	2,993
TBC	Disabled Adaptations	Unapproved	0	0	0	0	0	1,061	1,099	2,160
1837	Central Heating Gas Boilers	Approved	0	1,351	1,782	1,846	1,906	0	0	6,885
TBC	Central Heating Gas Boilers (Planned + Reactive)	Unapproved	0	0	0	0	0	2,027	2,098	4,125
1838	Central Heating Distrib System Inc Elec Store Htrs	Approved	0	133	238	1,570	1,570	0	0	3,511
TBC	Central Heating Distrib System + Heating Other	Unapproved	0	0	0	0	0	1,508	1,561	3,070
1839	Supported Schemes Adapted Bathroom Programme	Approved	0	400	428	444	458	0	0	1,730
TBC	Supported Housing Adapted Bathroom Programme	Unapproved	0	0	0	0	0	447	0	447
1864	Housing Refurbishment 12/13 – West – Drew Smith	Approved	35	1,968	0	0	0	0	0	2,003
1865	Housing Refurbishment 12/13 – East – Mitie Property Services	Approved	35	2,382	0	0	0	0	0	2,417
1881	Supported Kitchen 12/13	Approved	0	1,980	0	0	0	0	0	1,980
1888	Disabled Adaptations 12/13	Approved	0	979	0	0	0	0	0	979
1889	Decent Homes Voids 12/13	Approved	0	300	0	0	0	0	0	300
1934	Housing Refurbishment - Deferred 2012/13	Approved	0	50	0	0	0	0	0	50
TBC	Disabled Adaptations - Extensions 12/13	Approved	0	100	0	0	0	0	0	100
			9,469	10,417	13,226	15,022	15,459	12,155	12,117	87,865
Modern Facilities										

Share Point Ref.	Project Description	Project Status	Prior Years Actual £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 & later £000's	Total Spend £000's
Well Maintained Communal Facilities										
TBC	EIP Signage	Approved	0	35	0	0	0	0	0	35
1239	Kingsland	Approved	125	12	0	0	0	0	0	137
1242	DN: Vanguard and Wavell Road Improvements	Approved	471	38	0	0	0	0	0	509
1243	DN: Tankerville Improvements	Approved	273	5	0	0	0	0	0	278
1244	DN: International Way Improvements	Approved	792	1	0	0	0	0	0	793
1256	DN: Millbrook Towers Improvements	Approved	452	69	0	0	0	0	0	521
1271	DN: Holyrood Improvements	Approved	167	459	848	234	0	0	0	1,708
1288	DN: Millbrook - Adizone	Approved	191	22	0	0	0	0	0	213
1298	DN: Millbrook Verge Parking Improvements	Approved	382	310	0	0	0	0	0	692
1494	DN: Northam Improvements	Approved	184	200	68	0	0	0	0	452
1496	DN: Millbrook Block Improvements	Approved	45	132	429	0	0	0	0	606
1497	DN: Thornhill (Sholing) Improvements	Approved	96	4	0	0	0	0	0	100
1503	DN: Harefield/Townhill Park	Approved	34	50	308	308	0	0	0	700
1505	DN: Future Decent Neighbourhood Schemes	Unapproved	0	217	791	1,246	0	0	0	2,254
1707	DN: Shirley	Approved	39	234	1,396	526	60	0	0	2,255
TBC	DN: Shirley Transport	Unapproved	0	0	0	25	75	0	0	100
TBC	DN: Beechfield Court	Unapproved	0	0	50	0	0	0	0	50
TBC	DN: Wyndham Court	Unapproved	0	0	50	0	0	0	0	50
1708	Pathway Improvements	Approved	250	2	0	0	0	0	0	252
1709	DN: Estate Improvement Programme 11/12	Approved	192	1	0	0	0	0	0	193
1710	DN: Estate Improvement Programme 12/13	Approved	0	200	200	0	0	0	0	400
1718	Old Town Humtun Street Mosaic	Approved	19	23	0	0	0	0	0	42
1835	Roads/Paths/Hard Standing	Unapproved	0	0	187	190	197	0	0	574
1893	DN: Leaside Way Improvements	Approved	0	200	275	0	0	0	0	475
1607	Supported Communal Improvements - Milner Court Central Core	Approved	9	229	0	0	0	0	0	238
1463	Communal Areas Works	Approved	0	355	680	692	715	0	0	2,442
TBC	Communal Areas Works	Unapproved	0	0	1,390	1,446	691	9	0	3,536
1552	Lift Refurbishment – Tanking Out	Approved	158	18	0	0	0	0	0	176
1833	Concierge Walkup Block Roll Out	Unapproved	0	0	273	277	286	279	289	1,404
1834	Fire doors (communal)	Unapproved	0	0	231	235	243	237	245	1,191
1215	Electronic Concierge	Approved	4,175	5	0	0	0	0	0	4,180
1233	Supported Communal Improvements - Graylings 11/12	Approved	92	1,398	0	0	0	0	0	1,490
1236	Supported Communal Improvements - Mansion Court	Approved	1,181	0	0	0	0	0	0	1,181
1506	Supported Comm Impr. - Bassett Green Walkway	Approved	230	14	0	0	0	0	0	244
1509	Supported Communal Improvements - Neptune Court.	Approved	288	12	0	0	0	0	0	300
1602	Supported Communal Improvements - Rozel Court	Approved	364	25	0	0	0	0	0	389
1603	Supported Communal Improvements - Samia Court	Approved	159	4	0	0	0	0	0	163
1604	Supported Communal Improvements - Neptune Court Central Core	Approved	8	230	0	0	0	0	0	238
1606	Supported Communal Improvements - James Street	Approved	158	18	0	0	0	0	0	176
1860	Communal area works - Ventnor Court	Approved	154	186	0	0	0	0	0	340
1222	Lift Refurbishment - Milner and Neptune Court	Approved	1,668	304	0	0	0	0	0	1,972
1223	Lift Refurbishment - Iichen View Estate	Approved	83	552	1,000	0	0	0	0	1,635
1437	Hard & Soft Supported Landscaping	Approved	285	24	0	0	0	0	0	309
1473	Lift Refurbishment - Ventnor Ct & James Street	Approved	0	221	400	0	0	0	0	621
TBC	Lift Refurbishment - Future Years	Approved	0	0	554	564	0	0	0	1,117
TBC	Lift Refurbishment - Future Years	Unapproved	0	0	279	302	1,214	1,257	1,301	4,353
1508	Supported Communal Improvements - Minor Works	Approved	53	4	0	0	0	0	0	57
TBC	Future Decent Neighbourhoods Schemes	Approved	0	0	0	0	0	1,341	1,388	2,728
Total Well Maintained Communal Facilities			12,777	5,596	8,835	5,590	4,727	3,123	3,223	43,871

Share Point Ref.	Project Description	Project Status	Prior Years Actual £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's	Estimate 2017/18 & later £000's	Total Spend £000's
Warm and Energy Efficient										
1826	Loft Insulation + Pipe Lagging	Approved	0	61	61	64	66	0	0	252
TBC	Loft Insulation + Pipe Lagging	Unapproved	0	0	0	0	0	72	75	146
1827	Landlord Meter Conversion (1,000 properties per annum)	Approved	0	175	182	189	195	0	0	741
TBC	Landlord Meter Conversion (1,000 properties per annum)	Unapproved	0	0	0	0	0	214	0	214
1828	Cavity Wall Insulation	Unapproved	0	17	18	18	19	19	19	110
1829	External Wall Insulation - Kingsland Estate	Approved	0	1,022	0	0	0	0	0	1,022
1830	External Cladding (PRC Houses)	Unapproved	0	0	0	2,256	2,312	2,370	2,429	9,368
1831	External Cladding (Tower Blocks)	Unapproved	0	0	1,028	1,065	1,100	1,073	1,110	5,376
TBC	External Cladding (Flats)	Unapproved	0	0	0	0	0	559	2,430	2,988
1832	Electrical System (communal lighting and controls)	Approved	0	713	701	491	259	0	0	2,164
TBC	Electrical System (for communal areas)	Unapproved	0	0	0	0	0	264	0	264
1854	Feed in Tariff (FIT)	Approved	37	0	0	0	0	0	0	37
1932	Installation of Photo Voltaic Systems	Approved	0	1,250	0	0	0	0	0	1,250
1933	External Cladding (PRC Houses) 12/13	Approved	0	612	0	0	0	0	0	612
TBC	Introduce Renewable Energy Sources (INVEST TO SAVE)	Unapproved	0	0	500	520	540	559	578	2,697
Total Warm and Energy Efficient			37	3,850	2,490	4,603	4,491	5,128	6,641	27,242

GRAND TOTAL	39,014	31,196	37,202	35,622	34,609	31,988	36,369	246,000
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HOUSING REVENUE ACCOUNT

KEY VARIANCES & ISSUES – FEB 2013 PROGRAMME UPDATE

The proposed February programme update totals **£206,986,000**. This can be compared to the previous September update total of **£145,357,000**, resulting in an increase of **£61,629,000**, which represents a percentage increase of **42.4%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 & later £000	Total £000
Proposed	31,196	37,202	35,622	34,609	31,988	36,369	206,986
Previous	33,894	36,287	34,839	27,762	5,000	7,575	145,357
Variance	(2,698)	915	783	6,847	26,988	28,794	61,629

A large proportion of the increase (£60,105,000) is due to the addition of new 'Unapproved' schemes, following the extension of the programme by two years (2016/17 and 2017/18). The major items comprising the remaining variance of £1,524,000 are explained in the following paragraphs.

PROGRAMME CHANGES

HRA 1 – Townhill Park - Enabling (Total budget change £200,000 increase)

Gold Scheme – £200,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Professional fees for procurement, design and planning stages of Townhill Park regeneration scheme.

Cabinet agreed on 13 November 2012 to add £200,000 to the Capital Programme for enabling works pertaining to the Townhill Park Estate Regeneration Project. Approval to spend was also given.

HRA 2 – Rotterdam Towers (Total budget change £1,000,000 increase)

Unapproved Scheme – £1,000,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

Scheme to bring Rotterdam Towers to the same standards as the other four blocks in International Way, which have been renovated under the Community Energy Savings Programme (CESP) scheme.

Council is asked to add the above scheme to the Capital Programme (profiled £1,000,000 in 2012/13), which, in conjunction with a contribution from British Gas of £1,700,000, will ensure that Rotterdam Towers will receive identical works to that of its sister blocks. Rotterdam Towers was ineligible for the CESP funded work due to boundary restrictions but now qualifies under the Energy Company Obligation (ECO).

HRA 3 – Lift Refurbishment – Milner and Neptune Court (Total budget change £130,000 increase)

Silver Scheme – £1,842,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status GREEN

Budget RAG Status AMBER

Extension of contract, due to the discovery of asbestos.

Due to a number of unforeseen issues during the construction phases of the projects, including underground services and additional asbestos which caused significant delays to the construction, the project incurred additional costs over the original budgeted sum. Some of the cost pressure has been managed within the projects leaving a residual additional funding requirement.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

HRA 4 – Various Decent Neighbourhoods schemes (Slippage of £778,000 between 12/13 and 13/14)

Bronze Schemes – £6,892,000 Total Scheme Budgets

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

Virement from Decent Neighbourhoods Future Years scheme to approved detailed schemes.

Cabinet agreed on 18 December 2012 to transfer £2,289,000 from Decent Neighbourhoods Future Years into various Decent Neighbourhoods schemes. Approval to spend, and to slip £778,000 from 2012/13 to 2013/14 was also given at this meeting.

HRA 5 – Townhill Park (Slippage of £5,200,000 between 15/16 and 16/17, 17/18)

Gold Scheme – £12,000,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Finalisation of Townhill Park expenditure profiling.

Cabinet on 13 November 2012 gave approval to spend on the first three phases of the Townhill Park Estate Regeneration scheme. Approval was also given to the phasing of this, and the change reflects the agreed phasing.

HRA 6 – Estate Wide Regeneration (Slippage of £6,875,000 between 13/14, 14/15, 15/16 and 16/17, 18/19)

Unapproved Scheme – £10,375,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

City Wide Estate Regeneration delayed.

Work on the development of the City Wide Estate Regeneration framework paused to take into account a revised strategic direction for estate regeneration. Work will now progress to commission consultants to undertake this work. The results of this work will inform and plan future city wide estate regeneration projects.

HRA 7 – Weston Shopping Parade Redevelopment (Slippage of £300,000 between 12/13 and 13/14)

Gold Scheme – £1,955,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status GREEN

Budget RAG Status AMBER

Commercial tenancy acquisitions delayed.

Negotiations are progressing however it is anticipated that a number of the commercial tenancy acquisitions originally budgeted for in 2012/13 will now complete in 2013/14.

HRA 8 – Acquisition of property at Northam (Slippage of £424,000 between 12/13 and 13/14)

Silver Scheme – £450,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Delay to agree terms of lease and assess the condition of the property.

There have been delays whilst the condition of the property is reviewed and a number of complex issues resolved. The council is now in a position to agree the lease and proceed with the sale.

HRA 9 – Estate Regeneration City Wide framework (Slippage of £450,000 between 12/13 and 13/14, 14/15, 15/16)

Gold Scheme – £500,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Development of Estate Regeneration City Wide Framework

Work on the development of the City Wide Estate Regeneration paused to take into account a revised strategic direction for estate regeneration. Work will now progress to commission consultants to undertake this work.

HRA 10 – Supported Housing Walkway repairs (Slippage of £260,000 between 12/13 and 13/14)

Bronze Scheme – £774,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status RED

Budget RAG Status GREEN

Delay in implementation of walkway repairs.

Due to concerns over the quality of work being undertaken by the current contractor the project is now the subject of a new tender process to secure an alternative contractor. As a result a number of sites, which we would have anticipated completing in 2012/13, have been put on hold pending the appointment of a new contractor in early 2013/14.

HRA 11 – Decent Neighbourhoods – Harefield / Townhill Park (Slippage of £308,000 between 13/14 and 14/15)

Bronze Scheme – £700,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Progress on this scheme has been delayed.

Progress on this Decent Neighbourhoods scheme has been delayed due to resources being utilised in moving forward other projects, in particular the work at International Way, which required completion within a government funding deadline.

HRA 12 – Lift Refurbishment – Ventnor Ct & James St (Slippage of £400,000 between 12/13 and 13/14)

Gold Scheme – £621,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

The procurement process has delayed this lift refurbishment project.

Due to a re-evaluation of the specification and procurement of lift works at these sites, as a result of lessons learnt from completed schemes elsewhere, the completion of the project is now expected in 2013/14.

HRA 13 – External Cladding PRC Houses (Slippage of £3,017,000 between 13/14 and 14/15, 15/16, 16/17, 17/18)

Unapproved Scheme – £10,117,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

Cladding work planned for 2013/14 will now be grant funded.

The overall scheme has been slipped, as the first phase of works originally planned for 2013/14 will now be grant funded, delivering a significant saving. This has allowed the Council to plan for the external cladding of all of its remaining PRC Houses within the Capital Programme. Work is ongoing to review potential grant funding opportunities for future phases to generate further budget savings.

CORPORATE FINANCIAL & PROJECT ISSUES FOR THE PORTFOLIO

Corporate Financial Issues

HRA 14 - Lift Refurbishment – Future Years (Forecast adverse £581,000 scheme variance)

Silver Scheme - £1,118,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status GREEN

Budget RAG Status AMBER

Tender prices for recent projects have been in excess of originally forecast budget levels. Therefore, future projects need to be reviewed.

It has become apparent during the delivery of current lift refurbishment / replacement schemes, that the pre-tender estimates on which previous approvals were based were too low. Therefore, a review of the specification and tender process is required and a revised programme will be brought forward as appropriate.

Corporate Project Issues

There are no CORPORATE project issues for the Portfolio.

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HRA Business Plan - 30 year revenue account

Appendix 4

Year	Income			Expenditure										Balances			
	Net rent Income £,000	Other income £,000	RTB Admin £,000	Total Income £,000	Managt. £,000	Contribution to Depreciation Reserve £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Misc expenses £,000	Total expenses £,000	Capital Charges £,000	Repaymen t of loans £,000	Contrib. to capital spending £,000	Surplus (Deficit) for the Year £,000	Interest £,000	Provision for Debt Repayment £,000	Surplus / (Deficit) c/fwd £,000
1 2013.14	68,892	1,547	65	70,504	(18,790)	(16,117)	(16,088)	(310)	(422)	(51,728)	(5,899)	(5,551)	(7,514)	(188)	8	0	2,281
2 2014.15	72,212	1,366	65	73,643	(19,346)	(16,551)	(16,621)	(134)	(723)	(53,376)	(6,056)	(5,107)	(9,326)	(222)	7	0	2,066
3 2015.16	75,409	1,404	65	76,878	(19,880)	(16,841)	(17,139)	(138)	(743)	(54,741)	(6,114)	(5,107)	(10,928)	(11)	7	0	2,062
4 2016.17	77,945	1,439	65	79,450	(20,370)	(17,210)	(16,870)	(141)	(762)	(55,353)	(6,349)	(5,107)	(12,661)	(20)	7	0	2,049
5 2017.18	80,653	1,475	65	82,194	(20,921)	(17,573)	(17,507)	(145)	(781)	(56,927)	(6,545)	(5,107)	(13,628)	(13)	7	0	2,043
6 2018.19	83,144	1,512	65	84,721	(21,435)	(18,045)	(17,973)	(148)	(800)	(58,402)	(6,557)	(5,107)	(14,654)	1	7	0	2,050
7 2019.20	85,448	1,550	65	87,063	(21,996)	(18,312)	(18,556)	(152)	(820)	(59,836)	(6,906)	(2,970)	(17,668)	9,682	23	0	11,755
8 2020.21	88,173	1,589	65	89,827	(22,539)	(18,772)	(19,147)	(156)	(841)	(61,455)	(7,262)	(438)	(30,394)	(9,722)	23	0	2,056
9 2021.22	91,306	1,629	65	92,999	(23,160)	(19,292)	(19,956)	(160)	(862)	(63,430)	(7,357)	(5,302)	(8,593)	8,317	21	0	10,394
10 2022.23	94,529	1,669	65	96,264	(23,732)	(19,826)	(20,592)	(164)	(884)	(65,197)	(7,025)	(12,456)	(13,685)	(2,100)	31	0	8,325
11 2023.24	97,055	1,711	65	98,831	(24,318)	(20,260)	(21,247)	(168)	(906)	(66,899)	(6,697)	(4,600)	(13,352)	7,284	39	0	15,649
12 2024.25	99,647	1,754	65	101,465	(24,918)	(20,703)	(21,923)	(172)	(928)	(68,645)	(5,872)	(26,240)	(14,355)	(13,647)	29	0	2,031
13 2025.26	102,306	1,798	65	104,169	(25,534)	(21,156)	(22,621)	(176)	(951)	(70,438)	(4,897)	(9,700)	(16,066)	3,067	12	0	5,110
14 2026.27	105,034	1,843	65	106,942	(26,164)	(21,618)	(23,341)	(181)	(975)	(72,279)	(4,608)	0	(17,316)	12,739	38	(6,010)	11,876
15 2027.28	107,834	1,889	65	109,787	(26,810)	(22,090)	(24,083)	(185)	(1,000)	(74,166)	(4,608)	0	(18,332)	12,679	80	(6,010)	18,625
16 2028.29	110,707	1,936	65	112,708	(27,473)	(22,572)	(24,848)	(190)	(1,025)	(76,107)	(4,608)	0	(19,135)	12,857	122	(6,010)	25,594
17 2029.30	113,655	1,984	65	115,705	(28,151)	(23,065)	(25,638)	(194)	(1,050)	(78,098)	(4,431)	(9,260)	(20,242)	3,673	150	(6,010)	23,407
18 2030.31	116,681	2,034	65	118,780	(28,846)	(23,568)	(26,452)	(199)	(1,077)	(80,142)	(4,167)	(4,900)	(21,402)	8,169	170	(6,010)	25,736
19 2031.32	119,787	2,085	65	121,936	(29,559)	(24,081)	(27,292)	(204)	(1,103)	(82,240)	(4,080)	0	(22,615)	13,000	206	(6,010)	32,931
20 2032.33	122,973	2,137	65	125,175	(30,289)	(24,606)	(28,159)	(209)	(1,131)	(84,394)	(4,080)	0	(23,885)	12,815	249	(6,010)	39,985
21 2033.34	126,244	2,190	65	128,499	(31,037)	(25,142)	(29,053)	(215)	(1,159)	(86,605)	(4,080)	0	(25,214)	12,599	292	(6,010)	46,866
22 2034.35	129,600	2,245	65	131,910	(31,803)	(25,689)	(29,974)	(220)	(1,188)	(88,875)	(4,080)	0	(26,604)	12,350	334	(6,010)	53,539
23 2035.36	133,043	2,301	65	135,410	(32,588)	(26,248)	(30,925)	(226)	(1,218)	(91,205)	(3,981)	(2,663)	(28,059)	9,501	371	(6,010)	57,401
24 2036.37	136,577	2,359	65	139,001	(33,393)	(26,819)	(31,906)	(231)	(1,248)	(93,597)	(4,064)	0	(29,580)	11,760	407	(6,010)	63,558
25 2037.38	140,204	2,418	65	142,686	(34,218)	(27,402)	(32,917)	(237)	(1,280)	(96,053)	(4,172)	(2,220)	(31,170)	9,072	443	(6,010)	67,062
26 2038.39	143,925	2,478	65	146,468	(35,063)	(27,997)	(33,960)	(243)	(1,312)	(98,575)	(4,030)	(2,220)	(32,834)	8,810	474	(6,010)	70,336
27 2039.40	147,743	2,540	65	150,349	(35,929)	(28,605)	(35,036)	(249)	(1,344)	(101,163)	(3,993)	0	(34,572)	10,620	507	(6,010)	75,453
28 2040.41	151,662	2,604	65	154,330	(36,816)	(29,226)	(36,145)	(255)	(1,378)	(103,820)	(4,009)	0	(36,390)	10,111	543	(6,010)	80,097
29 2041.42	155,682	2,669	65	158,416	(37,725)	(29,860)	(37,289)	(262)	(1,412)	(106,548)	(4,024)	0	(38,290)	9,553	578	(6,010)	84,748
30 2042.43	159,808	2,735	65	162,608	(38,657)	(30,507)	(38,469)	(268)	(1,448)	(109,349)	(3,983)	(3,551)	(40,266)	5,458	604	(6,010)	89,770

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HRA Business Plan - 30 year capital spending and financing

Appendix 5

Year	Year	Expenditure										Financing				
		Safe, Wind & Weather Tight £,000	Modern Facilities £,000	Estate Regen £,000	Communal Facilities £,000	Energy Efficient £,000	New Build Development Costs £,000	Other £,000	Total Expenditure £,000	Borrowing £,000	RTB Receipts £,000	Other £,000	Depreciation Reserve £,000	Contribution From Revenue £,000	Total Financing £,000	
1	2013.14	7,634	13,226	4,967	8,835	2,490	50	0	37,201	12,456	305	1,100	15,826	7,514	37,201	
2	2014.15	6,535	15,022	3,872	5,590	4,603	0	0	35,622	8,200	271	981	16,843	9,326	35,622	
3	2015.16	6,131	15,459	3,800	4,727	4,491	0	0	34,608	4,900	264	1,676	16,841	10,928	34,608	
4	2016.17	6,582	12,154	5,000	3,123	5,128	14,856	0	46,843	14,200	2,453	319	17,210	12,661	46,843	
5	2017.18	6,812	12,117	5,200	3,223	6,641	0	0	33,993	1,700	269	822	17,573	13,628	33,993	
6	2018.19	6,811	15,136	1,000	1,934	1,970	11,050	0	37,901	4,600	476	125	18,045	14,654	37,901	
7	2019.20	7,004	15,556	0	1,990	2,033	0	0	26,583	0	275	329	18,312	7,668	26,583	
8	2020.21	7,227	16,050	1,375	2,054	2,097	21,770	0	50,573	0	774	632	18,772	30,394	50,573	
9	2021.22	7,457	16,561	0	2,119	2,164	0	0	28,300	0	280	135	19,292	8,593	28,300	
10	2022.23	7,768	17,466	0	2,186	2,233	0	4,279	33,932	0	282	138	19,826	13,685	33,932	
11	2023.24	6,900	18,194	0	2,256	2,303	0	4,386	34,039	0	285	142	20,260	13,352	34,039	
12	2024.25	7,187	19,104	0	2,327	2,377	0	4,496	35,491	0	287	145	20,703	14,355	35,491	
13	2025.26	7,487	19,898	0	2,401	2,452	0	5,422	37,660	0	289	149	21,156	16,066	37,660	
14	2026.27	7,799	21,014	0	2,477	2,530	0	5,557	39,377	0	291	153	21,618	17,316	39,377	
15	2027.28	8,125	21,885	0	2,556	2,610	0	5,696	40,871	0	293	157	22,090	18,332	40,871	
16	2028.29	8,463	22,792	0	2,637	2,693	0	5,777	42,162	0	294	161	22,572	19,135	42,162	
17	2029.30	8,816	23,737	0	2,720	2,778	0	5,716	43,767	0	296	165	23,065	20,242	43,767	
18	2030.31	9,183	24,720	0	2,807	2,866	0	5,859	45,435	0	297	169	23,568	21,402	45,435	
19	2031.32	9,565	25,745	0	2,896	2,957	0	6,005	47,168	0	298	173	24,081	22,615	47,168	
20	2032.33	9,964	26,811	0	2,987	3,051	0	6,156	48,968	0	299	177	24,606	23,885	48,968	
21	2033.34	10,378	27,921	0	3,082	3,147	0	6,309	50,838	0	300	182	25,142	25,214	50,838	
22	2034.35	10,810	29,077	0	3,179	3,247	0	6,467	52,780	0	301	186	25,689	26,604	52,780	
23	2035.36	11,260	30,281	0	3,280	3,349	0	6,629	54,799	0	301	191	26,248	28,059	54,799	
24	2036.37	11,728	31,534	0	3,384	3,455	0	6,795	56,895	0	301	196	26,819	29,580	56,895	
25	2037.38	12,216	32,838	0	3,491	3,565	0	6,964	59,074	0	301	201	27,402	31,170	59,074	
26	2038.39	12,724	34,196	0	3,601	3,677	0	7,139	61,337	0	301	206	27,997	32,834	61,337	
27	2039.40	13,252	35,611	0	3,715	3,793	0	7,317	63,688	0	300	211	28,605	34,572	63,688	
28	2040.41	13,803	37,083	0	3,832	3,913	0	7,500	66,131	0	299	216	29,226	36,390	66,131	
29	2041.42	14,376	38,616	0	3,953	4,037	0	7,687	68,669	0	297	221	29,860	38,290	68,669	
30	2042.43	14,973	40,211	0	4,078	4,164	0	7,880	71,306	0	305	227	30,507	40,266	71,306	

TOTAL	278,971	710,012	25,214	97,438	96,812	47,725	129,836	1,386,010	46,056	11,585	9,883	679,755	638,731	1,386,010
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APPENDIX 6

Housing Revenue Account Business Plan

Principles underlying the capital spending plans

Introduction

This paper sets out the basic principles that have been adopted in compiling the 30 year capital expenditure plans. The annual spending requirements have been driven by data from the stock condition database supplemented by input from an analysis of responsive repairs and gas maintenance records. The intention is to use quality materials and life cycle replacements that are in many cases better than the old decent homes standard. The initial costs quoted relate to 2013/14 spending. The plan applies an inflationary increase each year. Costs are based on a combination of historic information, BRE figures and recent cost experience. They currently include prelims and fees where necessary. Some new headings include broad indicative budget amounts which will be refined as these programmes get underway.

The capital spending plan in the HRA business plan is divided into the following sections:

- Safe, wind and weather tight
- Warm and energy efficient
- Modern facilities in the home
- Well maintained communal facilities
- Estate Regeneration
- New Build
- Stock replacement provision

The following sections give a brief description of these items and provide information on the basis on which the capital spending plans have been assessed.

Safe, wind and weather tight

The Council is responsible for maintaining dwellings to ensure they are safe for residents to live in and the overall structural integrity is maintained. This programme ensures that roofs are replaced as needed, all properties in the city have double glazed windows, electrical systems are safe and can accommodate modern demands, door entry systems are replaced and properties are structurally sound. This programme specifically includes provision to replace walkways to supported housing schemes.

The capital spending plans are based on the following:

Expenditure Heading	Replacement Cycle	Comments
Door Entry System	As required	Rolling £200k/yr programme
Windows	35 years	£2,500/dwelling
Electrical Riser Upgrades	N/A	One off programme. Future replacement responsibility of Southern Electric Contracting.
Roof Finish – Flat	33 years	£746.55/dwelling (inc flats within blocks) (BRE)
Roof Finish - Pitched / Structure / Gutter / Downpipes etc	Various	Multiple components in this category with varying life cycles and costs.
Structural Works.	N/A	£750,000 pa contingency sum based on emerging need.
Wall Structure & Finish	Various	Replacement cycle and costs vary by element.
Chimney	Various	Multiple components in this category with varying life cycles and costs.
External Doors – Flats	30 years	£187.80/dwelling
External Doors – Houses	20 years	£1,159.94/dwelling
Garage Maintenance	As required	£366.76 per garage
Supported Housing 2 storey Walkway Repairs	One off repairs	£50,000 per block (of 8-10 flats)

Warm and energy efficient

The Council recognises that with increasing utility bills it is vitally important to support our tenants by undertaking improvements to their homes that helps them save money on the basics of heating and lighting. A warm and comfortable home also contributes significantly to the wider health of our residents in the city. This programme provides insulation to some of our most needed properties such as tower blocks, some blocks of flats and our PRC houses. We are also developing a programme to install more energy efficient lighting and controls for our communal areas in our flats to help drive down electricity bills for tenants. This programme also specifically provides for the removal of over 5,000 tenants from the current landlord heating system to give the control and choice over heating their home back into the hands of our tenants. Energy efficiency grants (future and current) will be utilised as far as possible to supplement capital spend.

This section of the programme will also be enhanced by the use of some of the borrowing headroom in order to facilitate further energy efficiency measures, particularly those that enable the council to access matched funding through schemes such as green deal and FIT.

The capital spending plans are based on the following:

Expenditure Heading	Replacement Cycle	Comments
Loft Insulation + Pipe Lagging	To address newly identified need.	£57,000/yr provision.
Landlord Meter Conversion (1,000 properties)	One-off programme	£170 per dwelling
Cavity Wall Insulation	As required due to component failure.	£16,000/yr provision.
External Cladding (Flats)	30 Years	£5M estimated requirement over 30 years.
External Cladding (PRC Houses)	30 Years	£31M estimated requirement over 30 years.
External Cladding (Tower Blocks)	30 Years	£10M estimated requirement over 30 years.
Electrical System (communal lighting and controls)	30 Years	£5,000/block.

Modern facilities in the home

We want our tenants to be able to live in good quality modern homes with facilities that are up to modern standards. This programme supports the installation of new kitchens and bathrooms across the city based on the current assessment of need. We will also be ensuring that all homes with gas central heating have modern boilers by removing all back boilers and upgrading systems as necessary. We will also ensure that our homes can continue to meet the needs of our older residents by continuing to provide disabled adaptations as required as well as updating bathrooms in some of our supported schemes with modern shower facilities.

The capital spending plans are based on the following:

Expenditure Heading	Replacement Cycle	Comments
Electrical System	30 years	£3,000 per dwelling
Bathroom Refurbishment	35 years	£2,217 per dwelling
Kitchen Refurbishment	20 years	£4,806 per dwelling
Disabled Adaptations	N/A	£950,000 pa provision based on current demands
Central Heating Gas Boilers	30 years *	£2,170 per dwelling
Central Heating Distribution System (including electric storage heaters)	30 years *	£4,094 per dwelling (includes boiler replacement and full system for wet systems)
Supported Schemes Adapted Bathroom Programme	N/A	£400,000 pa provision based on estimates

* Boilers will be replaced on average every 15 years (separately & as part of the CH system)

Well maintained communal facilities

We will continue with our programmes for investment in the areas outside our tenants' front doors. This will include refurbishing our lifts in our tower blocks and supported schemes as needed and improving the communal hallways and common areas of our supported schemes and blocks of flats. We will specifically maintain our commitment to the ongoing programme of Decent Neighbourhoods improvements to improve the open spaces around our homes

The capital spending plans are based on the following:

Expenditure Heading	Replacement Cycle	Comments
Communal Areas Works	20 years	£1,586.36/flat
Lift Refurbishment	30 years	Estimated cost based on projected need over 30 year period.
Concierge Walk-up Block Roll Out	N/A	£250,000/yr provision.
Fire doors (communal)	As required.	£212,000/yr provision for next 8 years.
Future Decent Neighbourhood Schemes	N/A	Provision of £1.2M pa for future schemes

Estate Regeneration

The programme includes provision for all approved schemes, including Townhill Park, and for this to be followed up on a city wide basis. A sum is also included in the early years of the plan to contribute towards funding the enablement and early implementation of the schemes.

New Build

The programme allows for the completion of the current schemes that are on site. No further provision is made for additional schemes.

Stock replacement provision

There is no indication from the current stock condition assessment that any of the existing dwellings will need to be replaced over the 30 year period of the business plan. However, with our varied stock type and our aspirations to improve our neighbourhoods over the life of the business plan we have made provision for the ability to begin to replace some stock should it arise and a provision of £130M has been included between year 10 and year 30 of the plan.

February 2013

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Agenda Item 4

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	GENERAL FUND REVENUE BUDGET 2013/14 TO 2015/16		
DATE OF DECISION:	5 FEBRUARY 2013 13 FEBRUARY 2013		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Andrew Lowe	Tel: 023 8083 2049
	E-mail:	Andrew.Lowe@southampton.gov.uk	
Director	Name:	Mark Heath	Tel: 023 8083 2371
	E-mail:	Mark.Heath@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

The purpose of this report is to set out the latest estimated overall financial position on the General Fund Revenue Budget for 2013/14 and to outline the main issues that need to be addressed in considering the Cabinet's recommendations to Council on 13 February 2013.

RECOMMENDATIONS:

CABINET

It is recommended that Cabinet:

- a) Note the position on the estimated outturn and revised budget for 2012/13 as set out in paragraphs 21 to 32.
- b) Note the position on the forecast roll forward budget for 2013/14 as set out in paragraphs 40 to 68.
- c) Note and approve the arrangements made by the Leader, in accordance with the Local Government Act 2000, for the Cabinet Member for Resources to have responsibility for financial management and budgetary policies and strategies, and that the Cabinet Member for Resources, will in, accordance with the Budget & Policy Framework Rules as set out in the Council's Constitution, be authorised accordingly to finalise the Executive's proposals in respect of the Budget for 2013/14, in consultation with the Leader, for submission to Full Council on 13 February 2013.

- d) Recommends that Full Council:
- i) Notes the Consultation process that was followed as outlined in Appendix 1.
 - ii) Notes the Equality Impact Assessment process that was followed as set out in paragraphs 17 to 20 and that the additional detail in Appendix 2 which will be available prior to the Full Council meeting on 13 February 2012.
 - iii) Approves the revised estimate for 2012/13 as set out in Appendix 3.
 - iv) Approve £200,000 in 2012/13 for highway maintenance, to be met from balances which will be replenished by a contribution of £200,000 from regeneration funding from previous years which is no longer required and can now be released to revenue.
 - v) Notes the transfer of funds to the Council under S256 agreements with the NHS Commissioning Board in 2013/14 for £4.0M from the Health transfer funding and for a minimum of £0.6M with NHS Southampton City from the re-ablement / post discharge services as set out in paragraphs 33 to 36.
 - vi) Notes that a new ring-fenced grant will be received in 2013/14 to support the Council's Public Health responsibilities being transferred from the Southampton PCT and that at this stage it has been assumed that this funding will meet the cost of providing the transferred service and therefore will not have any impact on the Council's total net revenue budget requirement as set out in paragraphs 37 to 39.
 - vii) Notes the position on the forecast roll forward budget for 2013/14 as set out in paragraphs 40 to 68.
 - viii) Notes that the Executive's proposed budget as set out in this report has taken into account the recommendations of Overview and Scrutiny Management Committee and of Scrutiny Panel A: Welfare Reforms and the amount transferred to the Council for the transition of the Social Fund for 2013/14 and 2014/15 is to be allocated solely for the use of developing local welfare provision.
 - ix) Approves an additional draw from General Fund Balances of up to £0.5M in 2013/14 if required during the year.
 - x) Approves the revenue pressures set out in Appendix 5.
 - xi) Approves the addition to the Leader's Portfolio of £500,000 in 2013/14 to fund initiatives with the aim of "Getting Our Economy Moving" as set out in paragraph 75.
 - xii) Approves the efficiencies, income and service reductions as set out in Appendix 6.
 - xiii) Approves the General Fund Revenue Budget as set out in Appendix 7, which assumes a council tax increase of 1.9%.

- xiv) Delegates authority to the Chief Financial Officer to action all budget changes arising from the approved pressures, bids, efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund estimates.
- xv) Approves a revised minimum balance of £5.5M as recommended by the Chief Financial Officer in line with the policy guidance outlined in paragraphs 99 to 104.
- xvi) Notes that after taking these items into account, there is an estimated General Fund balance of £5.5M at the end of 2015/16 as detailed in paragraph 102.
- xvii) Delegates authority to the Chief Financial Officer, in consultation with the Director of Corporate Services, to do anything necessary to give effect to the recommendations in this report.
- xviii) Sets the Council Tax Requirement for 2013/14 at £70,049,100.
- xix) Notes the estimates of precepts on the Council Tax collection fund for 2013/14 as set out in Appendix 9
- xx) Notes the Medium Term Forecast as set out in Appendix 10.
- xxi) Authorises the Chief Executive and Chief Officers to pursue the development of the options for efficiencies, income and service reductions as set out in Appendix 5 for the financial years 2014/15 and 2015/16 and continue to develop options to close the remaining projected gaps in those years.

COUNCIL

It is recommended that Council:

- i) Notes the Consultation process that was followed as outlined in Appendix 1.
- ii) Notes the Equality Impact Assessment process that was followed as set out in paragraphs 17 to 20 and the additional detail in Appendix 2 which will be available prior to the Full Council meeting on 13 February 2012.
- iii) Approves the revised estimate for 2012/13 as set out in Appendix 3.
- iv) Approves £200,000 in 2012/13 for highway maintenance, to be met from balances which will be replenished by a contribution of £200,000 from regeneration funding from previous years which is no longer required and can now be released to revenue.
- v) Notes the transfer of funds to the Council under S256 agreements with the NHS Commissioning Board in 2013/14 for £4.0M from the Health transfer funding and for a minimum of £0.6M with NHS Southampton City from the re-ablement / post discharge services as set out in paragraphs 33 to 36.

- vi) Notes that a new ring-fenced grant will be received in 2013/14 to support the Council's Public Health responsibilities being transferred from the Southampton PCT and that at this stage it has been assumed that this funding will meet the cost of providing the transferred service and therefore will not have any impact on the Council's total net revenue budget requirement as set out in paragraphs 37 to 39.
- vii) Notes the position on the forecast roll forward budget for 2013/14 as set out in paragraphs 40 to 68.
- viii) Notes that the Executive's proposed budget as set out in this report has taken into account the recommendations of Overview and Scrutiny Management Committee and of Scrutiny Panel A: Welfare Reforms and the amount transferred to the Council for the transition of the Social Fund for 2013/14 and 2014/15 is to be allocated solely for the use of developing local welfare provision.
- ix) Approves an additional draw from General Fund Balances of up to £0.5M in 2013/14 if required during the year.
- x) Approves the revenue pressures set out in Appendix 5.
- xi) Approves the addition to the Leader's Portfolio of £500,000 in 2013/14 to fund initiatives with the aim of "Getting Our Economy Moving" as set out in paragraph 75.
- xii) Approves the efficiencies, income and service reductions as set out in Appendix 6.
- xiii) Approves the General Fund Revenue Budget as set out in Appendix 7, which assumes a council tax increase of 1.9%.
- xiv) Delegates authority to the Chief Financial Officer to action all budget changes arising from the approved pressures, bids, efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund estimates.
- xv) Approves a revised minimum balance of £5.5M as recommended by the Chief Financial Officer in line with the policy guidance outlined in paragraphs 99 to 104.
- xvi) Notes that after taking these items into account, there is an estimated General Fund balance of £5.5M at the end of 2015/16 as detailed in paragraph 102.
- xvii) Delegates authority to the Chief Financial Officer, in consultation with the Director of Corporate Services, to do anything necessary to give effect to the recommendations in this report.
- xviii) Sets the Council Tax Requirement for 2013/14 at £70,049,100.
- xix) Notes the estimates of precepts on the Council Tax collection fund for 2013/14 as set out in Appendix 9.
- xx) Notes the Medium Term Forecast as set out in Appendix 10.

- xxi) Authorises the Chief Executive and Chief Officers to pursue the development of the options for efficiencies, income and service reductions as set out in Appendix 5 for the financial years 2014/15 and 2015/16 and continue to develop options to close the remaining projected gaps in those years.

REASONS FOR REPORT RECOMMENDATIONS

1. The Constitution requires the Executive to recommend to its budget proposals for the forth coming year to Full Council. The recommendations contained in this report set out the various elements of the budget that need to be considered and addressed by the Cabinet in preparing the final papers that will be forwarded to Council.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Alternative options for revenue spending form an integral part of the development of the overall Budget Strategy that will be considered at the budget setting meeting on 13 February 2013. Alternative options may be drawn up by opposition groups and presented to the same meeting.

DETAIL (Including consultation carried out)

CONSULTATION

Introduction

3. Southampton City Council's Cabinet published their draft budget proposals for 2013/14 for public consultation on 12 November 2012. The scale of the challenges faced by the council meant that while the Cabinet wanted to encourage genuine ideas for achievable savings by consulting as widely as possible, they were keen to manage expectations. This is because decisions to protect one service will inevitably have an impact on another service. The administration's approach in the long term is to raise awareness so that consultation is not just about saving a service but about prioritising within ever decreasing resources. The consultation provided information on what the challenges were and why the council was in this financial position. It explained that the budget proposals contain a number of ways for the council to increase our income and make efficiencies, and included a proposal for a modest increase in council tax.

Consultation Process

4. Consultation on the Council's draft budget for 2013/14 ran for over 12 weeks between 12 November 2012 and 9 February 2013. It was split into two broad categories – internal and external. A variety of methods were used to assist a wide range of people to give their views to inform the final budget which is due to be agreed by Full Council on 13 February 2013. This included residents, service users, employees, Trade Unions, partners, businesses, community and voluntary sector organisations and other stakeholders.

This is in addition to the council's decision making processes which include feedback from the Overview and Scrutiny Management Committee (OSMC) and the Welfare Reforms Scrutiny Inquiry.

5. The Leader led the consultation on the budget proposals supported by Cabinet, the Chief Executive and Directors and staff in the Communities, Change and Partnership division. This was complemented by service led consultation in areas where the managers considered this to be appropriate and necessary. Cabinet Members, Directors and senior managers also attended meetings with residents, employees and other stakeholders. Details are attached at Appendix 1.
6. Comprehensive staff consultation was also undertaken by service managers, led by Human Resources. Guidance was issued to managers so that they had the necessary information to ensure full, meaningful and appropriate external consultation on specific budget proposals in their service areas. Separate guidance for internal staff consultation on specific budget proposals was also provided by Human Resources. It was ensured that the two sets of guidance were consistent.
7. External interest groups consulted included residents and stakeholders, area based community and voluntary groups, specific user groups such as young people and library users, partners and the business sector. Methods included:
 - A questionnaire made available on the council's website, in libraries and local housing offices;
 - Seven area based meetings,
 - Posters on relevant buses and bus stops for routes impacted by the draft proposals,
 - Attendance at public meetings organised by interest groups
 - Letters to relevant business and partner organisations.
8. Given that the council cannot afford to continue to do everything that it currently does, the consultation process was designed for Cabinet and senior managers to hear views about:
 - The council's approach to delivering savings while prioritising:
 - keeping people and places safe
 - helping people tackle poverty
 - meeting our legal obligations
 - Suggestions for making savings and generating income that we have not yet considered.
 - Potential impacts and action we could take to reduce impacts that we have not already identified or explored.
 - Different ways the council could deliver services such as working with others, including partner organisations and local communities.

Consultation Feedback

9. The Cabinet agreed that despite having limited resources to undertake consultation every effort would be made for the consultation to ensure it was inclusive, informative, understandable, appropriate, meaningful and reported.

10. In the 2011/12 budget the council's consultation process resulted in 478 responses from residents. The 2012/13 budget consultation also reached a range of stakeholders including the businesses sector. To date, for the 2013/14 budget consultation, over 2,150 external responses have been received and this included a number of responses which were made on behalf of individual organisations and their members and service users
11. This is a greater response than in previous years, reflecting a wide range of methods deployed this year. Whilst efforts have been made to improve the level and type of consultation undertaken, part of the reason for this increase in numbers could be attributed to the scale of reductions proposed in this budget, with libraries and the youth service being particular examples that generated huge public interest.

Issues Raised

12. Analysis of the feedback received has identified the 10 most frequently raised issues as:
 - Reduction in library opening hours that resulted in no evenings access
 - Deletion of youth services and reduction on support to adventure playgrounds
 - Impact of changes in parking charges - on local businesses and for residents in some areas of the city where finding a parking space is an issue
 - Deletion or reduction of prevention and support services for children and families, for example young carers support
 - Changes to the adult social care non residential care charging policy
 - Potential impact on bus services resulting in reduced or no transport access to people for jobs and health services, as a result of the proposal to withdraw bus subsidy
 - Reduction in Art Gallery opening hours
 - Impact of the loss of a staffed tourist information centre facility on promoting and increasing access to Southampton as a place to spend time and money in
 - Importance of focusing more on income generation
 - Deletion of the Archaeology Unit
13. The Cabinet have considered and reviewed proposals in response to the consultation feedback. The Council received its draft funding settlement from the Government for 2013/14 and 2014/15 just before Christmas 2012. Initial analysis of the council's financial position indicates that additional one off funding is now available in 2013/14. However, as the future financial forecast position continues to be challenging, where possible, changes to proposals have been made with a view to mitigating the greatest impacts whilst considering how best longer term and more sustainable solutions can be delivered.

14. The consultation feedback included information on proposals which have impacts that had not previously been identified. This information is being reflected in the Equality and Safety Impact Assessments and to the Cumulative Impact Assessment which will be revised and published with the council budget papers in February 2013.
15. The following issues raised in the consultation feedback have influenced the revised budget proposals:
- **Libraries** – As a result of the overwhelming response from residents on the library proposals, changes to the reduction in opening hours are being considered. The feedback received contained a lot of information and suggestions for how to minimise the impact of the proposal. Whilst the detail is still being developed, in line with the feedback, consideration is being given to libraries in particular areas highlighted by the feedback: Central Library as the flagship facility, and maintaining a level of evening opening hours at Burgess Road, Portswood and Cobbett Road libraries.
 - **Youth and Play Services** – The consultation highlighted concerns about the reduction in youth services and the important role they play in preventing anti social behaviour and supporting young people to develop. As a result, the proposals for youth services have been amended and work will be undertaken to develop alternative future delivery models.
 - **Adult Social Care non-residential charging policy** – The feedback to the consultation on proposals in relation to the non residential charging policy included recognition that while those who can ‘truly’ afford to do so should pay towards the cost of their care, support was needed for those most affected and therefore, the changes should be phased in. As a result of feedback there will be a review of day service provision with a view to developing more personalised approaches and the increases in contribution rates will be phased in over two years.
 - **Prevention and support services for children and families** – Concerns were highlighted, particularly by the NHS, the voluntary sector and staff, regarding the size of the reductions in children’s services as a whole and the cumulative impact of the loss or reduction of support and prevention services for children and young people. Particular concerns were raised regarding CAMHS services, young carers and young people in danger of sexual exploitation. In response to this, the proposals for the reduction or cessation of young carers, foster care breaks, children missing or at risk of sexual exploitation, some CAHMS services, advocacy for disabled children and Jigsaw have now been reviewed and are detailed in the main report.
 - **Charges at district centre car parks** – Feedback received has highlighted concerns that the proposals would impact on local traders and reduce the footfall in district centres. The Cabinet has responded by reviewing the proposal to introduce car parking charges in district centres and details are in the main report.

- **Poverty and the impact of the welfare reforms** – The council’s draft Cumulative Impact Assessment identified that a number of proposals will add service charges, increase costs or change the threshold for eligibility for residents on low incomes. Additional costs or loss of services will hit those receiving benefits at the same time as welfare reforms are phased in. Feedback on several of the budget proposals has echoed these concerns. A Scrutiny Inquiry on the Welfare Reforms also concluded that voluntary organisations and council services expect to see an increase in demand for services, adding pressure on budgets and reducing their capacity to manage the changing need. As a result, the Cabinet proposes that transitional funding is set aside to develop and implement a sustainable and holistic mixed model approach to local welfare provision. The aims are for this scheme to harness existing provision to enable residents vulnerable to financial crisis to become more self-reliant and to build the capacity of the voluntary sector.
- **Children’s Services Commissioning, Policy and Business Support** – Consultation feedback from professionals highlighted concerns about the impact of cuts in support services upon the efficiency and effectiveness of services across the directorate, particularly in relation to safeguarding services for vulnerable children, leaving social workers doing more of their own business support and in maintaining a robust overview of how money is spent and how well services are performing. Staff within services also highlighted concerns in relation to both the capacity of services to support legal, financial and contractual needs of the council in commissioning services, and suggested sustainable alternative ways of funding some of these services without losing this capacity. As a result, the proposed savings in relation to business support to front line services and the management of complaints and customer care have been reduced, and alternative proposals for delivering savings in relation to performance management, commissioning and contracts work have been developed.

Feedback on the Consultation Process

16. In addition to feedback on the budget proposals themselves, comments were also received on the consultation documentation and process. The council will consider these issues for next year’s consultation process with a view to improving it. Key issues raised included the need to improve:
 - Accessibility of the budget information – this includes easy to understand language and a better explanation of the impacts on residents and stakeholders
 - Engagement with service users to consider the potential impact of proposals and when developing Equality and Safety Impact Assessments
 - Need for more demographic data to improve the level of analysis on responses
 - Availability of the budget proposals to community representatives
 - Easier access to the published version on the website

- Early and ongoing strategic and honest dialogue with the voluntary sector
- equality impact assessments for non-budget related decisions so that they can be published
- Partnership working in aligning the priorities of respective organisations and optimising opportunities to strengthen and accelerate joint working through the work of existing arrangements such as the Joint and Integrated Commissioning Board, the recently agreed Joint Commissioning Framework and related work
- Future joint working on both local authority and health savings proposals including the development of a joined up approach that seeks to mitigate and manage the overall impact on the city and on provider organisations and a review of the impact and priorities in the round as joint commissioners.

EQUALITY AND SAFETY IMPACT ASSESSMENTS

17. The Equality Duty is a duty on public bodies which came into force on 5 April 2011 and requires the Council to show that it has 'had regard' to the impact of its decisions on its equality duties and the need to advance equality of opportunity between people who have protected characteristics and those who do not. While the Equality Duty does not impose a legal requirement to conduct an Equality Impact Assessment (EIA), it does require public bodies to show how they considered the Equality Duty and that they have been consciously thinking about the aims of the Equality Duty as part of the process of decision-making. To comply with these requirements as well as the Community Safety legislation, the council has used its existing impact assessment framework so that it can ensure the use of a consistent, council wide mechanism to evidence how decision-making took into account equality and safety considerations.
18. Individual Equality and Safety Impact Assessments (ESIAs) have been completed by Directors and Senior Managers for those proposals contained in Appendix 6 is where it is felt that proposed savings could have an adverse impact on a particular group or individuals. The individual ESIAs are available in Members' Rooms.
19. The individual ESIAs completed by service managers have been analysed to consider the cumulative impacts the Council's budget proposals may have on particular groups and the mitigating actions that could be considered. The first draft of the Cumulative Impact Assessment was completed by a central team of officers within the council, based on the initial ESIAs completed by service managers. This was published alongside the Executive's draft budget proposals on 12 November 2012
20. The Cumulative Impact Assessment will be updated in time for the Full Council meeting on 13 February 2013 as they have to be revised on the basis of amended ESIAs. Service managers are currently revising their ESIAs to reflect feedback they have received on impacts from different stakeholder groups – service users, partners, businesses and residents.

The updated Cumulative Impact Assessment will be available in Members' Rooms and at Appendix 2 prior to the Full Council meeting on 13 February 2012.

REVISED BUDGET 2012/13

21. This report is concerned mainly with the revenue estimates for 2013/14. However, there are elements of the 2012/13 estimated outturn that will have an impact on the overall financial position. The planned draws from balances in the year have been reflected in the balances position shown in this report and take into account the overall financial position highlighted in the Corporate Monitoring report for the nine months ending December 2012 as far as it is prudent to do so.
22. The original revenue estimates for 2012/13 assumed a general draw would be made from balances of almost £2.8M. After reflecting the revised forecast position from Month 9 and assuming additional funding for children's safeguarding and additional expenditure on highways maintenance, this draw increases by £200,000 to almost £3.0 as shown in Appendix 3. The table below summarises the main changes:

	£M
Net Decrease in Capital Financing Charges	2.00
Additional Non-Specific Government Grants	0.35
Reduction in Risk Fund Provision	0.55
Increased funding for Children's Safeguarding	(2.90)
Increased funding for Highways Maintenance	(0.20)
Increase in Draw From Balances	0.20

Capital Financing Charges

23. The favourable variance of £2.0M is in part due to an accounting adjustment to reverse a provision for Equal Pay which was created in 2009/10 to meet liabilities arising from a number of equal pay claims received by the Council. This provision was funded through capital expenditure which the Council was able to undertake following receipt of a Capitalisation Direction. The impact of reversing the provision is to reduce the capitalisation requirement which in turn reduces the level of Minimum Revenue Provision (MRP) which the Council is required to make.
24. In addition, net interest payable is forecast to be below that originally estimated as a result of lower than anticipated borrowing costs. This is as a consequence of lower forecast borrowing levels as we have maximised use of our internal balances and also the fact that when we do borrow it will in all likelihood be at lower rates than originally estimated.
25. Lower rates have been achieved through a conscious decision to continue to utilise short term variable rate debt which remains available at lower rates than long term fixed rate debt due to the depressed market.

The prediction based on all of the economic data available is that interest rates will remain lower for a sustained period of time and that this situation will therefore continue into 2013/14 and beyond.

Non Specific Government Grants

26. Additional non specific Government grant income has been received resulting in a forecast favourable variance of £350,000. The main variance is due to an amendment to previously announced formula funding.
27. The Government has reviewed the deductions made from local authority formula grant allocations for 2011/12 and 2012/13 in respect of the funding top sliced for Academies in order to attempt to better reflect the pattern of Academy provision across the country. As a consequence of this review, a “refund” has been paid to the Council as the amount top sliced from formula grant has been assessed as being bigger than it would have been had the deduction been based on the number of Academies within the City during 2011/12. This “refund” has been calculated by the Department for Education as £328,200 and was received in Quarter 3.
28. In addition to this there have been a small number of grant notifications which have differed slightly from the initial assumed level of funding.

Risk Fund Provision

29. Potential pressures that may arise during 2012/13 relating to volatile areas of both expenditure and income are being managed through the Risk Fund. A sum of £3.9M is included in the budget to cover these pressures and is taken into account during the year as evidence is provided to substantiate the additional expenditure against the specific items identified.
30. At Month 9, it is estimated that pressures within Portfolios will require the allocation of £2.8M from the Risk Fund. It has been assumed that a further draw of £0.5M may be required in 2012/13 which will result in an overall forecast favourable variance on the Risk Fund of £550,200. The provision made within the Risk Fund has been reviewed as part of the development of the budget for 2013/14 to ensure that a sufficient allocation is included for such pressures in the future.

Children’s Safeguarding

31. The changes outlined in paragraphs 23 to 30 result in a favourable position of £2.9M and this funding will be used to increase the budget within the Children’s Services Portfolio for children’s safeguarding. This is under pressure due to an increase in the number of children in care and the cost of additional staffing resources within the service and associated areas providing support such as Legal Services.
32. Children’s Services Portfolio is currently forecast to over spend by £3.2M and this in year addition will ensure that this shortfall in funding is addressed. Budget provision in 2013/14 has been reviewed as part of the development of the budget and additional funding has been allocated in the medium term. In the longer term the service have developed a strategy to manage the pressures that are being experienced.

TRANSFER OF HEALTH FUNDING

33. As part of the provisional Local Government finance settlement in December 2012 it was announced that an additional £859M in 2013/14 and £900M in 2014/15 has been made available nationally to the NHS Commissioning Board for spending on social care services that also benefit the NHS. This funding must be transferred to Local Authorities under section 256 of the National Health Service Act 2006 to be spent on services to improve the overall health gain. The Council has been allocated the sum of £4.0M for 2013/14 and just under £4.2M is estimated for 2014/15.
34. In addition it was announced that Clinical Commissioning Groups (CCGs) would also receive funding of £300M in 2013/14 for post discharge services / reablement. Southampton CCG have been allocated the sum of £1.4M for 2013/14. This funding is to be used by CCG's in conjunction with local partners. There is not an obligation to transfer the funding to Local Authorities. However, upon agreement with Southampton CCG it is proposed that a minimum of £0.6M is also included within a S256 agreement for 2013/14.
35. There has been an increase in the funds to benefit Social Care and the NHS above that previously forecast for 2013/14. The 2012/13 allocation was £3.0M. Based on national figures previously published for 2013/14 it was assumed that the Council's allocation would increase from the £3.0M received in 2012/13 to £3.6M in 2013/14. It was announced in December 2012 that the actual allocation the Council would receive is £4.0M, an increase of £0.4M above that upon which the Adult Services spending plans have been based for 2013/14. The spending plans for the entire allocation will be agreed at the Health and Well-Being Boards in conjunction with the National Commissioning Board and Southampton CCG and will have regard to the Joint Strategic Needs Assessment, (JSNA).
36. For the Council to be able to respond effectively to the contractual and budgetary changes arising from any changes in future funding of this specific nature, authority was delegated to the Director for Adult Social Care & Health, in consultation with Chief Financial Officer (CFO) and the Head of Legal, HR & Democratic Services, to act without any further approval by Cabinet, including adding any such sums to the budget.

PUBLIC HEALTH

37. The Local Authority formally takes on the public health responsibility from April 2013 as set out in the Health and Social Care Act 2012. A new ring-fenced grant will be received in 2013/14 to support the Council's Public Health responsibilities being transferred from the PCTs. Notification of the amount of this Grant was received on 10 January 2013 and set out allocations for 2013/14 and 2014/15 in order to provide greater certainty and assist planning.
38. The size of the grant has been set taking account of estimates of baseline spending, including from PCT recurrent resources and non-recurrent resources, such as the pooled treatment budget and drugs intervention programme, and a fair shares formula based on the recommendations of the Advisory Committee for Resource Allocation.

The funding made available to the Council is £14.3M and £15.1M in 2013/14 and 2014/15 respectively and will be incorporated into the Adult Services Portfolio. At this stage it has been assumed that the amount of this ring fenced grant will meet the cost of providing the transferred service and therefore will not have any impact on the Council's total net revenue budget requirement.

39. The grant has been made under Section 31 of the Local Government Act 2003 and conditions have been set out to govern its use. The primary purpose of the conditions is to ensure that it is spent on the new Public Health responsibilities being transferred from the NHS to local authorities, that it is spent appropriately and accounted for properly. The expectation is that funds will be utilised in-year, but if at the end of the financial year there is any under spend this can be carried over, as part of a specific Public Health Reserve, into the next financial year. In utilising those funds the next year, the grant conditions will still need to be complied with. However, where there are repeatedly large under spends the Department will consider whether allocations should be reduced in future years.

FORECAST ROLL FORWARD BUDGET 2013/14

40. The report to Cabinet on 20 November 2012 identified a roll forward gap for 2013/14 of approaching £20.2M after taking account of pressures but before any further initiatives or savings were taken into account. This figure has now been updated to reflect changes in the overall position since this date, including the outcome of the provisional Local Government Finance Settlement and changes highlighted in the Consultation Report. The revised roll forward gap is £16.0M, and the reasons which underpin this revised position are set out below.

Provisional Local Government Settlement

41. The Comprehensive Spending Review (CSR) released in October 2010 and the detailed Local Government Finance Settlement confirmed the unprecedented reductions in Local Government Funding over the next four years, which were front loaded. The grant settlement initially covered the two year period 2011/12 and 2012/13 and the Council's loss of formula grant is 10.1% and 6.6% in the two years respectively.
42. Uncertainty was heightened for the remainder of the CSR as the financial year 2013/14 was to see a number of fundamental changes including:
- The retention of Business Rates and the extent to which Local Authorities may benefit or lose from increases / decreases in Business Rate growth.
 - The localisation of support for Council Tax including an associated 10% reduction in funding.
 - The transfer of Public Health, and its associated funding, to Local Authorities.
 - The introduction of Police Commissioners from November 2012 and the associated transfer of crime prevention responsibilities from Local Authorities.

In addition, it was difficult to predict the future of health funding which is allocated to Local Government beyond 2012/13 but it was assumed that this would continue in line with the indicative levels set out in the CSR.

43. No detailed figures were available for 2013/14 and beyond and given this level of uncertainty, in calculating an indicative Council Tax for 2013/14 it had been initially assumed that the figures for National Non-Domestic Rates (NNDR) and Revenue Support Grant (RSG) would reduce by 7%. However, in the light of the information set out in the publication by the Department for Communities and Local Government (CLG) entitled "Business Rates Retention – Technical Guidance" this was subsequently reduced downwards by a further £1M, effectively allowing for an 8% reduction in government grant funding.
44. The provisional Local Government Finance Settlement for 2013/14 was received on 19 December 2012 and has been updated twice since in early January. The provisional settlement position after also allowing for the impact of grants transferring into formula grant and consequent changes in expenditure improved by £5.8M compared to that previously used for planning purposes and reported in November.
45. A summary of the changes is set out below and further detail is provided in Appendix 4:

	November Position	Updated Position	Change
	£M	£M	£M
Non-Ring Fenced Grants	(18.1)	(17.8)	0.3
Formula Grant	(91.5)	(92.9)	(1.4)
New Homes Bonus	(2.7)	(2.6)	0.1
Council Tax Benefit Support	(14.0)	(14.3)	(0.2)
Grant Impact	(126.3)	(127.5)	(1.2)
Changes in Expenditure		(1.8)	(1.8)
Subtotal	(126.3)	(129.4)	(3.1)
Additional Retained Business Rates		(2.7)	(2.7)
Total	(126.3)	(132.1)	(5.8)

Social Fund

46. Discretionary elements of the Social Fund will be abolished by the Welfare Reform Act (2012) in April 2013. This was previously allocated to the Department for Work and Pensions (DWP) to support Crisis Loans and Community Care Grants. In future, the DWP will be signposting people who need emergency financial assistance to local authorities. The DWP will continue to manage payment in advance for first-time claimants where required.

47. As part of the Local Government Settlement the Council's funding in respect of this new burden which will be in the form of a non-ring fenced grant for a two year transition period was also announced. The allocation for 2013/14 is £654,200, and the indicative amount for 2014/15 is £644,700. Funding beyond this is subject to the next spending review.
48. The transfer of this responsibility to the Council takes place within the context of a wide range of welfare reforms. In response to this, a Scrutiny Inquiry (Scrutiny Panel A: Welfare Reforms Inquiry) has been set up to:
- Understand the timetable of welfare reforms and how the local impact can be assessed as part of council decision making
 - Consider duties and responsibilities under the new legislation and identify opportunities for the co-ordination of current and future service delivery
 - Identify opportunities for policy development, with a particular focus on helping people into employment and tackling family breakdown

49. OSMC approved at their meeting on 24 January 2013 the following recommendations from Scrutiny Panel A: Welfare Reforms Inquiry:

RECOMMENDATION 1:

That the amount transferred to the Council for the transition of the Social Fund for 2013/14 and 2014/15 is allocated solely for the use of developing local welfare provision.

And if Recommendation 1 is approved:

RECOMMENDATION 2:

- i) To delegate authority to the Senior Manager, Communities, Change and Partnership, following consultation with the Cabinet Member for Communities, the Cabinet Member for Resources and the Chair of Scrutiny Panel A, to develop and implement a sustainable and holistic mixed model approach to local welfare provision. The scheme should harness existing provision to enable residents vulnerable to financial crisis to become more self-reliant whilst building the capacity of the voluntary sector.
- ii) The local welfare scheme for Southampton should be a phased and tiered approach, co-ordinated by the city council, supported by a multi-agency, advisory group and include the following principles:
 - A mixed model of support will be established, with a combination of in-house and external provision.
 - Support to be led by agency referral with mechanisms in place for direct access.
 - In-kind support will be the main mechanism for help with limited cash provision in emergencies.
 - Where small cash payments are provided this will usually be in the form of affordable loans.
 - A contingency fund of £100k is set aside and used to respond to unpredicted gaps in provision.
 - The delivery model should minimise central administration costs.

RECOMMENDATION 3

That a Welfare Reforms overarching body, involving Members, is established for the 2 year transition period to:

- Monitor the impacts of the Welfare Reforms to ensure that the local welfare model continues to support those in financial crisis
- Consider and agree changes to the local welfare provision, including allocation of any contingency fund approved, following recommendations from a multi-agency advisory group

RECOMMENDATION 4

That Cabinet, in considering the Council's budget for 2013/14 give priority, at least for the next two years whilst the Welfare Reform changes are implemented and to allow time for the economic climate to improve, to provide additional funding to increase capacity in voluntary organisations offering:

- a) Financial advice, budgeting and support
- b) Vulnerable residents, especially those on long-term benefits, opportunities to improve their chances of getting a job

50. The Executive's proposed budget as set out in this report has taken into account the recommendations of Scrutiny Panel A: Welfare Reforms and the amount transferred to the Council for the transition of the Social Fund for 2013/14 and 2014/15 is to be allocated solely for the use of developing local welfare provision.

Business Rates

51. The Government funding system for local authorities has changed significantly since 2010. The system is complicated and it can be argued this lack of transparency hides the significant cuts that local authorities have been subject to over recent years. One of the most fundamental changes is the introduction of a Business Rates Retention (BRR) Scheme as a replacement for the Council's main Revenue Formula Grant from Central Government and a large element of the improvement resulting from the provisional settlement relates to assumed additional income following the introduction of this new scheme.
52. However, this new system of BRR also introduces significant new risk along with the opportunity for reward, as any reduction in the level of business rates collected below the level assumed in the budget, will directly impact on the Council's bottom line through reduced income. Further information is set out in Appendix 4.

Local Government Settlement

53. The final Local Government Finance Settlement has not been received prior to the publication of this report, but any changes resulting from the final settlement will be taken into account if necessary in a revised budget proposal for the Council meeting on 13 February. In addition, announcements in relation to a number of grant funding streams are also still awaited and Officers will continue to review the impact of any grant cuts with a view to passing on the reduction where the grant supports other organisations spending or reducing expenditure where the funding is used to provide City Council services.

In the event that this is not possible then a contingency has been provided for in the budget of £250,000 which can be drawn on if deemed necessary.

54. However, it is also prudent at this stage to assume that a draw on balances may be required to manage the overall position. This report therefore requests approval to draw up to £0.5M from balances in 2013/14 if deemed necessary by the CFO. This reduction in balances would need to be made good in future years if it took the Council below the minimum recommended level of £5.5M.

Council Tax

55. The council tax base for 2012/13 has been set at 55,471.7 properties using delegated powers granted by Council on 17 January 2007. This is in line with the position assumed in November and reflects the required adjustments as a result of the localisation of Council Tax Benefit and the changes to associated funding which serve to reduce the tax base.
56. New regulations contained in the Local Government Finance Act 2012 allow the Council to make significant changes to the discounts and exemptions that are currently offered on Council Tax. The draft budget set out proposals for the policy for discounts for empty homes (to replace the existing Class A and Class C exemptions), long term empty homes and second homes which it was estimated would deliver additional Council Tax income of £0.5M. Council approved these changes on 16 January 2013 along with the introduction of a discretionary hardship relief scheme to be implemented from 1 April 2013 and the final impact which has now been built into the roll forward position is £487,400.
57. In the draft budget it was proposed that the previously approved Older Persons council tax discount of 10% for households where all occupants are over 65 and the 100% discount for Special Constables were not continued in 2013/14 and beyond. Council approved the removal of these discounts on 16 January 2013 and the resultant saving of £1M per annum which was built into the draft position has therefore been delivered.
58. Central Government is transferring the responsibility for providing Council Tax Benefits to Local Authorities as from 1 April 2013. Currently Central Government set the criteria for Council Tax Benefits and fund 100% of the cost. Under the new arrangements, Councils will set their own local Council Tax Support scheme offering reduced Council Tax for those eligible. However, the Council will receive 10% less from central government to fund the new scheme and there will be additional costs in collecting the tax.
59. On 16 January Council approved a long term scheme which is self funding and to achieve this reduces the support given to working age people by 25%. However, for 2013/14 Council approved a transitional scheme which mitigates the impact in this first year and takes advantage of a one off transitional grant offered to councils for 2013/14 only by the Government for introducing what they consider to be "well designed schemes. The transitional grant that the Council will receive of £378,800 will not meet the full cost of the transitional scheme. The additional cost once the grant is taken into account is estimated to be £918,900 compared to the original estimate, (before taking into account changes though the settlement to assumed funding for Council Tax Benefit localisation), and has been built into the roll forward position.

The Risk Fund and Pressures

60. The budget within the Children's Services Portfolio for children's safeguarding is under pressure due to an increase in the number of children in care and the cost of additional staffing resources within the service and associated areas providing support such as Legal Services. Budget provision in 2013/14 has been reviewed as part of the development of the budget and additional funding has been allocated in the medium term. In the longer term the service have developed a strategy to manage the pressures that are being experienced. In the light of these pressures and the longer term strategy, the Risk Fund has been increased by £0.7M for 2013/14 and the level of funding for pressures has been marginally reduced by £36,000.

Weekly Collection Support Scheme Bid

61. At the time of the publication of the draft budget in November the Council were awaiting the outcome of a bid submitted to the CLG for funding of £8.3M from the £250M available through the Weekly Collection Support Scheme. The results which were due to be announced by the CLG in October were delayed until later in November but the Executive's clear preference was to retain the weekly refuse collection service which this bid would enable. The final announcement by the CLG awarded the Council funding for the full value of the bid submitted which will enable net revenue support of £417,000 in 2013/14 rising to £834,000 in 2014/15.
62. In recognition that the Council needed to make significant savings the draft savings proposals included an item (Reference E&T 28) to introduce alternate weekly collections if the bid was unsuccessful as the additional cost of this service is more than £0.8M per annum. In the light of the success of the bid this proposal has been withdrawn.

Detailed Estimates Changes and Net Interest Payable

63. Other changes in the detailed estimates submitted by Portfolios and Trading Areas have also been reflected in the figures and show a small adverse variance however, this is more than offset by the favourable impact of reduced interest payable. Since November changes have been made to a number of key variables which impact the forecast of net interest payable. These include changes as a result of the Capital Programme update which is to be presented to Council on 13 February, an updated assessment of the outlook for interest rates and an assumption that in year borrowing will be delayed and will ultimately be based on taking further short term variable rate debt which remains available at lower rates than long term fixed rate debt due to the depressed market.

Addition to Balances / Transformation Fund

64. There is still a considerable amount of transformational change that will need to occur at the same time as maintaining "business as usual" as the Council addresses the sustainable changes demanded in the next few years to ensure the long term viability of service provision. The forecast position currently allows for a contribution to be made to the Transformation Fund in 2013/14 of £1.0M which was not assumed in November and which will help provide capacity and investment where required to take forward this agenda.

65. In the light of the financial challenge facing the Council in 2014/15, and recognising that transformation change takes time to deliver, the current roll forward forecast also assumes an addition to balances of £4.6M which is almost £1.7M more than assumed in November, and which can be used in future years or to progress initiatives.
66. The table below shows these net changes in the overall forecast position:

	£000's
Forecast Deficit in November Cabinet Papers	20,169.1
Net Impact of Provisional Local Government Finance Settlement	(5,807.8)
Council Tax - Changes to Discounts and Exemptions	(487.4)
Council Tax - Removal of OAP and Special Constable Discount	(1,000.0)
Council Tax - Benefit Reduction Scheme (Cost of Transitional Scheme)	918.9
Increased Risk Fund	700.0
Reduction in Pressures	(36.0)
Waste Grant	(417.0)
Detailed Estimate Changes and Net Interest Payable	(680.2)
Addition to Balances	1,663.4
Addition to Transformation Fund	1,000.0
Revised Forecast Deficit	16,023.0

67. In arriving at this 'base' position a number of one off funding sources have been utilised which total almost £6.1M. These include contractual savings from the Street Lighting PFI project (£0.8M), the 2011/12 Collection Fund surplus (£1M), a reduction in the contribution to reserves (£0.2M), a one off saving from the Capita contract (£2.8M) and the utilisation of the estimated New Homes Bonus for 2013/14 (£2.7M). These one off elements, whilst serving to reduce the gap in 2013/14, by their very nature do not positively impact on the medium term financial position. In order to make provision for future years this use of one off funding has been reduced from the position as set out in November when the total stood at £7.8M by the increased addition to balances of almost £1.7M
68. This position shown in the table above represents the 'base' position from which all four political groups may develop their own budgets taking into account the proposals for new spending and savings options put forward by Officers. The specific proposals in this report as set out in the appendices and outlined in the following paragraphs represent the Executive's budget proposals for 2013/14.

RISK BASED CONTINGENCY FUND

69. In 2008/09 the Council established the Risk Fund as a financial planning mechanism to manage volatile risks within the budget. The Risk Fund includes a number of pressures which are volatile in nature, and which cannot be forecast accurately until data is collected during the financial year on the level of activity and costs (for example increasing numbers of older persons affecting care budgets).
70. The establishment of the Risk Fund means that not all the funding set aside to cover the estimated implications of pressures is allocated to Portfolios prior to the start of the financial year, but is retained centrally. The individual items retained within the Risk Fund are also risk adjusted, to reflect the fact that not all the volatile pressures will fully materialise during the year.
71. A sum of £5.8M is included in the budget for 2013/14, (an increase of £0.7M compared to the draft position presented to Cabinet in November 2012), to cover these pressures and will only be released during the year if evidence is provided to substantiate the additional expenditure against the specific items identified.

REVENUE PRESSURES

72. Part of the Budget process each year also looks at unavoidable pressures on services that will have a financial impact, many of which are outside of the control of the service itself. Examples of these would be contractual changes, which have a direct impact on costs (e.g. increase in service specification), legislative changes such as new functions and standards, or areas where the current budget simply does not reflect the level of activity within the service.
73. Pressures which services are required to address outside of the Risk Fund mechanism totalling £2,211,000 are being recommended for 2013/14 and are detailed in Appendix 5.

REVENUE BIDS

74. Services are normally invited to put forward a series of bids in order to fund new spending initiatives but given the financial position this year no service generated bids have been progressed for 2013/14.

INITIATIVES

75. Each political group also has the opportunity to put forward new proposals for spending as part of the budget process which reflect their priorities for service provision. No new revenue developments have been specifically included for 2013/14. However, the Executive have added 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". This funding which totals £0.5M will be allocated as initiatives are developed.

EFFICIENCIES, INCOME AND SERVICE REDUCTIONS

76. For the purposes of considering an overall budget package, it should be noted that the roll forward budget includes a 3% vacancy factor built in to all salary budgets as well as the ongoing effects of savings identified in previous budget rounds.
77. In arriving at the 'base' position presented in November it was recognised that a number of one off funding sources had been utilised which totalled almost £7.8M. Since that time the level of one off funding has been reduced as a further addition to balances of £1.7M has been made as set out in paragraph 65. However the one off funding of £6.1M which is being utilised in the setting the budget is still effectively contributing more than 25% of the savings required to close the gap and balance the budget position in 2013/14.
78. The 20 November Cabinet report set out draft budget proposals for consultation and at that point included efficiencies, income generation and service reductions to the value of almost £18.1M. This level of savings, along with proposed changes to Council Tax discounts, went most of the way towards bridging the draft budget gap which at that point in time was approaching £20.2M. The changes summarised in paragraph 66 reduced this gap to £16.0M, and this is the level of savings therefore required to balance the draft budget for 2013/14 at an assumed council tax increase of 1.9% before any bids or initiatives.
79. In terms of closing the budget gap and setting a balanced budget, the Executive's recommendations for efficiencies, income generation and service reductions now total over £16.5M and are set out in detail in Appendix 6.

STAFFING IMPLICATIONS

80. The City Council employs more than 3,900 FTE of non school staff of which approaching 3,250 FTEs are funded by the General Fund, and staffing costs constitute a significant element of overall expenditure. Given that this is the case, it is inevitable that when the Council is faced with such a significant funding shortfall, that the savings proposals put forward by the Council will have an impact on staff cost and staff numbers.
81. Aware of this fact, the Council has continued to have in place a carefully planned approach to recruitment, ensuring that vacant posts have only been recruited to where absolutely necessary.
82. This proactive approach has meant that the Council has been able to hold a significant number of posts vacant which can now be deleted in order to make savings as part of the budget process. The deletion of vacant posts reduces the impact on staff in post and reduces the actual number of employees who will be made redundant.
83. Based on the savings proposals contained in this budget report 234.3 FTE posts are affected of which 84.66 are currently vacant and 149.64 are in post and are at risk of redundancy and up to 261 individuals are impacted. The FTE at risk of redundancy represents less than 4.0% of the overall FTEs employed and is 64.04 FTE lower than the figure anticipated in November.

84. Through the consultation process the Executive have been keen to explore all avenues with the Trade Unions and staff to identify wherever possible alternative options for delivering savings, in order that the level of proposed staffing reductions and redundancies can be reduced. The consultation has been extended to 9 February and any changes made after publication of this report will be highlighted to Council on 13 February 2013.
85. The Executive will also continue to ensure that impacted staff are aware of all the available options which can be used to avoid compulsory redundancies and this will include:
- Early retirement,
 - Flexible retirement,
 - Voluntary redundancy and
 - Reduced hours.
86. In addition, the City Council has an excellent past record of using its redeployment policies to minimise any compulsory redundancies arising out of the budget proposals, and the Executive will seek to strengthen the support for employees who find themselves on the redeployment register as a result of savings implemented as part of the 2013/14 budget.
87. Moving forward, the Executive remain committed to minimising job losses within the Council, and this is reflected in the proposals to reduce redundancy costs in order to further minimise the impact on jobs in 2013/14 and beyond

SOUTHAMPTON TRANSITIONAL EMPLOYMENT PLAN (STEP)

88. Moving forward, the Executive remain committed to minimising job losses within the Council, and in September they approved the continued development of the Southampton Transition Employment Project (STEP). The full report is available at the link below (Agenda Item 49):
<http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=126&MId=2224&Ver=4>
89. STEP will provide a holistic approach to the retention, redeployment and recruitment of staff and the use of agency and temporary staff. The purpose of the project is to implement improved measures for staff that are displaced in the organisation by ensuring that they are given priority when vacancies arise and by providing an enhanced level of training, assistance and other options.
90. Funding for the initial stage of the project has been allowed for in 2012/13 and it has been assumed that the financial implications beyond that point are neutral to the previously assumed position. This will need to be closely monitored and any change to this assumed position will need to be taken into account in the development of the budget for future years.

PROPOSED BUDGET PACKAGE

91. Summarised below is the proposed budget package put forward by the Executive for consideration. The detailed analysis is reflected in the General Fund Revenue Account set out in Appendix 7. The proposals are based on a Council Tax increase of 1.9% and include an addition to balances of £4.6M

	£M
Total GF Spending (After Addition to Balances & Pressures)	86,072.1
Initiatives – “Getting Our Economy Moving”	500.0
Efficiencies, Income and Service Reductions (Appendix 6)	(16,523.0)
Council Tax Requirement	70,049.1

92. Any changes made to this proposed budget package, for example in response to the ongoing consultation with staff which will run until 9 February 2013, will be highlighted to Full Council on 13 February 2013.

COUNCIL TAX

93. The Executive are recommending a Council Tax increase of 1.9% for 2013/14. The Council Tax Requirement shown in Appendix 7, which takes into account Government Grants and an assumed surplus on the collection fund at the end of 2012/13 of more than £1.0M is the level of council tax required to provide a balanced budget for 2013/14. This is then divided by the council tax base set by the CFO, following consultation with the Cabinet Member for Resources, to give the basic amount of council tax for the year of £1,262.79, which is a 1.9% increase. The full calculation is set out in Appendix 8.
94. The estimates of the payments from the Collection Fund in the form of precepts for 2013/14 are set out in Appendix 9. This includes preliminary figures for the Police and Fire authorities, for whom proposed council tax increases of £5 for a Band D property and zero percent respectively have been assumed. The Appendix therefore shows that when these items are added to Southampton’s council tax, the overall percentage increase rises from 1.9% to 1.98%. These figures will not be confirmed until the budget setting day at Full Council on 13 February 2013.

CAPITA – STRATEGIC SERVICES PARTNERSHIP (SSP)

95. The Corporate Services Management Team have been actively working with our partners Capita to consider how to both deliver savings as part of the budget process and also to improve the long term flexibility and governance of the SSP.

96. As set out in the draft budget report in November , the base budget position includes a one off saving of £2.8M achieved through the pre-payment of £17.1M to Capita in 2012/13, allowing them to achieve financing savings, the benefit of which flows through to the Council in 2013/14. The pre-payment will be written down over the remaining life of the contract.
97. In addition to this a number of savings proposals have been developed which will contribute £700,000 in 2013/14 and £400,000 in future years (Reference RES 3) and these include:
- Review of fibre refresh costs within the contract.
 - Change to contact centre opening hours.
 - Changes in the Council Tax & Benefits service.
98. Alongside this work, longer term proposals are being explored which include the option of a five year extension to the contract which may offer greater potential savings to the Council. Initial indications are positive and the Executive (with the support of their Group) are working actively with Capita to develop these longer term aspirations. Whilst this is a complex piece of work it is the intention of the Executive to bring proposals for a contract extension to Cabinet and Council in 2013/14 once adequate information is available to inform effective decision making.

GENERAL FUND BALANCES

99. It is important for Cabinet and Council to consider the position on balances. Balances are used either to:
- support revenue spending,
 - support the capital programme, or
 - provide a 'working' balance at a minimum level suggested by the CFO with any projected excess being available to fund any one-off expenditure pressures or to reduce the council tax on a one-off basis.
- The latter option is not recommended by the CFO.
100. Several years ago, CIPFA issued guidance on a risk based approach to setting an appropriate level of reserves. The CFO at the time produced a calculation for the City which took into account factors such as:
- Exposure to pay and price inflation
 - Volatile areas of income generation
 - Demand led service expenditure
 - Exposure to interest rate variations
 - Contractual commitments
 - Achievement of budget savings
 - VAT partial exemption risk
101. This calculation is reviewed annually and updated to reflect current levels of expenditure and income and treasury management operations and also new considerations such as partnership arrangements.

This level has been reviewed this year and in recognition of the significant new risks facing the Council (in particular the introduction of the BRR Scheme and a local Council Tax Reduction Scheme) the CFO has recommended that the minimum level of balances is increased from £5.0M to £5.5M in line with good practice guidance.

102. The table below shows the position for balances after taking into account the outturn for 2011/12, the estimated outturn for 2012/13, the budget proposals set out in this report and the current update of the capital programme.

	2012/13	2013/14	2014/15	2015/16
	£000's	£000's	£000's	£000's
Opening Balance	23,529.6	7,362.6	6,561.1	5,574.0
Draw to Support Capital	(312.6)	(210.0)		
(Draw to Support) / Contribution from Revenue	(2,982.2)	4,620.4	3,056.6	4,160.0
Contributions to / (from) Other Reserves	(1,300.0)			
Draw for Strategic Schemes	(11,572.2)	(5,211.9)	(4,043.7)	(4,234.0)
Closing Balance	7,362.6	6,561.1	5,574.0	5,500.0

103. The above projection includes an addition to the to the Organisational Development Reserve of £4.0M in each of the years from 2013/14 in order to ensure that adequate ongoing provision is made for the costs associated with the implementation of staff related savings.
104. The minimum level of balances is set at £5.5M and the above prediction indicates that this will be maintained in the medium term.

MEDIUM TERM FORECAST

105. A roll forward forecast has been estimated for 2014/15 and 2015/16 taking into account the future years effects of the proposed pressures and savings as set out in this report. The forecast is included as Appendix 10. The funding gap will be reviewed and addressed as part of the ongoing development of longer term financial planning and Members are being asked to authorise the Management Board of Directors to pursue the development of future years options highlighted in Appendix 7
106. The Comprehensive Spending review (CSR) was for the 4 year period 2011//12 to 2014/15 and in December the provisional settlement set out funding for Local Government for the final two year period of the CSR; (2013/14 and 2014/15). This settlement reflected the changes resulting from the Local Government Resource Review into the way that Local Government is financed.

Whilst the settlement announcement gives a degree of certainty, the changes, which include a system of locally retained business rate income, introduce significant new risks.

107. The next CSR period starts in 2015 and is likely to contain another round of significant cuts to Local Authority funding. Various professional bodies and associations quote the potential loss of grant funding between 25% and 40%. The exact timings of these further reductions are unknown at present. The potential impact of this for Southampton will form part of the thinking necessary around the sustainable changes which will need to be made in the next few years to ensure the long term viability of service provision.
108. For planning purposes, provision has been made within the current medium term forecast to manage this risk of reduced government grant with an assumption that there will be a further reduction in central government grant of 9% in 2015/16. This reflects an ongoing reduction which has averaged 7% per annum and an additional 2% reduction continuing that announced by the Chancellor in the Autumn Statement for 2014/15. There is a risk that the actual reductions in government grant will be in excess of 9% for 2015/16.
109. The effect on local taxpayers is also a critical element in making decisions on council tax levels, particularly given the legislation for Council Tax referendum contained in the Localism Act. The Localism Act abolishes Whitehall capping in England and puts local referendums in its place. If councils increase council tax above the level agreed by government, currently set at 2.0% for 2013/14, this will trigger a referendum and if people vote against the increase the local authority will have to revert to a lower council tax rise
110. Appendix 10 also includes an increasing sum for future options for efficiencies, income and service reductions in later years that the Management Board of Directors need authorisation to develop and progress. Future savings have also been included in the medium term forecast of £0.2M in 2014/15 rising to more than £1.9M in 2015/16. These items are work in progress and will be further developed in the coming year.

RESOURCE IMPLICATIONS

Capital

111. The revenue implications of financing the General Fund Capital Programme are reflected in the 2013/14 estimates presented in Appendix 7.

Revenue

112. As set out in the report.

Property/Other

113. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

INTRODUCTION

114. It is important that Members are fully aware of the full legal implications of the entire budget and Council Tax making process, when they consider any aspect of setting the Council's Budget. Formal and full advice to all Members of the Council protects Members, both in their official and personal capacity, as well as the Council. If Members have received the appropriate professional legal and financial advice and act reasonably, generally the courts will not interfere in their decisions.

GENERAL POSITION

115. The first and overriding legal duty on Members is their fiduciary duty to weigh the needs of service users against the interests of local taxpayers. In planning the budget, Members are under a fiduciary duty to act prudently, responsibly, in a businesslike manner and in their view of what constitutes the best interests of the general body of local taxpayers. In deciding upon expenditure, the Council must fairly hold a balance between recipients of the benefits of services provided by the Council and its local taxpayers. Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers.
116. There is a general requirement in administrative law that a local authority decision must be rational, authorised by law and must take account of all relevant considerations, whilst ignoring any irrelevant ones. It should also be noted that the concept of proportionality, given great emphasis in the Human Rights Act 1998, is also becoming a relevant factor for determining the reasonableness of any decision and should be borne in mind by Members.
117. An authority commits an illegal act if it acts beyond or in abuse of its statutory powers or in breach of its fiduciary duty. It will also act illegally if it fails to take relevant considerations into account or acts in outrageous defiance of reason

OBLIGATION TO MAKE A COUNCIL TAX

118. The legal significance of the Annual Budget and setting a Council Tax derives from the Council's duty under the Local Government Finance Act 1992 (the 1992 Act) to set a balanced budget and Part 5 Chapter 1 of the Localism Act 2011. This is achieved by calculating the aggregate of:
- i. the expenditure it estimates it will incur in the year in performing its functions in the year (including an allowance for contingencies),
 - ii. the payments it estimates it will make in the year in defraying expenditure already incurred and
 - iii. expenditure it will incur in funding costs before a transfer of funds is made from the Collection Fund and then deducting such sums as will be paid into the General Fund, (i.e. income). Calculations made under this section must be made before 11 March in the preceding financial year.

119. In order to fulfil this duty, the Council must prepare detailed estimates of its expenditure for the coming year and of the resources which will be available to meet this expenditure. Account must be taken of any deficit brought forward from a previous year and the amount needed to cover contingencies. The resources include income from rents, fees and charges and any available balances. All of these issues must be addressed in the budget report. The estimation of the detailed resource and expenditure items is the main reason for the budget process. The budget must balance, i.e. proposed expenditure must be met from proposed income from all sources, with any shortfall being the precept on the Collection Fund.
120. Failure to make a lawful Council Tax on or before 11 March could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a Council Tax.
121. Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for "the proper administration of their financial affairs'.
122. Information must be published and included in the Council Tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
123. There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.
124. In order to fulfil this duty, the Council must prepare detailed estimates of its expenditure for the coming year and of the resources which will be available to meet this expenditure. Account must be taken of any deficit brought forward from a previous year and the amount needed to cover contingencies. The resources include income from rents, fees and charges and any available balances. All of these issues must be addressed in the budget report. The estimation of the detailed resource and expenditure items is the main reason for the budget process. The budget must balance, i.e. proposed expenditure must be met from proposed income from all sources, with any shortfall being the precept on the Collection Fund.

DEFICIT BUDGETING

125. A deficit budget, one which does not cover all anticipated expenditure with resources reasonably expected to be available, is unlawful. Any Council Tax which rests on such a budget will be invalid. Councils are constrained to make a Council Tax before all the separate elements, which will constitute available resources or anticipated expenditure, have been identified and quantified fully. Best estimates have to be employed.
126. Where these best estimates include sums for unallocated savings or unidentified expectations of income, extreme care must be taken to ensure that the estimates are reasonable and realistic and do not reflect an unlawful intention to incur a deficit.

It might be appropriate at budget setting time to require regular monitoring throughout the financial year of such estimated savings or income. Prompt action to reduce spending must be taken, if at any stage it seems likely that a balance between income and expenditure will not be achieved.

BORROWING

127. The rules and regulations governing a local authority's ability to borrow money were altered significantly by the introduction of the Local Government and Housing Act 1989 and subsequent regulations. This has now been abolished and replaced by the self regulating Prudential Code.

OTHER RELEVANT LEGISLATION

128. The Local Government Finance Act 1988 (the 1988 Act) created the (now repealed) Community Charge and the current National Non- Domestic Rating regime and deals with grants, funds, capital expenditure and the financial administration of a local authority.
129. Under Section 114 (2) and 114 (3) of the 1988 Act, the CFO is required to make a report, if it appears to him/her that a decision or course of action the Council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.
130. Members have a duty to determine whether they agree with the CFO's statutory report issued under Section 26 Local Government Act 2003. If Members were to disagree, they would need to set out cogent reasons for so doing. Unless such reasons could be set forward, Members' action in disagreeing with the CFO's views on the basis of his/her professional judgement would be likely to be held unreasonable and constitute wilful misconduct. It should be noted that under the Members' Code of Conduct, Members are required to take account of any advice issued by CFO (and the Monitoring Officer) acting in their statutory capacities.
131. The Localism Act 2011 contains provisions (Part 5, Chapter 1) which relate to the setting of Council Tax, including the arrangements for Council Tax Referendums.

BEST VALUE: LOCAL GOVERNMENT ACT 1999

132. The Local Government Act 1999 (the 1999 Act) introduced a duty of Best Value, which came into force on 1 April 2000. Members need to be aware of and take account of the impact on the Council of this duty.

THE CONSTITUTIONAL POSITION: LOCAL GOVERNMENT ACT 2000 (THE 2000 ACT)

133. The 2000 Act has had a fundamental effect on the governance of the Council and in particular has resulted in a change to the working arrangements of Council, with the requirement for a Constitution setting out executive (Cabinet) and scrutiny and overview arrangements. The 2000 Act also provides a power for Councils to promote the economic, social and environmental well-being of their areas and develop community strategies. In addition, the 2000 Act establishes an ethical framework.
134. Of particular importance to the Council Tax setting process and Budget Meeting of the Full Council is the Council's Budget and Policy Framework Procedure Rules set out in Part 4 of the City Council's Constitution. These provide a legal framework for the decision making process whereby the Budget of the City Council is determined, and the Council Tax is set. In addition, Members need to be aware that these Rules provide a route whereby the Leader may require the Full Council to reconsider their position if they do not accept the Executive's recommended budget without amendment.
135. In addition, the Constitution contains a range of further material relevant to the setting of the Council Tax and the Budget Setting meeting:
- i. Article 12 contains guidance on decision making and the law;
 - ii. The Council Procedure Rules in Part 4 regulate the conduct of the Full Council meeting (although traditionally, some of the rules relating to the conduct of the debate are suspended to allow different arrangements during the budget debate);
 - iii. The Members' Code of Conduct must be followed by Members; and
- The Officer/Member Protocol contains guidance both on pre-budget discussions, but also on how officers and Members should interact with specific guidance about budget preparation issues.

PERSONAL LIABILITY AND SURCHARGE

136. The 2000 Act abolished the local government surcharge provisions and replaced them with a new statutory offence of 'misuse of public office'. This new statutory offence covers two situations, namely unlawfully incurring expenditure or incurring expenditure as a result of wilful misconduct. It also covers the exercise of a public function in a manner that involves dishonesty or oppression or malice. The Courts (rather than the District Auditor) would impose penalties. The Council could sue for losses/deficiencies sustained.

LEGAL STATUS OF POLITICAL PROMISES AND DOCUMENTS

137. It is appropriate for Members to consider their own position as some Members may have expressed support publicly for policies that are not policies of the Council.
138. Political documents do not represent a legal commitment on behalf of the Council.

To treat any political document as a legal commitment by the Council would be illegal. Where there is a valid choice before Members, then, at that stage and only at that stage, Members may take political documents into account.

139. All decisions must be taken within the framework of the formal decision making process of the Authority. Members must take into account all relevant matters and disregard all irrelevant ones. Decisions taken at a political meeting, such as a political group meeting, have no status within this process. A Member, who votes in accordance with a group decision which has been reached, having regard to relevant factors and who has addressed their mind independently to those factors and to the decision itself, will be acting within the law.
140. The Courts have also advised on the balancing exercise to be undertaken by a Council when deciding whether to pursue a particular policy:

A local authority must exercise its statutory powers in the public interest and for the purpose of which those powers have been conferred. Political views, as to the weight to be attached to the various relevant considerations and as to what is appropriate in the public interest in the light of those considerations, may properly influence the exercise of a statutory discretion. A decision will not be unlawful merely because some political advantage, such as electoral popularity, is expected to flow from it, so long as the decision is made for a legitimate purpose or purposes. Because at some stage in the evolution of a policy an improper political purpose has been espoused, does not mean that the policy ultimately adopted is necessarily unlawful. However, a political purpose extraneous to the statutory purpose can taint a decision with impropriety. Where there is more than one purpose:-

- a) The decision will generally be lawful provided that the permitted purpose is the true and dominant purpose behind the act. This is so even though some secondary or incidental advantage may be gained for some purpose, which is outside the authority's powers.*
- b) The decision will be invalid if there are two purposes one ultra vires and one intra vires and the ultra vires purpose is a (even if not the) major purpose of the decision. Accordingly a decision substantially influenced by a wish to alter the composition of the electorate would be unlawful.*
- c) Where there is some evidence justifying enquiry, the Court will consider whether an apparently lawful purpose e.g. home ownership is merely a colourable device to conceal an illegitimate purpose e.g. electoral advantage.*

Even if those voting for a particular policy at a Council meeting have perfectly proper reasons in mind, the policy can be tainted by the improper motives of others who have taken part in the formulation of that policy although not actually present to vote. As a matter of law it is possible for a corrupt principal to cause a result through an innocent agent.

Other Legal Implications:

141. The financial forecasts contained in this report have been prepared and are submitted as part of the budget process set out in the Council's Constitution. As part of the review process by the MBD, the proposals contained in this report have been checked from a legal viewpoint.
142. It should be noted by both Cabinet and Full Council that the decisions they are making, in terms of 'Budget setting' are effectively preliminary decisions, setting the framework for anticipated spending by the Council for 2013/14 to 2015/16. That framework and the matters set out in the budget influence and inform the strategic direction the Council will take during the budget period but specific proposals will require further implementation decisions (either at Cabinet or Officer decision levels as appropriate) in order to be given effect.
143. The Council, as the decision-maker, will take a preliminary decision in relation to its budget, fully aware that the implementation of proposed policies may have an impact on the affected users, but is not committing itself to the implementation of specific policies within the budget framework until it has carried out a full and detailed assessment of the likely impact as and where necessary. Those decisions will in turn address further equalities, consultation and practical matters without their outcome having been 'predetermined' by the approval of the budget.
144. Decision makers may also receive further representations, and/or choose to undertake further consultation on specific proposals. Decision makers will, as a result of further representations, consultation and other material considerations, be free to approve or reject implementation of specific matters proposed as part of the overall budget framework and it will, as a result, be for Council to determine how to meet any budget gap that may arise as a result of such implementation decisions.

POLICY FRAMEWORK IMPLICATIONS

145. The Medium Term Plan and the Budget are key parts of the Policy Framework of the Council and a Budget and Council Tax for 2013/14 must be proposed by the Executive (Cabinet) for consideration by the Full Council under the Constitution.

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	ALL
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SUPPORTING DOCUMENTATION

Appendices

1.	Budget Consultation Report
2.	Equality Impact Assessments

3.	Revised General Fund Revenue Budget 2012/13
4.	Provisional Local Government Settlement
5.	Summary of Revenue Pressures
6.	Summary of Efficiencies, Additional Income and Service Reductions
7.	2013/14 General Fund Revenue Account
8.	2013/14 Council Tax Calculation
9.	2013/14 Collection Fund Estimates
10.	Medium Term Financial Forecast
11.	Statutory Power To Undertake Proposals In The Report
12.	Chief Financial Officers View On The Budget

Documents In Members' Rooms

1.	Budget Proposals - Equality and Safety Impact Assessment

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
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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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1.	GENERAL FUND REVENUE BUDGET 2013/14 TO 2015/16 – APPROVED BY CABINET ON 20 NOVEMBER 2012	
2.		

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APPENDIX 1

2013/14 BUDGET PROPOSALS CONSULTATION FEEDBACK

INTRODUCTION

1. This Appendix summarises the consultation process and consultation feedback received as of 25 January 2013 and will be updated in time for the council meeting to reflect further feedback received, as well as any feedback received within service areas that are still being considered by service managers. The consultation period closes on 9 February 2013. The feedback received over the rest of the consultation period will be summarised and an update given to the Cabinet before Full Council on the 13 Feb 2013. A full consultation feedback report will be made available on the Council's website after the consultation has finished and the budget decisions have been finalised.
2. Southampton City Council's Cabinet published their draft budget proposals for 2013/14 for public consultation on 12 November 2012. This draft budget contained the most challenging and difficult proposals developed by the council in recent years. This was because the council's grant from Government was reduced again and a further reduction is expected in future years. This trend of reducing funding is set against growing demand for council services as well as increasing costs. The challenge faced by the council is to achieve an overall reduction of almost £60M in the next three years. The savings required in 2014/15 alone are £22.6M which equates to the removal of approximately 100 services of a similar size to the subsidy for Oaklands Pool.
3. While the council's choices are exceptionally limited, it does not reduce the council's commitment or requirement to engage and consult before, during and after decisions are made. These tough decisions, which will have far reaching impact, have meant that the Cabinet were keen to consult more extensively than we have done previously. In making difficult decisions the council has to focus on what is most important for our city. Therefore the Cabinet prioritised:
 - Keeping people and places safe
 - Helping people tackle poverty
 - Meeting legal obligations.
4. As a result of extensive consultation feedback from staff, partners and residents, the Cabinet have revised some of their budget proposals with a view to reducing the impact on vulnerable groups and protecting valued services. Key proposals that have been altered as a result of consultation feedback include those in relation to libraries, youth services and voluntary sector services to children and adults.

THE ADMINISTRATION'S APPROACH

5. In this difficult financial climate the Cabinet want to protect front line services as much as possible, become fit for the future and deliver a balanced budget. In doing so, the Cabinet recognise that they have to take tough decisions about

council services and future spending. They are determined to protect vital services and minimise the impact on residents, businesses, service users and employees by doing things differently, such as:

- Working in partnership with other councils or organisations
 - Exploring transfer of services and assets to community groups
 - Prioritising, where possible, prevention and early intervention services so that we can avoid bigger costs in later years
 - Maximising income that the council receives
 - Supporting employees by taking a holistic approach to the retention, redeployment and recruitment of staff
 - Stop doing things that add little value.
6. The scale of the challenges faced by the council has meant that while the Cabinet wanted to encourage genuine ideas for achievable savings from everyone, they were keen to manage expectations. This is because decisions to protect one service will inevitably have an impact on another service. The administration's approach in the long term is to raise awareness so that consultation is not just about saving a service but about prioritising within ever decreasing resources. The consultation explained what the challenges were and why the council was in this financial position. The budget proposals contained a number of ways for the council to increase our income and make efficiencies, and included a proposal for a modest increase in council tax.
 7. Consultation on the council's draft budget for 2013/14 ran for over 12 weeks between 12 November 2012 and 9 February 2013. It was split into two broad categories – internal and external. A variety of methods were used to assist a wide range of people to give their views to inform the final budget which is due to be agreed by Full Council on 13 February 2013. This included residents, service users, employees, partners, businesses, community and voluntary sector organisations and other stakeholders. This is in addition to the council's decision making processes which include feedback from the Overview and Scrutiny Management Committee (Annex 2) and the Welfare Reforms Scrutiny Inquiry.
 8. The Leader led the consultation on the budget proposals supported by Cabinet, the Chief Executive and Directors and staff in the Communities, Change and Partnership division. This was complemented by service led consultation in areas where the managers considered this to be appropriate and necessary. Cabinet Members, Directors and senior managers also attended meetings with residents, employees and other stakeholders.
 9. Comprehensive staff consultation was also undertaken by service managers, led by Human Resources. Guidance was issued to managers so that they had the necessary information to ensure full, meaningful and appropriate external consultation on specific budget proposals in their service areas. Separate guidance for internal staff consultation on specific budget proposals was provided by Human Resources. It was ensured that the two sets of guidance were consistent.
 10. Details are available in the annexes as follows:

- Annex 1: Summary of key points from the feedback
- Annex 2: Feedback from Overview and Scrutiny Management Committee
- Annex 3: resident and other stakeholder questionnaire
- Annex 4: Staff questionnaire
- Annex 5: Template for letters to partners
- Annex 6: Template for letters to organisations who may be impacted in specific ways
- Annex 7: List of partner organisations impacted by the draft proposals
- Annex 8: List of community and voluntary organisations invited to the meetings
- Annex 9: Details on consultation with staff and unions

11. The table below details, for external consultation, examples of the groups engaged with and the methods used:

Interest groups	Examples of engagement
All residents and stakeholders	Questionnaire (Annex 3) available on the council's website, in libraries and local housing offices. Feedback received from Members who had been contacted by constituents. Posters on relevant buses and bus stops for routes impacted by the draft proposals
Employees and Trade Unions	Staff questionnaire (Annex 4) available through the Intranet and Management Brief Regular meetings to receive specific feedback on individual proposals Meetings with the Unions Open door sessions for staff
Area based groups	7 area based meetings targeted at representatives of local organisations and stakeholders. A list of organisations invited is at Annex 8.
Meetings with specific user and interest groups	Meetings on individual proposals for example with the Pensioners Forum to discuss proposals relating to buses Meetings on proposals impacting of specific groups of people (as identified in the Cumulative Impact Assessment) Responding to requests to attend meetings organised by groups – e.g. on youth services and voluntary sector Letters to organisations who may be affected in specific ways with questionnaire (Annex 6) included Meetings using a variety of existing forums and user groups for relevant proposals

Partners and external organisations – including Southampton Connect, the NHS, businesses and the voluntary sector	Letters to partners and attendance at meetings – Annex 7 details full list of organisations contacted
	Briefing and discussion at Southampton Connect
	Letters to Business Solent, Chamber of Commerce, Business in the Community and others, with questionnaire included.
	Meetings have been offered with Cabinet Members – to the Chamber of Commerce, Business Solent, Business in the Community and Federation of Small Businesses
	Discussions at regular meetings
	Meeting organised by SVS for voluntary sector groups on 15 th January 2013 (48 groups represented)
	Detailed written feedback was also received from several key partners including the CGG, SVS, Chamber of Commerce and the Local Safeguarding Children Board.

12. Given that the council cannot afford to continue to do everything that it currently does, the consultation process was designed for Cabinet and Senior Managers to hear views about:

- The council's approach to delivering savings while prioritising
 - keeping people and places safe
 - helping people tackle poverty
 - meeting our legal obligations
- Suggestions for making savings and generating income that we have not yet considered
- Potential impacts, and action we could take to reduce impacts, that we have not already identified or explored
- Different ways the council could deliver services such as working with others, including partner organisations and local communities.

CONSULTATION PRINCIPLES

13. The Cabinet agreed that despite having limited resources to undertake consultation every effort would be made to ensure it was:

- **Inclusive**: so that all sections of the city's local communities have the opportunity to express their views
 - *The area based consultation meetings were held in the areas which experience the highest levels of deprivation and disadvantage. The meetings were by invite only to representatives of over 460 local community and stakeholder groups. They were led by Leader/ Cabinet Members and held in a discussion style to encourage genuine dialogue. The attendees were invited because they each represented a wider group of people from their community.*
- **Informative**: so that people have adequate information about the proposals, what different options mean, and a balanced and fair

explanation of the potential impacts, particularly the equality and safety impacts

- *Information, including the equality and safety impacts, was available on the council's website. At meetings, area based information was produced to make it easier for people to understand the particular impact the proposals may have for them.*
- **Understandable:** by ensuring that the language we use to communicate is simple and clear and that efforts are made to reach all stakeholders, for example people who are non English speakers or disabled people
 - *Every attempt was used at meetings to ensure there was little use of jargon and the Communities team were used to target organisations representing the interests of people from BME backgrounds and disabled people. However, following feedback on how to improve future access to and understanding of the council's budget report, consideration will be given to producing an easy to understand version of the proposals.*
- **Appropriate:** by targeting people who are more likely to be affected and using a more tailored approach to get their feedback, complemented by a general approach to all residents, staff, businesses and partners.
 - *This was achieved through service specific consultations as well as area based meetings and separate discussions with partners and stakeholders. Feedback has been received on improving specific consultation with service users and ensuring that this feedback is reflected in the impact assessments. Directors and service managers will need to give consideration to this for the rest of the consultation period as well as for future proposals.*
- **Meaningful:** by ensuring decision makers have the full consultation feedback information so that they can make informed decisions.
 - *An early analysis of the key points being raised was sent to Cabinet Members and Management Board of Directors just before Christmas and a further update was provided in advance of the Cabinet consideration of their proposals for this report. Notes from the area based consultation meetings were provided to them and individual Cabinet members also received analysis of the feedback on specific issues e.g. libraries consultation.*
- **Reported:** by letting consultees know what we did with their feedback.
 - *All attendees of the area based meetings received a draft set of notes outlining the key points that were being fed back to Cabinet Members and the Management Board of Directors from the meeting they attended. The intention is to publish a full feedback report after the end of the consultation and after decisions have been taken. This is to ensure that those who contributed to the consultation are informed about how the council took into account their feedback when making the final decisions.*

RESPONDENTS

14. In the 2011/12 budget the council's consultation process resulted in 478 responses from residents. The 2012/13 budget consultation also reached a range of stakeholders including the businesses sector. To date, for the 2013/14 budget consultation, over 2,150 external responses have been received and this included a number of responses which were made on behalf of individual organisations and their members and service users.

15. This is a greater response than in previous years, reflecting a wide range of methods deployed this year. Whilst efforts have been made to improve the level and type of consultation undertaken, part of the reason for this increase in numbers could be attributed to the scale of reductions proposed in this budget, with libraries and the youth service being particular examples that generated huge public interest.

16. The following table shows the number of responses received so far via particular consultation methods. **(Please note that the approximate number represents the number of individual responses received – in some cases these were on behalf of groups who represent several individuals or organisations)**

Interest groups	Detail	Approx. Number
Resident and Stakeholder feedback		210
Staff		148
Trade Unions		?
Residents groups/ area based meetings:	Northam	6
Representatives of groups/ organisations working in local areas who attended meetings	Hightown	4
	Swaythling	9
	Millbrook	9
	Newtown	14
	Weston	9
	Civic Centre	29
Targeted service users:	Young people	324
	Library users	1,460
	Charging Policy Consultation: Day centre users	114

Demographic details

17. Given the level of impact and interest in the proposals regarding libraries and changes to the adult social care non residential care charging policy, and to meet legal requirements, separate analysis and reports have been produced for these issues. They can be viewed on the council's website.

18. Many respondents to the consultation who used the questionnaire chose to provide their postcode details (144 out of 210). These responses have been mapped on the next page. While this analysis is based on a small sample, the geographic patterns show a general trend of more responses from the centre and west of the city. There is a small cluster of responses around where the P1 bus service runs and other concerns about bus services in between the Centre and the General hospital. The majority of responses in relation to Sure Start

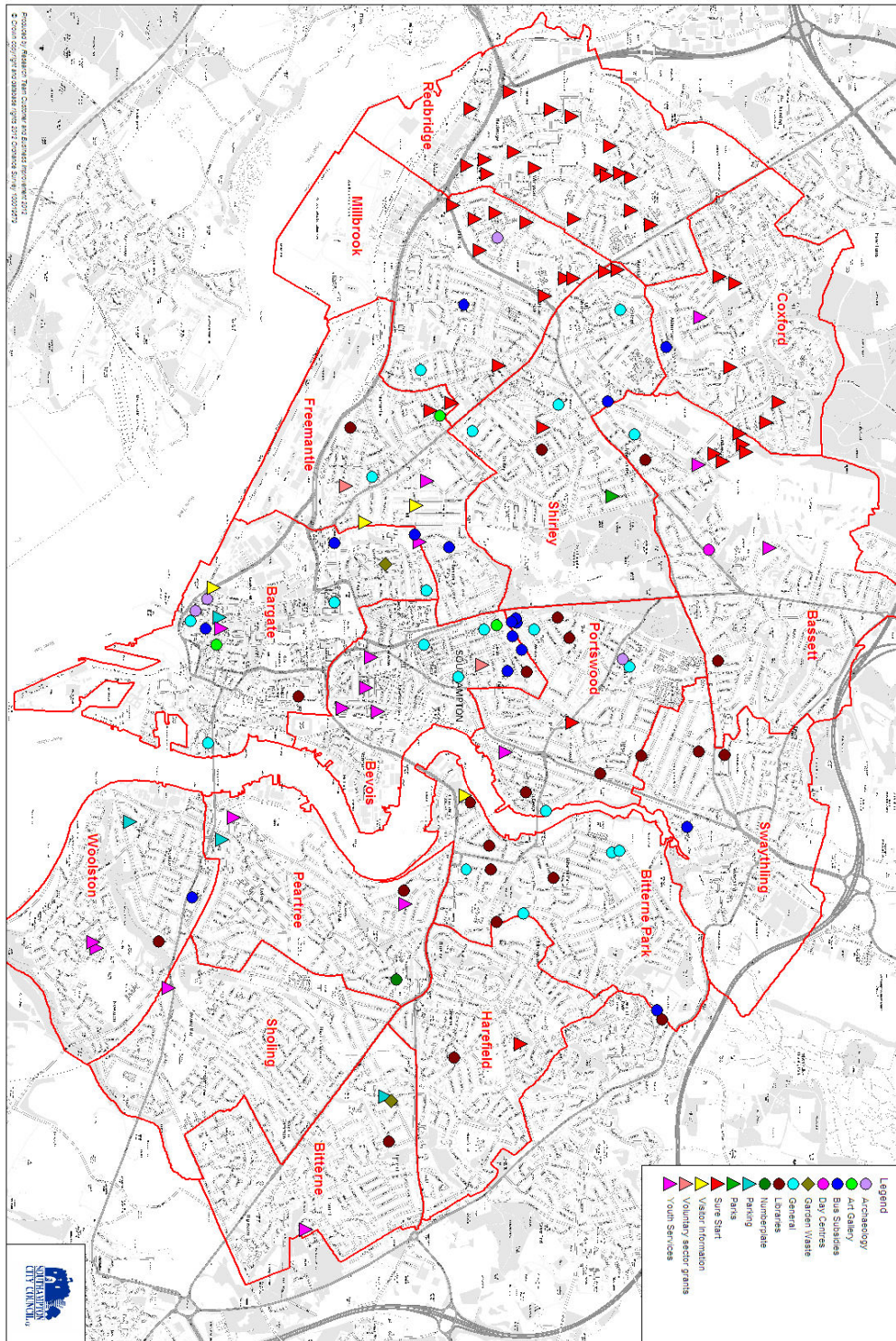
Children's Centres are from the West of the city around the Redbridge, Millbrook and Coxford areas, while concerns about youth services tend to be focused in the central/inner city area and the east.

ISSUES RAISED

19. Analysis of the feedback received has identified the 10 most frequently raised issues as:

- Reduction in library opening hours that resulted in no evening access
- Deletion of youth services and reduction of support to adventure playgrounds
- Impact of changes in parking charges - on local businesses and for residents in some areas of the city where finding a parking space is an issue
- Deletion or reduction of prevention and support services for children and families, for example young carers support
- Changes to the adult social care non residential care charging policy
- Potential impact on bus services resulting in reduced or no transport access to people for jobs and health services, as a result of the proposal to withdraw bus subsidy
- Reduction in Art Gallery opening hours
- Impact of the loss of a staffed tourist information centre facility on promoting and increasing access to Southampton as a place to spend time and money in
- Importance of focusing more on income generation
- Deletion of the Archaeology Unit

20. A summary of feedback received is attached at Annex 1.



Budget consultation feedback with ward boundaries

Figure 1

SPECIFIC FEEDBACK FOR SERVICE AREAS

21. Feedback has also been received in relation to specific service areas and proposals who have offered advice and comments – such feedback is the subject of ongoing discussions.

HOW THE CONSULTATION FEEDBACK WAS USED

22. The Cabinet have considered and reviewed proposals in response to the consultation feedback. The council received its draft funding settlement from the Government for 2013/14 and 2014/15 just before Christmas 2012. Initial analysis of the council's financial position indicates that additional one-off funding is now available in 2013/14. However, as the future financial forecast position continues to be challenging, where possible changes to proposals have been made with a view to mitigating the greatest impacts whilst considering how best longer term and more sustainable solutions can be delivered.
23. The consultation feedback included information on proposals which have impacts that had not previously been identified. This information is being reflected in the Equality and Safety Impact Assessments and to the Cumulative Impact Assessment which will be revised and published with the council budget papers in February 2013.
24. Details on the full list of changes are available in the main report and financial appendices and the examples below highlight how the budget feedback has influenced the revised budget proposals:
- **Libraries** – As a result of the overwhelming response from residents on the library proposals, changes to the reduction in opening hours are being considered. The feedback received contained a lot of information and suggestions for how to minimise the impact of the proposal. Whilst the detail is still being developed, in line with the feedback, consideration is being given to libraries in particular areas highlighted by the feedback: Central Library as the flagship facility, and maintaining a level of evening opening hours at Burgess Road, Portswood and Cobbett Road libraries.
 - **Youth and Play Services** – The consultation highlighted concerns about the reduction in youth and play services and the important role they play in preventing anti social behaviour and supporting young people to develop. As a result, the proposals for youth and play services have been amended and work will be undertaken to develop alternative future delivery models.
 - **Adult Social Care non-residential charging policy** – The feedback to the consultation on proposals in relation to the non residential charging policy included recognition that while those who can 'truly' afford to do so should pay towards the cost of their care, support was needed for those most affected and therefore, the changes should be phased in. As a result of feedback there will be a review of day service provision with a view to developing more personalised approaches and the increases in contribution rates will be phased in over two years.
 - **Prevention and support services for children and families** – Concerns were highlighted, particularly by the NHS, the voluntary sector and staff, regarding the size of the reductions in children's services as a whole and the cumulative impact of the loss or reduction of support and prevention services for children and young people. Particular concerns were raised regarding

CAMHS services, young carers and young people in danger of sexual exploitation. In response to this, the proposals for the reduction or cessation of young carers, foster care breaks, children missing or at risk of sexual exploitation, some CAMHS services, advocacy for disabled children and Jigsaw have now been reviewed and are detailed in the main report.

- **Charges at district centre car parks** – Feedback received has highlighted concerns that the proposals would impact on local traders and reduce the footfall in district centres. The Cabinet has responded by reviewing the proposal to introduce car parking charges in district centres and details are in the main report.
- **Poverty and the impact of the welfare reforms** – The council's draft cumulative impact assessment identified that a number of proposals will add service charges, increase costs or change the threshold for eligibility for residents on low incomes. Additional costs or loss of services will hit those receiving benefits at the same time as welfare reforms are phased in. Feedback on several of the budget proposals has echoed these concerns. A Scrutiny Inquiry on the Welfare Reforms also concluded that voluntary organisations and council services expect to see an increase in demand for services, adding pressure on budgets and reducing their capacity to manage the changing need. As a result the Cabinet proposes that transitional funding is set aside to develop and implement a sustainable and holistic mixed model approach to local welfare provision. The aims are for this scheme to harness existing provision to enable residents vulnerable to financial crisis to become more self-reliant and to build the capacity of the voluntary sector.
- **Children's Services Commissioning, Policy and Business Support** – Consultation feedback from professionals highlighted concerns about the impact of cuts in support services upon the efficiency and effectiveness of services across the directorate, particularly in relation to safeguarding services for vulnerable children, leaving social workers doing more of their own business support and in maintaining a robust overview of how money is spent and how well services are performing. Staff within services also highlighted concerns in relation to both the capacity of services to support legal, financial and contractual needs of the council in commissioning services, and suggested sustainable, alternative ways of funding some of these services without losing this capacity. As a result, the proposed savings in relation to business support to front line services and the management of complaints and customer care have been reduced, and alternative proposals for delivering savings in relation to performance management, commissioning and contracts work have been developed.

FEEDBACK ON THE CONSULTATION PROCESS

25. In addition to feedback on the budget proposals themselves, comments were also received on the consultation documentation and process. The council will consider these issues for next year's consultation process with a view to improving it. Key issues raised included the need to improve:

- Accessibility of the budget information – this includes easy to understand language and a better explanation of the impacts on residents and stakeholders
- Engagement with service users to consider the potential impact of proposals and when developing Equality and Safety Impact Assessments
- Need for more demographic data to improve the level of analysis on responses
- Availability of the budget proposals to community representatives
- Easier access to the published version on the website
- Early and ongoing strategic and honest dialogue with the voluntary sector
- Equality impact assessments for non-budget related decisions so that they can be published
- Partnership working in aligning the priorities of respective organisations and optimising opportunities to strengthen and accelerate joint working through the work of existing arrangements such as the Joint and Integrated Commissioning Board, the recently agreed Joint Commissioning Framework and related work
- Future joint working on both local authority and health savings proposals including the development of a joined up approach that seeks to mitigate and manage the overall impact on the City and on provider organisations and a review of the impact and priorities in the round as joint commissioners.

CONCLUSION

26. The 2013/14 budget consultation exercise generated significant interest compared to previous years. This will, in part, be due to the level of the proposed reductions and some high profile services affected. However, the range of engagement methods used and proactive approach taken is also felt to be a contributing factor.
27. Given the level of budget reductions and the difficulty of competing service priorities much of the feedback confirmed impacts of proposals that the Council was aware of. However, the consultation process and feedback has enabled the wider impacts of proposals to be identified, helpful suggestions to be put forward and the level of feeling on specific proposals to be better understood.
28. The response to the consultation has been instrumental in enabling the Cabinet to review some of the proposals to mitigate impacts on the most vulnerable. Further collation is being done to ensure feedback received across the council is reflected in the final report to council.

Summary of consultation feedback on the 2013/14 budget proposals

Most common issues	Main suggestions
<p><u>Children's services</u></p> <ul style="list-style-type: none"> • Cuts to early intervention will only shift the problems (and costs) onto social care and raise levels of anti-social behaviour • Who will take on the role of co-ordinating NEET officer • Cut of independent advocacy • Have lost clients amongst budgets and bureaucracy • Hightown/ Thornhill open access centre will not be able to pay for their own D of E award licence and this will result in a loss of a key activity for young people at a transitional time in their lives • Impact on children who have special educational needs. • Impact of cutting the funding for the young carers scheme. • The level of savings proposed to come from Children's Services budgets (some 16% of total spend) appears disproportionate - this level of disinvestment will inevitably impact on the City's outcomes and performance targets for children and young people. It is massive and will have huge impact. • There is emphasis on troubled families in Families Matter programme and a big issue about young people and truancy yet you are cutting all the services that support these – how does that make sense? • There needs to be much more joined up thinking and partnership work with the voluntary sector. Comments also included the need to provide assurances that capacity will remain and plans are in place to maintain the delivery of services to the required standard. 	<p><u>Children's services</u></p> <ul style="list-style-type: none"> • Outsource school meals service • Move business support back into the teams they serve • Stop paying professional subscriptions • Why there is more management • Cut agency staff • Increase preventative work • Forest View Family Centre- open up rooms for outside agencies and charge - Other family centres at risk could also look at generating income
<p><u>Sure Start</u></p> <ul style="list-style-type: none"> • Reduced support to vulnerable parents will lead to increased health and social problems • Children will miss out on interactions and play opportunities • Loss of health visitor input and baby weighing • Partners disappointed that 22% cut proposed to Early Year and Sure Start, when early years is a national priority and critical for children's outcomes. • Protect Sure Care respite scheme. It is targeted and flexible, and highly valued by partners. • Proposals need to be carefully managed – massive changes including managing staff moral. Can this change be done within the timeframe? • Important to protect quality, governance issues • Important to involve families and users in change process; the timing of this involvement is important/and positive engagement. • Using volunteers generally good, but some concerns re: the support and supervision needed to manage this • Positive about integrating further with social care (although attitudes need to be addressed, as some stigma attached to social care). • Sure Start Clusters – positive re: exchange good practice and resources, • Partners need platform to seek funds from outside the city. • Given the priority for prevention, early intervention and children which need maximum protection what is the future for the Sure Start centres 	<p><u>Sure Start</u></p> <ul style="list-style-type: none"> • Stop employing agency social workers • Use volunteers to run Sure Start centres • Request a 50p / £1 contribution for Sure Start stay and play groups (suggested by group attendees) • Reduce the heating in Sure Start centres • Parents bring their own snacks to Sure Start groups (suggested by group attendees) • Close under used Sure Start centres

Most common issues	Main suggestions
<p><u>Youth and Play Services</u></p> <ul style="list-style-type: none"> • Concerns about an increase in crime and anti-social behaviour • More pressure on schools • Minimises the possibility of future ASB and other youth issues. Reduction in services will cost more money in the long run for the council and other agencies. • Concerns over what will replace youth centres that close. • Will lose opportunities to get informal feedback from young people about the views and pressures they face if support activities are cut. • The volumes of young people wanting something to do will put pressure on volunteers – it will take time to train the number of volunteers required to bridge the gap. • Many individual parents talked about the benefits the centre has had for their children. They have received a range of support and opportunities, and a reliable well-staffed service. Parents highlighted the particular needs of their children, including ADHD, and described how the play centre has helped with the social skills and confidence of their children. Parents also described the role the centre has had in their peace of mind knowing that their children are safe. In some cases parents are only able to go to work with the support of the centre. • The youth and play provision is very well attended and enjoyed by young people and children. • The provision not only plays an important role as somewhere for young people to go to but also supports them to gain a greater understanding of issues affecting them, for example substance misuse and sexual health. • Newtown Youth Centre supports young people to get jobs, go to college and make informed decisions about their future. • The centres also provide meeting facilities and course facilities for adults. • The outside areas of the sports pitch and adventure playgrounds provide somewhere safe to go at all times of the week, weekends and holiday periods. The area does not have much open space. • The provision makes a very positive contribution to community cohesion. All communities can attend the centres and mix with people from other cultures. The centres are not just for one community but are for the whole community. • The centres play an important role in reducing anti-social behaviour, there are for example about 100 young people attending the centre on a Friday night, without the provision they would be on the streets. • Through the provision young people get opportunities to take part in competitions and residential. 	<p><u>Youth and Play Services</u></p> <ul style="list-style-type: none"> • Explore options with schools to support young unemployed people. • Encourage young people to volunteer and support qualified youth workers. • More collaboration between Universities / colleges / private sector to make use of volunteering. • Youth Clubs to be run from schools (as it used to be). • Keeping youth centres open and using them as family centres during the day could help keep evening activities going. • Could more support for the Adoption Team mean more children are taken out of the care system and supported? • Move running of youth centres over to a community trust. • Since there is a very able and strong community in Newtown is there a way for the community to take more responsibility for maintaining provision? • Some additional funding could be found by renting out spaces. • Parents could be charged for the service provided. • An alternative organisation could run the centre with support from parents.
<p><u>Vulnerable young people</u></p> <ul style="list-style-type: none"> • Substance Misuse services: How is the risk of increased costs down the line being assessed when there is increase substance misuse or hospital admission because there are no support services? • CAMHS: Concerns about the cumulative impact of all the proposed reductions on the sustainability of CAMHS and ability to meet the emotional and mental health needs of children and young people in the city – an area of increasing need. Gaps in Tier 2 CAMHS (early support for emotional and mental health problems) have already been flagged by the recent May integrated Ofsted/CQC inspection. <ul style="list-style-type: none"> ○ Vulnerable young people: (e.g. substance misuse, teenage pregnancy, alcohol misuse, youth crime and NEET outcomes). • Particular concerns about the decommissioning of several services which serve small but highly vulnerable groups of young people, in particular: <ul style="list-style-type: none"> ○ Young Carers Service ○ Services for young people in danger of Sexual Exploitation • Concerns about the safe management of jigsaw if the post removed. 	<ul style="list-style-type: none"> • The following all need to be seen and understood together: <ul style="list-style-type: none"> ○ Reduction of CAMHS social workers, from 4wte to 2wte ○ Nearly 50% reduction in contribution to health CAMHS ○ Termination of targeted youth support contracts ○ Disinvestment in the City Council's youth services • The following proposals will impact on a range of outcomes and city wide priorities for young people (e.g. substance misuse, teenage pregnancy) and need to be seen in terms of their collective impact: <ul style="list-style-type: none"> ○ Termination of in house youth service ○ Decommissioning of the targeted youth support contracts ○ Removal of LA CSL contribution to Tier 2 young people's substance misuse treatment services.
<p><u>Libraries</u></p> <ul style="list-style-type: none"> • Serious loss of a key community resource. • Impacts on literacy particularly for children in the city. • Reduction in a good quality service for the city. • Reduction in specialist books stocks. • Libraries are local hubs, used by younger and older people, in a time of reduced 	<p><u>Libraries</u></p> <ul style="list-style-type: none"> • Local communities could get involved with helping to run libraries and therefore increase the opening hours. • Cafés in libraries to generate income. • Children could use computers in schools

DRAFT REPORT AS OF FRIDAY 25TH JANUARY 2013

Most common issues	Main suggestions
<p>benefits they will be even more important.</p> <ul style="list-style-type: none"> Working people will struggle to access libraries under the proposed hours as there is little evening opening of libraries. Many school libraries are not as well resourced as local libraries. Many children complete their secondary school homework online in libraries as they may not have access to computers at home. Particularly detrimental to its users in areas with not many community facilities as they are regarded as a community centre as well as a library. 52% of consultation respondents said they would be affected by the changes to the opening hours. Reducing library opening times, especially for Burgess Rd which is being reduced to 17 hours, will have real impact on children from the deprived Flower Roads estate who use the computers to do their homework 	<p>instead of libraries.</p> <ul style="list-style-type: none"> Open libraries on less days a week but for longer hours. Evening opening of the libraries is important; this should be staggered and spread across the city. Ask for voluntary contributions towards library loans (suggested by service user) Cancel new Woolston Library building project Charge for non-book library services Swop library stock around Extend Central library opening hours into the evening more Keep Central open on Fridays Retain Central Opening hours as they are Open all libraries later in the evening
<p><u>Reduction in bus subsidies</u></p> <ul style="list-style-type: none"> Reduced access to hospital for staff and patients Reduced transport links for those who live on the edge of city Reduced transport links for those who travel out of the city Lack of evening transport option with reduction proposal Concerns that the proposed changes to bus routes (especially 2 and 2A) as any changes can have a profound impact on people with LD who need set patterns 	<p><u>Reduction in bus subsidies</u></p> <ul style="list-style-type: none"> Hospitals could provide a service for their staff.
<p><u>Adult's services</u></p> <ul style="list-style-type: none"> Directorate review has too many people involved and will take too long Don't cut back on frontline services Concerned about the potential impact of the reductions outlined in ASC3 on the effectiveness and uptake of reablement services. Effective reablement services have been shown to reduce length of stay in hospital and impact on residential placement spend. These are important priorities both for improving the quality of care and outcomes for people using the services as well contributing to savings for the local authority and health. Impact of cuts to adults services and people of working age – will direct payments be cut as people rely on these and what about non pensioner payment of council tax impact? Reductions in funding for the advice and information service which is vital for older people - so where are older people supposed to go to get help ? 	<p><u>Adult's services</u></p> <ul style="list-style-type: none"> Reduce complications in receiving client contribution payments Sensory team have saved lots of money by providing rehab preventing costly rehab packages Welcome the changed focus in budget proposal ASC2 with the emphasis on using the funds to support remodelling of services. This will be focused on developing integrated working through the Integrated Person Centred Care approach to improve outcomes and reduce duplication as well as faster implementation of personalisation. There is current joint commissioning work underway to review the reablement services and to develop future commissioning priorities.
<p><u>Leisure Services: Visitor Information, Arts and Heritage</u></p> <ul style="list-style-type: none"> Loss of important resource for the city Impact on visitor numbers Major impact on the impression of the city SeaCity Museum is not an obvious location Southampton should have an information centre as a first point of call for tourists. Encourage cruise passengers to spend money in the city. Even small towns have a tourist information point The Art Gallery - Loss of key cultural facility for the city and it's visitors Impacts of the deletion of Arts & Heritage collections care team Reduction of curatorial capacity 	<p><u>Visitor Information</u></p> <ul style="list-style-type: none"> Tourist Information Office could be run by volunteers. Develop heritage trails. Only open Tourist Information Service in summer <p><u>Art Gallery</u></p> <ul style="list-style-type: none"> Charge local artists to display work in the Southampton Art Gallery Sell art / rent it out Cancel arts complex building project <p>Restructure Arts and Heritage</p>
<p><u>Archaeology</u></p> <ul style="list-style-type: none"> Loss of a key national archaeology unit and skills associated Loss of young archaeology club and associated benefits 	
<p><u>Parking</u></p> <ul style="list-style-type: none"> Reduction in economic activity as a result of changes to city centre parking charges Lack of parking spaces - in some area of the city (fringes of the city centre) 	<p><u>Parking</u></p> <ul style="list-style-type: none"> Offer parking concessions for upfront payment online.

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Most common issues	Main suggestions
<ul style="list-style-type: none"> residents find it difficult to find parking because of the night time economy Concerns surrounding impact on viability and vitality of District centres The introduction of on street charges will have an impact on the night time economy Increasing charges removes a competitive advantage 	<ul style="list-style-type: none"> Parking should be free for an initial 20 or 30 minutes to support local shops. Utilise council land to generate income.
<p>Street Cleansing</p> <ul style="list-style-type: none"> Concerns that if streets are not clean it could impact on tourist numbers 	<p>Street Cleansing</p> <ul style="list-style-type: none"> Ensure that key tourist sites are clean during the tourist season
<p>Community Centres</p> <ul style="list-style-type: none"> If groups who rent space are affected by the budget cuts, viability of community centres will be affected. Voluntary groups cannot replace all services the council is cutting. Do not cut support to charities and the voluntary sector 	<p>Community Centres</p> <ul style="list-style-type: none"> Establish top five major community services to maintain and increase council tax to save them.
<p>Other concerns</p> <ul style="list-style-type: none"> The loss of the ceremonial will save little and help make council events such as Mayor Making look ordinary Increase in Planning Fees - will not help economic recovery Extra pressure on staff as there is more work leading to the risk of more mistakes Reduced levels of productivity and morale The timescales for implementing proposals post the mid February decision are very tight and that, whereas contractually this may be acceptable, it does leave inadequate time for management of the winding down of a service or the smooth transition to a new model, particularly when complex partnership arrangements are involved. Need to improve the consultation process with the voluntary sector for the future. 	

General Suggestions for cost reduction and income generation			
Sell and Charge	Reduce	Stop	Change
<ul style="list-style-type: none"> Sell Council housing stock to a social landlord Sell/ lease l art Charge to use lifts in council housing with tokens available for those with disabilities Bring back fines for adult books Generate income from old Town Depot site e.g. parking Reduce/ stop 'goodwill' street cleaning work or start charging for it Increase revenue from Itchen Toll Bridge Get student landlords to pay council tax Start a local 'granny tax' to pay for care for the elderly Re-band council tax 	<ul style="list-style-type: none"> Reduce the amount of unnecessary printing and postage from housing with statements from tenant control Reduce times street lighting is on Reduce the number of free bus passes that are given out Less management / executives Less councillors Increase business rates for larger businesses Increase council tax – practically for larger homes (some suggest beyond government 2% cap) Reduce salary levels Reduce the level of staff who earn more than £40,000 Reduce number of staff in Finance there must be computer programmes that do this work now Reduce Capita contract Reduce office space and increase flexible / home working Reduce printing spend - have a single address for civic centre return post to save on 	<ul style="list-style-type: none"> Get rid of the City View magazine Cut Black History Month Stop providing translation services Stop employing agency social workers Stop use of PIPS agency for Occupational Therapy - This can be used to employ a full time member of staff, or fund overtime for those working part time already. PIPS cost an average of £1,000 per case and are given 30 at a time on occasion. Remove council tax exemption for PCSOs Stop providing tea, coffee and biscuits for staff and meetings Cancel the reinstating of SCC pay Do not send staff P60s through external post Stop outsourcing to Capita Stop employing consultants and agency staff Reverse pay increase- staff may not have voted for it if they were fully aware of job cuts 	<ul style="list-style-type: none"> Move to a bi-weekly green bin collection Have time out lighting in corridors of council housing flats Reinstate live music gigs at the Mayflower Merge council and Jobcentre Plus in Southampton Engage with Southampton businesses to get them to pay into a social fund Improve driving standards to reduce damage/ insurance costs across all services Get sponsorship for tree planting Look at moving to more cost effective suppliers Solar Panels fitted to council housing - any profits made would go back to the council, not the individual Use an independent panel to make budget decisions rather than team managers who have a personal relationship with staff Do fundraising Merge more services with Hampshire County Council to gain economies of scale Use reserves Get a loan from a Swiss bank

DRAFT REPORT AS OF FRIDAY 25TH JANUARY 2013

General Suggestions for cost reduction and income generation			
	<p>printing</p> <ul style="list-style-type: none"> Reduce hours - move to a 35 hour week 	<ul style="list-style-type: none"> End SCC as a unitary and go back into HCC Do not reinstate staff pay Stop salary increased - cap director / management pay 	<ul style="list-style-type: none"> Install solar panels on Civic buildings to save money on energy bills Improve contract terms with Vodafone Move to a four year election cycle More robust contractor management Make the working week Mon-Sun to remove weekend enhancements Review expenses Increase recycling of plastics to reduce levels of normal waste Use money intended for redundancy pay to train 'at risk' staff as social workers

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Feedback from OSMC

OSMC discussed the budget proposals at their meetings on 19 November 2012, 13 December 2012 and 24 January 2013. Recommendations from the January 2013 meeting which discussed adult social care charging policy and parking charges will be reflected in the consultation feedback report to full council. The main actions they recommended at their November and December 2012 meeting to the Executive and the responses are as follows:

- A. That the Executive clarify how their strategy and priorities align to their budget proposals
- Response from the Cabinet Member for Resources:
*These are the deepest cuts ever faced by this council due in part to sustained and ill thought out cuts in Government grant and poor financial decisions made by the previous administration.
Because of this unprecedented pressure on our revenue resources at this stage we are consulting on a budget which contains no new initiatives. We note that unless the national Government change policy the cuts in our core funding will mean further reductions in our funding in future years. Should they see sense and halt the year on year cuts to our budget our first priority will be to spend additional sums on developing the City's economy.*

*In broad terms this budget aims to do what it is possible to do to keep our citizens safe and to protect the poorest in our city. We are required to carry out in excess of 1,300 statutory functions which we will continue to do. We will continue to maximise the funding Southampton receives by making our case to government for financial investment into the city region. We will negotiate with partners to the financial benefit of the city.
Lastly we intend to restore Southampton City Council's reputation as having 'the worst industrial relations of any council in the country' to one which works with and not against our staff.*
- B. That the Group Leaders use their next meeting to explore how they can provide a united front to Central Government in order to get the best possible deal for the City.
- C. That the Executive consider phasing the proposed cuts to Youth Services over a two year period to enable alternative options to maintain provision to be identified and developed.
- Response of the Cabinet Member for Children's Services:
Review of proposals with recommendations for phased implementation to be considered by Cabinet in February 2013.
- D. The Cabinet Member for Children's Services be requested to attend the Committee at a future date to set out the clear strategic objectives for the Portfolio.
- Response of the Cabinet Member for Children's Services:
Proposal from the Cabinet Member to attend a future meeting – post May 2013.

DRAFT Resident and other stakeholder questionnaire on proposed 2013/14 budget

Introduction

1. Southampton City Council's Cabinet has published its draft budget for next year (financial year 2013/14). This draft budget contains the most challenging and difficult proposals faced in recent years.
2. The money the council gets from Government will be cut again and is expected to be cut further in coming years. This is set against growing demand for our services as well as increasing costs. Overall we need to save approximately £60 million in the next three years. To put this significant challenge in perspective, removal of the subsidy for Oaklands Pool will save the council in the region of £250,000. In order to meet the savings required for 2013/14 alone, we need to reduce our costs equivalent to approximately 100 services of a similar size.
3. Our choices are exceptionally limited but it does not reduce **the council's commitment or requirement to engage and consult before, during and after decisions are made. These tough decisions, which will have far reaching impact, mean that we must consult better than we have ever done previously.**
4. We want to ensure that we understand the views of our residents, service users, employees, partners, businesses, community and voluntary sector organisations and other stakeholders before we agree our final budget in February 2013. We want to hear what you think about:
 - The council's approach to delivering savings while prioritising keeping people and places safe, helping people tackle poverty and meeting our legal obligations
 - Any suggestions for making savings and generating income that we have not yet considered
 - Any potential impacts, and action we could take to reduce impacts, that we have not already identified or explored
 - Different ways in which the council could deliver services such as working with others, including partner organisations and local communities.

The budget context

5. We get our funding from four main sources – business rates, council tax, government grants, and fees and charges. Of these, business rates are beyond our control, big council tax increases are a further burden on our residents and don't raise that much (a 1% increase delivers £840,000), and our grant from government is being significantly reduced again.
6. Specifically, our budget gap is caused by the following factors:
 - Reduction in government grant - **at least £9.2 million**, possibly as high as £12 million
 - Inflation and interest payments - **£9 million**

- Impact of one-off funds to balance 2012/13 budget - **£6 million**
 - Other cost pressures - **£5.7 million**
 - Redundancy cost provision in 2013/14 - **£4 million**
 - Impact of accepting one-off council tax freeze grant in 2012/13 - **£2.1 million**
 - Cost of reinstating pay in 2013/14 - **£600,000**
7. We are engaged in a major change programme that aims to maintain essential services while reducing our costs but this will take time to deliver as it must involve major redesign of many services. In the meantime, our proposed budget has a number of ways for us to increase our income and make efficiencies. We are also proposing to increase council tax by 2%. However, it is inevitable that there will be service reductions. We do not want to be cutting services but we simply cannot afford to do everything that we currently do.

The scale of the problem

8. In a nutshell, we need to save approximately £60 million in the next three years. This draft budget would help us to save well in excess of £20 million in the first of those years. We spend more than £500 million a year. However, large chunks of council spending are protected. For example, over £100 million is for schools and we cannot take a saving here. Other amounts, totalling more than £50 million, are tied up in multi-year contracts that are difficult, although not impossible, to renegotiate – but this will take time. Once we discount the funding that is protected or very difficult to reduce, we are left with spending of about £200 million from which we need to take £60 million. This represents a reduction in council spending of 30% of targetable budgets in three years. This is unprecedented and a huge challenge but is by no means impossible to achieve. As explained earlier, in order to meet the required savings, we would need to reduce our costs equivalent to approximately 100 services of a similar size to Oaklands Pool or increase council tax by almost 30% (or an extra £370 on a Band D property). **We are not going to increase council tax by this amount** and we wouldn't be allowed to either but this does illustrate the scale of the challenge.

Our budget reduction priorities

9. In making difficult decisions we will have to focus on what is most important for our city. In making our decisions, we will prioritise:
- Keeping people and places safe
 - Helping people tackle poverty
 - Meeting our legal obligations.
10. One of the reasons for this consultation is to allow us to understand your priorities as our customers. We cannot please everyone and we know that many of our residents will be impacted by some of our proposals. This is sadly unavoidable but, with your feedback, we aim to ensure we minimise the impact of our proposals.

Thank you for taking the time to provide us with your views by answering the questions

Do you have any suggestions for savings, efficiencies or income generation that we have not considered in the budget proposals?

Are there any potential impacts of the budget proposals that you feel we have not considered?

Do you have any further comments related to the budget?

What is your full postcode?*

**This will not be used to contact you in any way.*

DRAFT Staff questionnaire on proposed 2013/14 budget

Our budget proposals for 2013/14 will clearly have a big impact on our employees, as well as on the services we provide for residents, businesses and visitors. The reality is that we will employ fewer people at the end of this process than we do now. It is not a position we want to be in and therefore we are committed to doing everything we can to minimise the number of employees who are made redundant.

We are developing our Southampton Transition Employment Project (STEP) which will overhaul our current redeployment and recruitment practices so that when employees leave the council (through career progression, retirement, voluntary redundancy, etc) we make every effort to fill vacant posts with employees who are at risk of redundancy. Employees who are directly affected by budget proposals will be consulted specifically on those proposals. Your Senior Manager is responsible for ensuring this happens.

As well as being interested in proposals that directly affect you, you are likely to have views on the wider budget proposals, particularly if you are a Southampton resident and therefore, a customer as well as an employee. Please take the time to share your thoughts with us using the attached questionnaire.

Do you have any suggestions for savings, efficiencies or income generation that we have not considered in the budget proposals?

Are there any potential impacts of the budget proposals that you feel we have not considered?

Do you have any further comments related to the budget?

If you have made any suggestions for changes and would like to discuss your views with a Cabinet Member or a Senior Manager please give us your contact details below:

Name

Email

Phone

Thank you for your feedback. We appreciate this is a difficult time because of the tough decisions that must be made. We want to make these decisions with your input rather than in isolation of you.

Template letters to partners on the budget proposals

Dear

I am writing to you as a key partner of Southampton City Council.

Southampton City Council's Cabinet published their draft budget for next year (financial year 2013/14) on 12 November 2012, starting a 90 day consultation period. We want to ensure that we understand the views of our residents, service users, partners, businesses, community and voluntary sector organisations and other stakeholders, as well as our employees, before we agree our final budget in February 2013.

We are in the same position as all public sector organisations that are facing unprecedented financial challenges. In our case, the council's funding from central Government, which is one of our main sources of funding, is being significantly reduced for the foreseeable future. This leaves us with a major shortfall adding to the pressures of increasing demand for some core services and rising costs. One other major source of funding is council tax and given the economic climate, we are not proposing significant increases in this.

We are engaged in a major change programme that aims to deliver the right outcomes while reducing our costs. As many of the people who use our services are also clients of your services, we are keen to continue to work closely with you to develop and deliver new ways of delivering services that would reduce costs for both organisations and in some cases, improve outcomes for our service users. However, we know that this level of change will take time to deliver.

In the meanwhile we have to agree a balanced budget in February 2013 and consider how to make reductions in our targetable budgets by about 30% over the next three years. This represents £60 million by 2016 and well in excess of £20 million next year alone. This level of reduction is unprecedented for us.

Before making any proposals for service reductions, we have made efforts to identify ways of generating more income and making more efficiencies. However, we simply cannot afford to do everything that we currently do and therefore will have to make some service reductions. As these may impact on your work and plans, we want to ensure you are fully aware of what we propose.

Details of our proposed budget can be accessed at www.southampton.gov.uk. We would like to work with you to develop a city-wide approach to delivering public services. We must work smarter with you and we will be expecting suppliers and contractors to play their part too.

[You may be particularly interested in the following specific proposals:

-]

We want to understand your views on our proposals and would be grateful for your feedback either by email or if you would like to meet, please contact

Template letters to organisations affected by specific proposals

Dear

I am writing to you regarding [your contract with/support from] the council.

The council will be publishing their draft budget proposals on 12 November 2012. It is important to note that at this stage they are proposals, not decisions. These proposals may be subject to changes when the final decisions are made at the annual budget setting meeting of the council on 13 February 2013.

This draft budget contains the most challenging and difficult proposals faced in recent years. There are conflicting challenges to come; ongoing reduction in available resources set against growing demand for our services as well as increasing costs. Overall we need to save approximately £60 million in the next three years. To put the significant challenges we face in real terms, withdrawal of the subsidy for Oaklands Pool will save the council £250,000 but in order to meet the required savings, we would need to reduce our costs equivalent to approximately 100 services of a similar size. This means that choices will be limited but it does not reduce the council's commitment to engage and consult before, during and after decisions are made. These tough times will strengthen the council's commitment to consult fully with those who may be affected.

The draft budget includes a proposal/s to [add]. Full details of our proposed budget are available on the council's website at www.southampton.gov.uk.

We want to ensure that we understand your views before we agree our final budget in February 2013. We want to hear about your views on:

- The Council's approach to delivering savings which is to prioritise keeping people and places safe; help people tackle poverty and meet our legal obligations
- Any suggestions for making savings and generating income that we have not yet considered
- Any potential impacts and action we could take to reduce impacts that we have not already identified or explored, particularly for your organisation
- Different ways in which your council could deliver services such as working with others, including other organisations and local communities.

Should you wish to make any specific enquiries or to address Councillors in person at a Council or Cabinet meeting, please email democratic.services@southampton.gov.uk. Please bear in mind that our budget consultation has now started and that the final decision on our 2013/14 budget will be made by Full Council on 13 February 2013. We will consider each and every representation up to and until 13 February 2013. However, you may wish to make representations earlier in the process.

If you would like this or future correspondence sent to you in Braille, Large Print, on Tape or translated into another language please contact the number at the top of the page.

Partners directly contacted about the budget proposals

<p>Solent LEP (Local Enterprise Partnership) PUSH (Partnership for Urban South Hampshire) Southampton Connect Business Solent Hampshire Chamber of Commerce Business in the Community Hampshire Constabulary Hampshire Fire & Rescue Service Hampshire Probation Trust Safe City Partnership Southampton Solent University University of Southampton Itchen Sixth Form College Richard Taunton Sixth Form College City College Southampton Schools Jobcentre Plus Skills Funding Agency Southampton City Clinical Commissioning Group Southampton University Hospitals NHS Trust Southern Health NHS Foundation Trust Solent NHS Trust Southampton Voluntary Services Open Spaces Society Friends of park groups Natural England Pete Best Treecare Groundwork Solent Environment Agency Hampshire Wildlife Trust Hampshire County Council Portsmouth City Council Scratch Society of St James Bag it UP Salvation Army</p>	<p>TfSH (Transport for South Hampshire) Road Safety Partnership Shadow Health & Wellbeing Board members City of Southampton Society Southampton Commons and Parks Protection Society (SCAPPS) British Heart Foundation Oxfam Dreams Come True Traid (Textile Recycling for Aid and International Development) First Wessex Aster Hyde Martlet Radian Group Spectrum Housing Group Raglan Affinity Sutton SHAPE (Southampton Heritage Arts and People) Cultural Development Trust Arts Council Heritage Lottery Fund FoSMAG (Friends of Southampton Museums and Galleries)</p>
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Community based organisations invited to area budget consultation meetings

Northam Community Centre – 10 December 2012	
Albion Towers Tenants & Residents Association	Northam Tenants and Residents Association
Block Rep from Anglesea Terrace	Open Friendship Azerbaijani Society
Castle House Residents Association	Oxford Street Traders' Association
Chapel Community Association	Palmerston House Tenants Association
Chinese Arts Southampton	Somali Women & Children Community Development Group
Chinese Association	South Front
Friends of Queen's Park	Southampton Christian Fellowship
Friends of Town Quay	Southampton Kurdish Community Association
Holyrood Estate Tenant & Residents Association	Southampton Women's Forum
Kingsland Community Association	St Bernard House Tenants Association
Block Rep from Kingsland House	St Marys Tenants & Residents Association
New Community Church Network	Block Rep from Teviot House
Nigerian Community in Hampshire No Limits	Trafalgar Road Neighbourhood Watch
Northam Community Association	York House Neighbourhood Watch
Hightown Centre, Thornhill – 11 December 2012	
Bitterne Crescent Neighbourhood Watch	Block Rep from Linacre Road
Bitterne Village Traders' Association	Block Rep from Lydgate Road
Breamore Road Neighbourhood Watch	Medwall Court Sheltered Accommodation
Block Rep from Burgoyne Road	Block rep from Meredith Towers
Block Rep from Byron Road	Montgomery Road Neighbourhood Watch
Byron Road Neighbourhood Watch	Moorhill to Woodlands Group
Coronation Homes Social Club	Moorlands Community Association
Dean Road Neighbourhood Watch	Parent Support Link
Block Rep from Dewsbury Court	Pleasant View Social Club
Douglas Crescent Neighbourhood Watch	Block Rep from Rowlands Walk
Block Rep from Dumbleton Towers	Southampton Sustainability
Fairfax Court Sheltered Accommodation	Block Rep from Tatwin Crescent
Friends of Dumbleton Copse	THAWN
Friends of Hinkler Green	The Birches Neighbourhood Watch
Fritham Road Neighbourhood Watch	Thornhill Lunch Club
Block Rep from Hallett Close	Thornhill Plus You
Harefield Community Association	Block Rep from Thruxton Court
Harefield Tenants and Residents Association	TRIP & Young at heart
Block Rep from Herrick Close	Block Rep from Vanguard Road
Hum Hole Project	Block Rep from Warburton Road
Impact Solid Options	Block Rep from Wavell Road
Keynsham Action Group	Block Rep from Witts Hill
Keynsham Road Tenants Association	

Swaythling Neighbourhood Centre – 12 December 2012	
Apna Group	North West Bassett Residents Association
Bangladesh Jubo Chongo	Northcote Road Neighbourhood Watch
Bassett Avenue Neighbourhood Watch	Northfield Road Neighbourhood Watch
Bassett Gardens Neighbourhood Watch	Oakmount Triangle Residents Association
Bassett Green Court Tenants Association	Old Bassett Residents Association
Bassett Wood Drive Neighbourhood Watch	Orchards Way Neighbourhood Watch
Bitterne Park Residents Association	Pakistan Welfare Association
Brindle Close Neighbourhood Watch	Southampton
Castle Road Neighbourhood Watch	Portswood Gardens Resident association
Collier Close Neighbourhood Watch	PRADOS Tenants and Residents Association
Common Sense	Priory Road Neighbourhood Watch
Block Rep from Copse Road	Providence Park Residents Association
Courtland Gardens Neighbourhood Watch	Ridgemount Area Residents Association
Crofton Close Neighbourhood Watch	Riverview Residents Association
East Bassett Residents Association	Roseland Gardens Neighbourhood Watch
Flower Roads Residents and Tenants Association	Block Rep from Rowlands Walk
Friends of Monks Brook Village Green	Sherborne Road Neighbourhood Watch
Friends of Portswood Rec	Southampton Commons and Parks Protection Society
Friends of Riverside Park	St Denys Community Centre Association
Friends of Southampton Old Cemetery	St Denys Junior Youth Club
Hampton Park Residents Association	St. Denys Community Events Group
Harrison Road Neighbourhood Watch	Stoneham Lane Neighbourhood Watch
Heatherdeane Road Neighbourhood Watch	Stoneham Lane Neighbourhood Watch
Highfield Residents Association & North Southampton Forum	Swaythling Neighbourhood Centre
Holly Hill Residents Association	Swaythling Youth Club
Kutchi Women's Group	Thorold Road Neighbourhood Watch
Block Rep from Leaside Way	Three Rivers Community Rail Partnership
Leaside Way Residents Association	Thrinjun Group
Leigh Road Neighbourhood Watch	Tower Gardens Residents Association
Litchfield Road Neighbourhood Watch	Townhill Action Group
Mansbridge Residents Association	Townhill Park 50 Plus Club
Mayfield Road Neighbourhood Watch	Townhill Park Community Association
Block Rep from Meggeson Avenue	Townhill Park Residents Association
Meggeson Avenue Tenants Association	Underwood and Redhill Residents Association
Block Rep from Midanbury Walk	Vectis Court Neighbourhood Watch
NBSP Community Group	Ventnor Court Residents Association
North East Bassett Residents Association	Ventnor Court Tenants Association
North Forum Residents Association	Vermont Close Neighbourhood Watch
	Wellington Road Parent & Toddler Group
	Woodstock Drive Neighbourhood Watch

Weston Court, Woolston – 13 December 2012	
<p>Ashurst Park Residents Association Bishops Crescent Tenants and Residents Assoc Bitterne Crescent Neighbourhood Watch Bracklesham Close Neighbourhood Watch Bridge Road Neighbourhood Watch Bursledon Road Neighbourhood Watch Busybees Toddler Group Block Rep from Candover Court Chapel Crescent Neighbourhood Watch Cliff Residents Association Block Rep from Copenhagen Towers Copenhagen Towers Neighbourhood Watch Deacon Crescent Neighbourhood Watch Block Rep from Drummond Court Drummond Court Neighbourhood Watch Family Circle Club Fir Tree Way Neighbourhood Watch Forum Support Organisation (Help and Care) Freemantle Common Play Association Friends of Mayfield Park Friends of Peartree Green Friends of Weston Shore Gladstone Road Neighbourhood Watch Hampshire Autistic Society Block Rep from Hampton Towers Block Rep from Havre Tower Itchen Estate Tenants and Residents Association Lime Close Neighbourhood Watch Malden Road Neighbourhood Watch Margam Avenue Neighbourhood Watch Merryoak Community Association Block Rep from Montague Avenue</p>	<p>Block Rep from Orpen Road Orpen Road Neighbourhood Watch Oslo Towers Neighbourhood Watch Peartree Community Action Forum Block Rep from Rotterdam Towers Sholing Community Action Forum/ Sholing Youth Project Sholing Community Association Sholing Road Neighbourhood Watch Sholing Senior Citizen's Group Sholing Valleys Study Centre Southampton Amateur Rowing Club Southampton Sailing Club Spring Road Neighbourhood Watch St Marks Institute Block Rep from Stainer Close Stanford Court Tenants Association The Grove Neighbourhood Watch The Oaks Neighbourhood Watch Block Rep from Walton Road Waterside Park Residents Association West Road Neighbourhood Watch West Wood Community Park Association Block Rep from Weston Court Weston Court Community Group (Lunch and Laughs) Westwood Park Community Association Wharnclyffe Road Tenants Association Block Rep from Wood Close Woolston Camera Club Woolston Community Association Woolston Community Bus Service Woolston Traders Association</p>

Mount Pleasant School, Newtown – 18 December 2012	
<p>Al Nisaa Muslim Women's Group Albany Road Neighbourhood Watch Andover Road Neighbourhood Watch Apna Group Aryana Afghan Women's Group Asian Christian Fellowship Block Rep from Atherley Court Bedford Place Traders' Association Black Heritage Group Charlton Road Neighbourhood Watch</p>	<p>Block Rep from Marshall Square Milan Group Muslim Council of Southampton Newtown Residents Association Outer Avenue Residents Association Pensioners Forum Randolph Street Neighbourhood Watch Ranelagh Gardens Residents Association Rockstone Lane Residents Association</p>

Mount Pleasant School, Newtown – 18 December 2012	
<p>Chrysalis City of Southampton Society CLEAR Clovelly Road Residents Association Community Access CIC Confederation of African Caribbean Organisation Council of Southampton Gurdwaras Do It Yourself Girl! EU Welcome Project Firgrove Road Neighbourhood Watch Freemantle Triangle Residents Association French African Association Friends of Ropewalk Community Garden Girl Guiding Southampton Central Division Golden Goa Association Graham Road Residents Association Grove Road Neighbourhood Watch Hampshire Latvian Society Hampshire LGBTQI Network Hampshire Puja and Cultural Association Hampshire Somali Community ICE Kutchi Men's Group</p>	<p>Russian Speaking Community S.O.S. Polonia Sikh Ladies Circle Southampton Afghani Shia Association Southampton Asian Seniors group Southampton Council of Faiths Southampton Federation of Residents Associations Southampton Learning Disability Partnership Board Southampton Muslim Women's Group (SMWG) Southampton Sudanese Community Association Southampton Women's Aid Suhana and Roshni The Gambia Society Block Rep from Trafalgar Road Ujala Frail Asian Elders UNA (United Nations Association) WEA Wednesday Women's Group Block Rep from Wolseley Road Wolseley Road Neighbourhood Watch Women Inspired Wyndham Court Residents Association</p>

Millbrook MP3 – 19 December 2012	
<p>Blackbushe, Pembrey, & Wittering Residents Association Blighmont Crescent Neighbourhood Watch Bourne Avenue Neighbourhood Watch Bradley Green Neighbourhood Watch Bridlington Avenue Neighbourhood Watch Brunel Road Neighbourhood Watch Block Rep from Buckley Court Block Rep from Chiltern Green Choices Advocacy Clarendon Road Neighbourhood Watch Block Rep from Clover Nook Block Rep from Colne Court Coniston Road Neighbourhood Watch Coxford Community Association Darlington Gardens Neighbourhood Watch Block Rep from Eastchurch Close Block Rep from Ennerdale Road</p>	<p>Lumsden Avenue Residents Association Malayalee Association of Southampton Maybush and District Community Association Block Rep from Maybush Court Melrose Road Neighbourhood Watch Mill Road Neighbourhood Watch Block Rep from Milner Court Percy Road Tenant and Residents Association Pewsey Place Neighbourhood Watch Pirrie Close Neighbourhood Watch Pirrie Close/Harland Crescent Residents Association Plam Road Neighbourhood Watch Portelet House Residents Association Radway Crescent Neighbourhood Watch Radway Road Neighbourhood Watch Block Rep from Redbridge Hill Redbridge Residents Association Block Rep from Redbridge Towers</p>

Millbrook MP3 – 19 December 2012	
<p>Evelyn Crescent Neighbourhood Watch Friends of Mansel Park and Millbrook and District Community Association Friends of St James's Park Block Rep from Goodwin Close Gover Road Neighbourhood Watch Guernsey Close Tenants Association Harland Crescent Neighbourhood Watch Block Rep from Hollyoak Court Block Rep from Jessamine Road Block Rep from Kendal Avenue King Edward Avenue Neighbourhood Watch King Georges Avenue Neighbourhood Watch Kinloss, Cardington and Cranwell Court Tenants and Residents Association Leicester Road Neighbourhood Watch Lennox Close Neighbourhood Watch Lewis Silkin and Abercrombie Gardens Residents Association Lincoln Court Neighbourhood Watch Lordshill Community Centre Lordswood Community Association</p>	<p>Regents Park Community Association Reynolds Road Neighbourhood Watch Block Rep from Salerno Road Block Rep from Shinwell Court Shirley Park Road Neighbourhood Watch Shirley Traders' Association Shirley Warren Community Garden Shirley Warren Residents Association Springford Road Neighbourhood Watch Block Rep from St James Close Block Rep from Taranto Road The Supporters of the Warren Centre Thornbury Avenue & District Residents Association Upper Shirley Residents Association Westover Road Neighbourhood Watch Block Rep from Willow Court Wilton Road Neighbourhood Watch Wimpson Lane Tenants Association Winchester Road Neighbourhood Watch Windermere Avenue</p>

DRAFT

DETAILS OF CONSULTATION WITH STAFF AND TRADE UNIONS

1. The council takes its obligations under section 188 of the Trade union and Labour Relations (Consolidation) Act 1992 to provide our employees and their union representatives with information on budget proposals very seriously. In order for the council to meet its obligations as a good employer and also in order to start the process of discharging its obligations under s.188 of the Trade Union and Labour Relations (Consolidation) Act 1992, a detailed staff and union consultation document launched the statutory consultation process for the budget proposals published in November 2012 for implementation in April 2013.
2. This staff consultation document included a range of information relating to the budget proposals with implications for employees. This document release represented the start of the consultation process. The detailed guidance on consultation was issued to managers and updated regularly. It is important to the council, that all employees and union representatives take the opportunity available in the next 90 days to discuss the proposals, including offering a wide range of alternative options to achieve the same budgetary reduction.
3. The council also takes its responsibilities under the Equality Act 2010 very seriously and therefore employees were advised to speak to their manager, HR Pay or their trade union representative at the earliest opportunity if they considered themselves disabled under the Act and required any reasonable adjustments to the consultation and/or the selection process.
4. The consultation document provided the financial context in which the budget proposals had been made and included the following:
“As a council we are committed to improving our efficiency and exploring new ways of working to ensure so that we can continue to deliver as many front line services as possible and minimise the impact of a reducing budget on our employees. However, given the unprecedented financial challenge and the council’s significant budget shortfall, we will need to reduce employee numbers across the council which will unfortunately lead to redundancies.

We recognise that continuous organisational change is very unsettling but the council’s financial position is both urgent and unavoidable and makes difficult decisions inevitable. However, it is important to highlight that the aim of these changes is to allow us to continue to deliver excellent services that place our customers at the centre of everything that we do.

We take our obligations under section 188 of the Trade union and Labour Relations (Consolidation) Act 1992 to provide our employees and their union representatives with information on budget proposals very seriously. This consultation document launches the statutory consultation process for the budget proposals published in November 2012 for implementation in April 2013. The proposed detail in section 2 is for consultation. It is important to us, that all employees and union representatives take the opportunity available in the next

90 days to discuss the proposals, including offering a wide range of alternative options to achieve the same budgetary reduction.

It is important that all employees and union representatives are aware that during the consultation period further information may be given or updated. This reflects the fact that, by the very nature of consultation, not all of the proposals will be fully formed at this stage as we wish to give you the opportunity to contribute to shaping the final proposals. If further information is required please tell us so that this can be addressed.”

5. All consultation documents, including some generic answers to questions, will be placed on the intranet on the HR Pay section under the heading ‘budget’.

[mailto:](#)The document also included a detailed consultation timetable as follows:

Week	Indicative date	Activity	Responsibility
0	12 November 2012	Collective consultation commences with trade unions	Corporate consultation team and trade unions
0	12 November 2012	Collective consultation commences with employees affected by proposals.	Directors and Senior Managers
1		Individual and service specific consultation meetings begin exploring: <ul style="list-style-type: none"> • voluntary measures • restructure proposals • selection methods • selection criteria All meetings will have a written record taken	Directors and Senior Managers
2		Employees within specific services or functions that are proposed for deletion identified as ‘at risk’ and placed on redeployment register.	Directors and Senior Managers
2	26 November 2012	Collective consultation meeting.	Corporate consultation team and trade unions
4	12 December 2012	Collective consultation meeting.	Corporate consultation team and trade unions
7	4 January 2013	Collective consultation meeting.	Corporate consultation team and trade unions
9	18 January 2013	Collective consultation meeting.	Corporate consultation team and trade unions
11	1 February 2013	Collective consultation meeting.	Corporate consultation team and trade unions
12	5 February	Executive publish their final budget	Executive

DRAFT REPORT AS OF FRIDAY 25TH JANUARY 2013

12	2013 5 February 2013	proposals. Cabinet meet to recommend final budget proposals.	Executive
12	9 February	End of Statutory 90 day minimum consultation	
13	13 February 2013	Annual budget set at Full Council and decisions communicated to workforce	Full Council
13		Dismissal hearing invitations issued (10 working days notice) to employees where specific services or functions are being deleted (no selection process required).	Directors and Senior Managers
13		Selection process commences where a reduction in posts arises from a restructure or reduction in a 'pool' of similar posts. Employees selected for redundancy will be placed on the Redeployment Register for a minimum four months.	Directors and Senior Managers
15		Dismissal hearings. Employees given up to three months notice dependent on length of service as per contract of employment, and right of appeal against the dismissal	Directors and Senior Managers

6. The consultation started on 12 November 2012 and ends on 9 February 2013. Consultation meetings with staff and Trade Unions commenced on 12th November 2012 and will continue up until 9 February 2013. Meetings have occurred at a council-wide level with Trade Unions, and at a directorate and service-level with affected staff and Trade Unions. The numbers of directorate and service meetings will be reported in the budget report to council in February 2013.

7. In addition to these face-to-face meetings, each savings proposal that has a direct impact on staff has been detailed in a consultation document and made available to employees via the intranet (and in hard copy where required). The budget consultation pages on the council's intranet have been regularly updated and include a frequently asked questions section. More than 50 enquiries from employees have been received and dealt with directly. Budget consultation meetings have also been held with the Trade Unions to discuss the Executive's draft budget proposals. Suggestions put forward by the Trade Unions have been considered by the Executive in drawing up their final budget proposals.

EQUALITY IMPACT ASSESSMENTS

PURPOSE OF THE REPORT

It is a statutory requirement that the Council show how it has assessed the impact that policies, decisions' and procedures might have on age, disability, gender, gender reassignment, race, religion or sexual orientation assessments – referred to as 'protected characteristics'.

The purpose of this report is to summarise the work undertaken in relation to impact assessment outlining the issues and the responses and action taken by the Council.

The Cumulative Impact Assessment will be updated in time for the Full Council meeting on 13 February 2013 as they have to be revised on the basis of amended Equality and Safety Impact Assessments (ESIAs). Service managers are currently revising their ESIAs to reflect feedback they have received on impacts from different stakeholder groups – service users, partners, businesses and residents.

The updated Cumulative Impact Assessment will available in Members' Rooms and at Appendix 2 prior to the Full Council meeting on 13 February 2012.

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Agenda Item 4

~~APPENDIX 3~~
~~Appendix 3~~

GENERAL FUND 2012/13 - REVISED BUDGET

	Working Budget £000's	Revised Budget £000's	Variance £000's
Portfolio Total (*)	216,738	219,838	3,100 A
Levies & Contributions			
Southern Seas Fisheries Levy	46	31	15 F
Flood Defence Levy	43	42	1 F
Coroners Service	560	575	15 A
	649	649	0
Capital Asset Management			
Capital Financing Charges	14,265	12,265	2,000 F
Capital Asset Management Account	(25,565)	(25,565)	0
	(11,301)	(13,301)	2,000 F
Other Expenditure & Income			
Direct Revenue Financing of Capital	313	313	0
Net Housing Benefit Payments	(882)	(882)	0
Non-Specific Govt. Grants	(120,941)	(121,291)	350 F
Contribution to Pay Reserve	127	127	0
Collection Fund Surplus	(373)	(373)	0
Council Tax Freeze Grant	(2,071)	(2,071)	0
Open Space and HRA	436	436	0
Risk Fund	3,911	3,361	550 F
Contingencies	344	344	0
Surplus/Deficit on Trading Areas	(168)	(168)	0
	(119,304)	(120,204)	900 F
NET GF SPENDING	86,783	86,983	200 A
Draw from Balances:			
To fund the Capital Programme	(313)	(313)	0
Draw from Balances (General)	(2,782)	(2,982)	200 A
Draw from Strategic Reserve (OD Reserve))	(482)	(482)	0
	(3,577)	(3,777)	200 A
BUDGET REQUIREMENT	83,206	83,206	0

* Environment & Transport Portfolio - Additional Funding for Highways Maintenance (£0.2M)
Children's Services Portfolio - Additional Funding for Safeguarding (£2.9M)

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PROVISIONAL LOCAL GOVERNMENT SETTLEMENT

The Comprehensive Spending Review (CSR) released in October 2010 and the detailed Local Government Finance Settlement that followed confirmed the unprecedented reductions in Local Government Funding over the next four years, which were front loaded. Detailed settlement figures were provided for 2011/12 and 2012/13 but the final two years were subject to a Local Government Resource Review, which concluded with the announcement of the draft settlement in December.

No detailed grant settlement figures had been released for 2013/14 and beyond, and given the level of uncertainty, in calculating an indicative Council Tax for 2013/14 it had been assumed that the figures for National Non-Domestic Rates (NNDR) and Revenue Support Grant (RSG) would reduce by 7%. Uncertainty was heightened as the financial year 2013/14 sees a number of fundamental changes including:

- The retention of Business Rates and the extent to which Local Authorities may benefit or lose from increases / decreases in Business Rate growth.
- The localisation of support for Council Tax including an associated 10% reduction in funding.
- The transfer of Public Health to Local Authorities and its associated funding.
- The introduction of Police Commissioners from November 2012 and the associated transfer of crime prevention responsibilities from Local Authorities.

In addition, it was difficult to predict the future of health funding allocated to Local Government beyond 2012/13 but it was assumed that there would be a continuation of this funding in line with the indicative levels set out in the CSR.

Since the CSR announcement which set out the local government spending control totals there were subsequent changes in the light of changing government policy and the ongoing difficult economic position. These changes were crystallised in the publication by the Department for Communities and Local Government (CLG) entitled "Business Rates Retention – Technical Guidance" and indicated a reduction in funding in excess of that set out in 2010.

The changes included transfers and adjustments to the local government spending control totals, and included proposed methodologies for incorporating those separate grant funding streams into the new Business Rates Retention (BRR) Scheme from April 2013.

In the light of the information set out in the publication by the Department for Communities and Local Government (CLG) entitled "Business Rates Retention – Technical Guidance" the original 7% reduction in funding was reduced downwards by a further £1M, effectively allowing for an 8% reduction in government grant funding, (excluding the impact of New Homes Bonus for which the Council will receive additional funding).

The Local Government Financial Settlement was officially released on 19 December 2012 but many of the figures did not become available until the next day. Even then the figures have been continually amended with DCLG even sending out a revised settlement on the 4 January 2013 and there remain details to be published.

Unlike the CSR which provided a national high level funding position for the 4 year period 2011/12 – 2014/15, the provisional settlement provides Southampton with our provisional funding allocations for the next two years (2013/14 and 2014/15) only. The final allocations are expected to be confirmed in January / February 2013. No further information is available for 2015/16.

HEADLINE POSITION AS PER GOVERNMENT ANNOUNCEMENT

The Secretary of State announced that councils will face an average cut of 1.7% in their “spending power”; and that no local authority would experience a decrease of more than 8.8% in 2013/14, as a result of the grant reductions. These comparative figures relate to local authority “revenue spending power” – a new definition used by the government, which encompasses an individual authority’s:

- council tax
- start up funding (which replaces formula funding)
- specific grants
- NHS funding for social care

A reduction in Revenue Spending Power of 2.0% was announced for Southampton. This figure is incorrect and double counts some elements of funding in respect of Council Tax Benefit and furthermore it misrepresents the true reduction in funding. The system is complicated and it can be argued this lack of transparency hides the significant cuts that local authorities have been subject to over recent years.

REAL POSITION

The Government funding system for local authorities has changed significantly since 2010. Below is the estimated position which was assumed for financial planning purposes as published in November compared to the provisional settlement:

	2012/13	2013/14		2014/15	
	£000's	£000's		£000's	
<u>Estimate</u>					
Non-Ring Fenced Grants (Excluding New Homes Bonus)	19,462.7	18,100.3	-7%	16,833.3	-7%
Formula Grant	99,483.2	91,519.4	-8%	85,042.1	-7%
Subtotal	<u>118,945.9</u>	<u>109,619.7</u>		<u>101,875.4</u>	
New Homes Bonus	1,864.9	2,664.9			
Council Tax Benefit Support		14,009.0		14,009.0	
Total	<u>120,810.8</u>	<u>126,293.6</u>		<u>115,884.4</u>	
<u>Updated</u>					
Non-Ring Fenced Grants (Exc New Homes Bonus & New Burdens*)	19,462.7	17,773.7	-9%	14,139.9	-20%
Formula Grant	99,483.2	92,929.1	-7%	82,101.3	-12%
Subtotal	<u>118,945.9</u>	<u>110,702.8</u>		<u>96,241.2</u>	
New Homes Bonus	1,864.9	2,581.8			
Council Tax Benefit Support		14,254.6		14,254.6	
Total	<u>120,810.8</u>	<u>127,539.2</u>		<u>110,495.8</u>	

This shows that the headline reductions in funding are broadly in line with expectations in 2013/14 but 2014/15 represents a worsening position. Having tracked the headline numbers then further work has been undertaken to factor in changes to expenditure which are summarised below:

	2013/14	2014/15
	Updated	Updated
	£000's	£000's
Difference	(1,245.6)	5,388.6
Offsetting Expenditure Changes	(1,836.3)	(2,547.3)
	<u>(3,081.9)</u>	<u>2,841.3</u>

(* This includes provision for the Social Fund of £654.2k in 2013/14 and £644.7k in future years, responsibility for which passes to the Council from the DWP in April 2013)

BUSINESS RATES

The 2013/14 provisional finance settlement sees the launch of the Business Rates Retention (BRR) Scheme as the principle form of local government funding. In previous years, the provisional settlement announcement provided local authorities with their expected general revenue allocations for the following financial year. For 2013/14, the provisional settlement provides authorities with a combination of provisional grant allocations and their respective starting points within the BRR Scheme.

The settlement announces the key numbers around which authorities will take their decisions and this is the final element of the settlement.

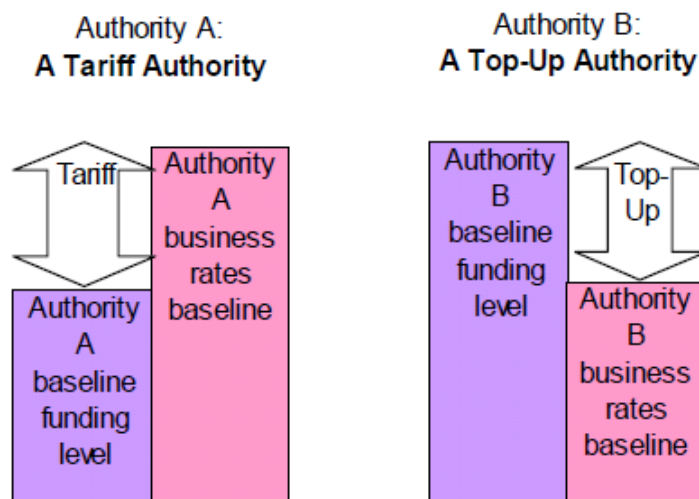
The Estimated Business Rates Aggregate for 2013/14 has been announced as £21.8bn. This is the overall amount that the Government estimate will be collected through business rates in the coming year. This figure is lower than anticipated.

The expected business rates aggregate is divided between the central and local share - 50% for each. The central share is retained by the Government and will be used to pay Revenue Support Grant and police funding. The local share for Southampton is further split with the Council receiving 48% and the Fire Service 2%.

'Proportionate shares' are the mechanism for apportioning the local share between authorities. They are based on the percentage of national business rates that an authority has historically collected and this has been calculated as the average of business rates collected in 2010/11 and 2011/12. For Southampton this figure is 0.44% which is lower than previously anticipated. This is due to the impact of large refunds made in 2010/11 relating to prior years which distort the two year average as shown below:

	2010/11	2011/12	Average
	£	£	£
Southampton	82,229,210	96,493,905	89,361,557

For each authority the result of this calculation is compared with its baseline funding level. If the expected business rates are greater than the baseline funding level it is a tariff authority; if it is the other way round it is a top-up authority.



For Southampton the figures in question are:

	£
Billing Authority Business Rates Baseline	47,763,377.95
Business Rates Baseline (After 2% to Fire Authority)	46,808,110.39
Baseline Funding Level	48,357,475.34
Top Up	1,549,364.95

These figures reflect the lower than anticipated overall estimate of business rates at a national level and the distortion of the two year average and result in Southampton being a top up Authority which was not anticipated.

Once the scheme is up and running, there will be a system of levies and safety nets to prevent what Ministers see as excessive gain or loss. All authorities will receive a safety net payment if their actual local share business rates income is 7.5% or more beneath the funding baseline. Levy rates will be set individually for authorities, determined by the ratio of their expected local share income to their baseline funding level. They will not exceed 50% and cannot be negative. As a top up Authority the levy rate for Southampton is zero and the safety net has been set at £44.7M for 2013/14.

Having determined our Business Rates Baseline (which is lower than expected), this then needs to be compared to the level of business rate income we forecast will be collected in 2013/14. Our latest provisional figures are set out below and these will be finalised and submitted to the CLG at the end of January:

	£
Estimate of Amount Collectable	101,089,850.00
Amount to be paid to the CLG	50,544,925.00
Retained by SCC	49,534,026.50

Amount to be passed to Fire Authority	1,010,898.50
Levy Rate	0.00
Levy	0.00
Gain to SCC	2,725,916.11

Estimation

The sum retained by SCC of £49.5M is an estimate of the level of business rate income that the Authority believes it will keep in 2013/14 based on a 48% share of the forecast estimated amount to be collected of £101.1M.

The forecast gain to the Authority based on this estimate compared to our initial funding assumption is £2.7M. This figure is the net additional forecast business rates to be retained over and above the Business Rates Baseline (£49.5M less £46.8M).

However, the total business rates income which is forecast to be collected is only an estimate, and although it builds in as many factors as possible, such as the impact of the closure of Fords and the outcome of both known and further appeals, the actual figures will need to be closely monitored.

Appeals

In arriving at the total estimate of business rate income, an assessment must be made of the level of likely reduction in business rate yield due to successful appeals. In the past this has not been an issue for Local Authorities, as the reduction in yield has been borne centrally by the Government.

Under the new system of locally retained business rates, SCC will now share 48% of the burden of any reduction in yield due to lost appeals. However, the position is compounded, as the rules mean that not only is SCC liable for 48% of the lost yield for new appeals from 2013/14 onwards, but also for 48% for all appeals lodged before 2013/14; even though the Government will have already collected in full the income to which those appeals relate.

There is no way of knowing precisely what level of income will be lost due to appeals, as clearly this can only be known once the Valuation Office rule on each individual appeal (there are currently 900 businesses in Southampton who have outstanding appeals to be determined by the Valuation Office). An estimate of the income to be 'lost' due to successful appeals has however been calculated on a formulaic basis in line with Valuation Office guidance, and the overall estimate of business rates to be collected (£101.1M) has already been netted down to reflect appeals.

If however the value of successful appeals exceeds this estimate, then the additional lost income will reduce the actual amount of business rate income to be retained by SCC, and all other things being equal, would impact on the Council's bottom line, as less business rates will be collected than forecast.

Business Rates – Transfer of Risk

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 as well as possible rewards. As set out above, there will be a system of levies and safety nets to prevent excessive gains or losses.

Upside – There is still an incentive to grow the business rates base, particularly as being a Top-Up Authority, our levy rate is set at zero. This means that the Authority would keep in full its 48% share of any growth above the Baseline Funding level.

Downside – Conversely, where there is a fall in the level of business rate income collected, the Authority can lose in full its 48% share of all reduced income, capped at a total reduction of 7.5% of the Business Rates Baseline. 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.

The Safety Net level of BRR funding for Southampton is £44.7M for 2013/14, compared with the forecast level of business rate income included in the budget of £49.5M. The inherent risk in this new system is therefore that compared to the budgeted position, the Safety Net funding level means that protection would only kick in once business rate income has fallen by £4.8M from our estimated position.

Compared to the fairly static funding position in the current and previous years achieved through the Formula Grant system, the potential to lose income in year under the new BRR system is a significant new risk.

Summary

When this new element of additional business rates is added to the picture then the final position is as set out below:

	2013/14 Updated £000's	2014/15 Updated £000's
	(3,081.9)	2,841.3
Estimated Business Rate Income	(2,725.9)	(2,807.7)
	<u>(5,807.8)</u>	<u>33.6</u>

IMPACT OF DRAFT SETTLEMENT ON THE COUNCIL'S BUDGET POSITION

The impact of the settlement is that our financial position is now better than anticipated in 2013/14 by £5.8M and broadly in line with predictions in 2014/15. For completeness it is worth noting that whilst no firm figures have been provided for 2015/16 the updated position is approximately £3.0M worse than we had anticipated.

SUMMARY OF REVENUE PRESSURES

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	Recurring or One Off (R or O)	2013/14	2014/15	2015/16	Senior Manager
					£000's	£000's	£000's	
<u>Children's Services Portfolio</u>								
CS 1	Children in care services	The proportion of the current pressure in legal and children in care costs that are unlikely to be reduced over the medium term.	This, aggregated with the Risk Fund item submitted on CS1, represents the cost of provision for an increase of 60 children & young people looked after by the local authority from the budgeted level and an increase in the cost of legal fees arising from the numbers of children being placed under the care of the local authority. It is unlikely that the proposed remodelling will achieve sufficient reduction in activity over the medium term to affect all of the current pressure.	R	1,100	1,100	1,100	Felicity Budgen
CS 2	Child protection services	Social work staffing	Finance to support the current level of staffing within the children's social work front line teams. Costs will reduce as the recruitment and retention plan takes effect.	R	1,111	908	845	Felicity Budgen
Children's Services Portfolio Total					2,211	2,008	1,945	
GRAND TOTAL					2,211	2,008	1,945	

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SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio	2013/14			
	Efficiencies	Income	Service Reductions	Total
	£000's	£000's	£000's	£000's
Adult Services	(3,295)	(185)	(567)	(4,047)
Children's Services	(2,175)	(62)	(3,012)	(5,249)
Communities	(123)	(35)	(629)	(787)
Environment & Transport	(587)	(875)	(1,570)	(3,032)
Housing & Leisure Services	(248)	0	(1,537)	(1,785)
Leader's	(481)	(50)	(123)	(654)
Resources	(29)	0	(835)	(864)
Total	(6,938)	(1,207)	(8,273)	(16,418)

Corporate Savings - Deletion of one Director to be achieved through the merger of the Adult Social Care & Children's Directorates (105)

(16,523)

IMPACT OF PROPOSALS ON STAFFING

Portfolio	FTE In Post	FTE Vacant	FTE Total
Adult Services	1.00	6.52	7.52
Children's Services	57.34	41.04	98.38
Communities	6.41	3.98	10.39
Environment & Transport	19.82	10.60	30.42
Housing & Leisure Services	54.57	14.31	68.88
Leader's	5.50	7.21	12.71
Resources	4.00	1.00	5.00
Total	148.64	84.66	233.30

Corporate Savings - Deletion of one Director to be achieved through the merger of the Adult Social Care & Children's Directorates 1.00

234.30

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager	
				£000's	£000's	£000's	FTE In Post	FTE Vacant		
<u>Adult Services - Efficiencies</u>										
AS 1	Adult Disability Care Services	Increase in Supported Housing capacity for OPMH clients at Graylings.	This exercise will provide alternative care provision for the equivalent of 8 OPMH clients. This will allow 8 clients to live with more independence within a sheltered housing setting with extra care support as opposed to receiving a traditional residential care service.	(25)	(50)	(50)			Carol Valentine	
AS 2	Portfolio Wide	Remodelling through use of Social Care transfer funding allocated via NHS.	To remodel services, including improving efficiencies, using the Social care transfer funding to support change. This will be focused on developing integrated working to improve outcomes and reduce duplication as well as faster implementation of personalisation.	(2,380)	(2,380)	(2,380)			Stephanie Ramsey	
AS 3	Provider Services City Care	Full review of current reablement services to inform future commissioning – covering quality, eligibility, productivity and funding sources	Improve effectiveness and uptake of reablement service to improve outcomes for clients and reduce impact on residential placement spend	(600)	(600)	(600)			Stephanie Ramsey / Jane Brentor	
AS 4	Portfolio Wide	Increase in the usage of Shared Lives as an alternative to residential care for older persons	To increase the current number of family carers willing to support social care clients in their own homes supported with appropriate funding, this proposal will require the addition of a shared lives officer. The proposal will provide better outcomes for clients in addition to a more cost effective way of providing care. The effectiveness of this service will depend on the ability to recruit appropriate family carers and the suitability of potential clients. This level of saving is reliant on achieving an increase of 50 clients in Shared Lives as opposed to Residential Care by 2015/16.		(100)	(250)			Jane Brentor	
AS 5	Adult Disability Care Services	Review of low level packages and revision of non personal / non time restricted tasks from existing Domiciliary care providers.	There are a number of low level need packages, (less than five hours a week) where potential alternatives could be sourced.	(30)	(65)	(65)			Stephanie Ramsey	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager	
				£000's	£000's	£000's	FTE In Post	FTE Vacant		
AS 6	Care Management	Reduction in various Care Management posts	The proposal is to redesign the structure for the Care Management teams leading to a reduction in the overall posts. In addition savings will be made from the future Sensory Services reprovision and support staff as a result of changes to the Paris system that will reduce inputting required.	(130)	(200)	(200)	1.00	5.00	Carol Valentine	
AS 7	Learning Disability Commissioning	Learning Disability Development Fund	Reduction in administrative costs of Valuing People Board and minor service reductions	(15)	(15)	(15)			Stephanie Ramsey	
AS 8	Supporting People	Reduction in staff and supplies and services	Reduction of one time limited contracts officer post will reduce ability to manage back log of work contracts and quality assurance work. Efficiencies from staff costs under the sheltered housing contract to be managed by Housing.	(85)	(25)	(25)		1.00	Stephanie Ramsey / Nick Cross	
AS 9	Provider Services Management	Provider Services Management	Deletion of 0.52FTE vacant Organisational Development Manger post. This level of reduction may lead to the requirement for Change Programme funding for short term staffing to manage major service developments in 2013/14.	(30)	(30)	(30)		0.52	Jane Brentor	
Sub-total				(3,295)	(3,465)	(3,615)	1.00	6.52		
Adult Services - Income										
AS 10	Adult Disability Care Services	Increase in income arising from proposed changes to the Non Residential Charging Policy	This is an addition to the estimate of additional income proposed and accepted in Feb 2012. Under the proposed charging policy there will be a greater degree of fairness to ensure that all chargeable services are actually charged for and that all clients will only pay what they can afford. The changes to day services charges will be phased in over two years with the proposed actual full cost rate being introduced fully in 2014/15.	(135)	(260)	(260)			Carol Valentine	
AS 11	Adult Disability Care Services	Increase in income from clients due to increase in benefits.	This is not an increase in charges. This increase in income is achieved through the annual increase in benefits that clients receive. It does not represent a shift in the application of the charging criteria. This sum is in addition to the amount approved in February 2012.	(50)	(50)	(50)			Carol Valentine	
Sub-total				(185)	(310)	(310)	0.00	0.00		

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE In Post	FTE Vacant	
<u>Adult Services - Service Reductions</u>									
AS 12	Supporting People	Undertake cuts in the Supporting People programme, resulting in service reductions.	Reductions would be made to contracts for older people, mental health, drugs and alcohol, homelessness and women fleeing domestic violence leading to remodelled services and reductions in accommodation and support. Several contracts are up for renewal. There could be impacts on other service areas including care budgets and health.	(370)	(715)	(715)			Stephanie Ramsey
AS 13	Adult Disability Commissioning	Advice and Information / Day Care contracts	The cessation of the Age Concern advice contract could lead to the potential increase in referrals to Adult Contact Service. The SCA Day Care contract will reduce by 4% of placements for older people. This may increase risk of carer breakdown or entry into care. However work will be undertaken to maximise under used provision	(59)	(59)	(59)			Stephanie Ramsey
AS 14	Wellbeing	Reducing the contract values to provide specific support for HIV/Aids	This support is non statutory. The funding allows for two organisations to provide counselling, training, individual support etc for individuals with HIV/Aids. The level of incidence of HIV/Aids in young adults has increased by more than half over the past five years. This proposal may reduce the viability of the organisations which as a result which could mean that no specialist service will be available in the city.	(33)	(33)	(33)			Stephanie Ramsey
ASCH 15	Mental Health Commissioning	Drug Action Team - Reducing the commissioning budget to purchase services for drug users	This reduces the DAT capacity to commission services. This service is currently not meeting all national targets. Services are currently out to tender to address this issue, improvement will be restricted by the proposed reduction in resources. In addition this reduction will limit the ability of the DAT to cope with the potential impact on the city arising from reductions within other Portfolios. This proposal will reduce the Adult Services contribution to drug services to nil, although the Council will retain the responsibility and consequent contribution for the budget following the transfer of Public Health in 2013/14.	(105)	(105)	(105)			Stephanie Ramsey
Sub-total				(567)	(912)	(912)	0.00	0.00	
Adult Services Portfolio Total				(4,047)	(4,687)	(4,837)	1.00	6.52	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager	
				£000's	£000's	£000's	FTE In Post	FTE Vacant		
<u>Children's Services - Efficiencies</u>										
CS 1	Prevention	Early Years & Children's Centres	Efficiencies in operating the city's Children's Centres in two hubs - East and West. Reducing staffing duplication, contracts with partners and some reduction in services and supplies. Limited impact on targeted work with vulnerable families.	(935)	(1,000)	(1,000)	8.57	6.51	Alison Alexander	
CS 2	Education	Learning Support (Statutory) Home to school transport	Efficiencies through the introduction of a pilot for families in 2013/14 to take responsibility for transporting their children to special schools with reimbursement.	(100)	(100)	(100)			Alison Alexander	
CS 3	Prevention	Learning Support (Statutory) Locality management	Reduction in management as a consequence of operating Children's Centres and Parenting Teams into two hubs - East and West.	(188)	(223)	(223)	2.40	1.00	Alison Alexander	
CS 4	Prevention	Learning Support (Non Statutory) Traded Services	Efficiencies in provision offered to schools by traded services Music service and Education Welfare	(58)	(58)	(58)	2.00		Alison Alexander	
CS 5	Safeguarding	Emergency Duty Team	Efficiencies from the Emergency Duty Team managed through Children First	(31)	(37)	(37)	0.50		Felicity Budgen	
CS 6	Safeguarding	Fostering/Adoption	Increase the number of adopters that SCC recruit and sell to other local authorities and deletion of a vacant post.	(39)	(47)	(47)		0.60	Felicity Budgen	
CS 7	Safeguarding	Family Centres	Efficiencies through delivery of all family based social care activity from one Family Centre and Children's Centres.	(83)	(120)	(120)	2.25	3.11	Felicity Budgen	
CS 8	Safeguarding	Child and Adolescent Mental Health	Efficiencies through removing vacant posts and reviewing a range of services for children and young people with mental health needs and integrating services	(60)	(71)	(71)		2.00	Felicity Budgen	
CS 9	Safeguarding	Children in care services	Removal of vacant posts within family centres.	(53)	(64)	(64)		3.00	Felicity Budgen	
CS 10	Safeguarding	Our House	Closure of the underused local authority managed children's home, Our House. With alternative arrangements for children requiring care at no additional cost from the forecast position for 2013/14.	(628)	(788)	(788)	13.04	8.54	Felicity Budgen	
Sub-total				(2,175)	(2,508)	(2,508)	28.76	24.76		

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager	
				£000's	£000's	£000's	FTE In Post	FTE Vacant		
<u>Children's Services - Income</u>										
CS 11	Prevention	Learning Support (Statutory) Traded Services	Increased growth in products and services sold to schools and other organisations covering special needs, educational psychology and governance and leadership in schools.	(62)	(73)	(73)			Alison Alexander	
Sub-total				(62)	(73)	(73)	0.00	0.00		
<u>Children's Services - Service Reductions</u>										
CS 12	Infrastructure	Asset Management Children's Services & Learning Estate and school ICT strategy	Redesign existing workforce to respond to purchased ICT/broadband services by school and a reduction in the level of officer available to undertake health and safety functions with schools	(159)	(173)	(173)		3.00	Karl Limbert	
CS 13	Children's Services and Learning	Management redesign & centralisation of support teams	Reduction in service support functions including Planning, Performance, Data, Contracting, Business Support and senior and middle management positions	(674)	(831)	(831)	3.40	10.36	Alison Alexander	
CS 14	Children's Services and Learning	Workforce development	Redesign of staff development programme. Removing funding for Early Years Practitioners following recent upskilling of the workforce and reduced demand.	(475)	(518)	(588)	2.00	1.60	Alison Alexander	
CS 15	Commissioning	Contracted services	Reduction in contracts with the third sector to achieve a 50% decrease A decommissioning process informed by an holistic impact assessment would seek to minimise the overall impact of these service reductions on critical key performance indicators.	(796)	(996)	(1,396)			Alison Alexander	
CS 16	Prevention	Youth Support	Cease Council delivery of universal and targeted youth support services. Seek alternative providers and funders for open access youth provision	(458)	(765)	(765)	23.18	1.32	Alison Alexander	
CS 17	Infrastructure	Asset Management Schools PFI	Sharing of PFI affordability gap with schools	(450)	(450)	(450)			Karl Limbert	
Sub-total				(3,012)	(3,733)	(4,203)	28.58	16.28		
Children's Services Portfolio Total				(5,249)	(6,314)	(6,784)	57.34	41.04		

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE In Post	FTE Vacant	
<u>Communities - Efficiencies</u>									
COMM 1	Skills, Economy & Housing Renewal	Reduce running cost, supplies & services for regeneration and city limits team - includes resources for projects	Includes resources for project development so could impact on things like ability to match fund or create projects to respond to city needs	(33)	(33)	(33)			Suki Sitaram
COMM 2	Skills, Economy & Housing Renewal	Fund Skills team from Adult Learning Grant	Reduction in number of adult learning courses	(90)	(90)	(90)			Suki Sitaram
Sub-total				(123)	(123)	(123)	0.00	0.00	
<u>Communities - Income</u>									
COMM 3	Skills, Economy & Housing Renewal	Employment & Skills Team income generation	Fund Section 106 post from external grant	(35)	(35)	(35)			Suki Sitaram
Sub-total				(35)	(35)	(35)	0.00	0.00	
<u>Communities - Service Reductions</u>									
COMM 4	Customer & Business Improvement	Reduce the Grants to Voluntary Organisations Budget by approximately 7% per annum	The Cabinet agreed this principle in the context of approving the outcomes based commissioning model for grants. The level of reduction is subject to annual budget setting decisions by Full Council. Current applicants have been advised about recommendations made by officers and provided information on feedback to Members about the impact on their organisation. The recommendations are within the agreed budget limits.	(73)	(193)	(304)			Suki Sitaram
COMM 5	Skills, Economy & Housing Renewal	Reorganisation of Regeneration and Renewal Team to focus on accountable body and external funding work only	Cessation of some regeneration functions. Provide statutory regeneration function and ability to bid for external funds	(102)	(119)	(119)	3.21	0.79	Suki Sitaram
COMM 6	Customer & Business Improvement	Review and rationalisation of performance management systems, including CORVU	The Policy, Performance Management and Systems Review identified a number of systems used for Management Information and Performance Monitoring. Further work is being undertaken to review licences, staffing levels, maintenance costs and value of the existing systems to realise the required savings.	(58)	(64)	(64)	1.20		Suki Sitaram

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE In Post	FTE Vacant	
COMM 7	Skills, Economy & Housing Renewal	Refocusing and reduction of City Limits	Removal of General Fund resources for City Limits Employment (53% of previous General Fund resources to be replaced by Housing Revenue Account funding). Potential impact on services for residents with learning difficulties/disabilities.	(133)	(140)	(140)	2.00	0.19	Suki Sitaram
COMM 8	Customer & Business Improvement	Reduction in general support budgets	These cover budgets in Communities, Communications and Corporate Policy and Performance.	(21)	(21)	(21)			Suki Sitaram
COMM 9	Change Management	Restructure of Change Management Team	Deletion of vacant posts expected to support the Change Programme. The Change Programme will be supported by the Policy and Performance Analysts who will contribute 50% of their time for 2 / 3 years. In addition this proposal seeks to fund 2 Project Managers from the Transformation Fund.	(192)	(192)	(192)		2.00	Suki Sitaram
COMM 10	Customer and Business Improvement	Restructure of Communities Team	Delete vacant post. This will reduce the capacity of the team	(50)	(50)	(50)		1.00	Suki Sitaram
Sub-total				(629)	(779)	(890)	6.41	3.98	
Communities Portfolio Total				(787)	(937)	(1,048)	6.41	3.98	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager	
				£000's	£000's	£000's	FTE In Post	FTE Vacant		
<u>Environment & Transport - Efficiencies</u>										
E&T 1	Planning, Transport & Sustainability	Reduction of Transport for South Hampshire (TfSH) Contribution	No direct impact as reduction to contribution agreed in 2011/12	(50)	(50)	(50)			Paul Nichols	
E&T 2	Planning, Transport & Sustainability	Efficiencies in Bikeability cycle training	No impact as will be funded from Department for Transport income.	(25)	(25)	(25)			Paul Nichols	
E&T 3	Planning, Transport & Sustainability	Efficiencies in School Crossing Patrols	Supervisor to reduce hours and removal of some vacant School Crossing Patrol posts. Limited impact as it has not been possible to fully staff this service.	(15)	(15)	(15)	0.34	0.50	Paul Nichols	
E&T 4	Planning, Transport & Sustainability	Reduction in market research/consultation budget	Limited direct impact as essential market research/consultation activities will be funded as needed on a project specific basis	(15)	(15)	(15)			Paul Nichols	
E&T 5	Planning, Transport & Sustainability	Reduction of PUSH contribution	There is a risk of a full re-evaluation of Partnership for Urban South Hampshire (PUSH) funding and PUSH programmes being significantly downscaled.	(50)	(50)	(50)			Paul Nichols	
E&T 6	Bereavement	Crematorium - staff reduction	Following refurbishment of the Crematorium and installation of new cremators (to be completed by the end of 2012/13) it is proposed to reduce staff by one. This would have an impact on resilience at times of unexpected staff shortage.	(25)	(25)	(25)	1.00		Mitch Sanders	
E&T 7	Environmental Health	Additional Licensing of Houses in Multiple Occupation	The additional licensing of HMO's will generate income. Any associated work that can be done using existing resources within the Environmental Health Team through reprioritising work would produce a net saving.	(50)	(50)	(50)			Mitch Sanders	
E&T 8	Waste Collection and Disposal	Various measures including - improving efficiency of waste collections, policy changes at the Household Waste Recycling Centre and reductions in waste disposal costs.	This will require a concerted publicity campaign to advise residents of changes to services. Consultation with staff and Trade Union will be required on the detail proposed for a range of waste collection efficiencies built around merging of some collection services supported by optimisation of collection rounds. Changes to the waste acceptance policy at the City Depot Household Waste Recycling Centre will also be required along with a review of summer opening hours.	(357)	(464)	(464)	6.00	1.00	Jon Dyer-Slade	
Sub-total				(587)	(694)	(694)	7.34	1.50		

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14 £000's	2014/15 £000's	2015/16 £000's	Net Reduction in Posts	FTE In Post	FTE Vacant	Senior Manager
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SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager	
				£000's	£000's	£000's	FTE Post	FTE Vacant		
<u>Environment & Transport - Income</u>										
E&T 9	Planning, Transport & Sustainability	Increase in planning fees	Government proposal to increase planning fees nationally by 15%.	(90)	(90)	(90)			Paul Nichols	
E&T 10	Parking and Patrol	Introduction of evening charges	Currently there is no charge for on and off street evening parking in the City Centre with the exception of multi-storey car parks. This change would bring the council in line with competitors and other neighbouring authorities.	(300)	(500)	(500)			Paul Nichols	
E&T 11	Parking and Patrol	Introduction of charges at District Centre Car Parks	Currently in District Centre car parks parking is free for up to 5 hours with a single charge of £5 a day thereafter. The introduction of an hourly 50 pence rate would simplify enforcement and generate additional income. Due to the potential impact on local businesses, any implementation of this proposal will be delayed to 2014/15 pending a review.	0	(70)	(70)			Paul Nichols	
E&T 12	Parking and Patrol	Charge for first Residents Permit	Currently the first resident permit issued for a property is free. Introduction of an annual charge of £30.	(115)	(130)	(130)			Paul Nichols	
E&T 13	Parking and Patrol	Review of Car Parking Charges	There has been no increase in charges since 2009. Some charges will increase and some will decrease, with a net 5% increase in income target.	(250)	(250)	(250)			Paul Nichols	
E&T 14	Parking and Patrol	Shared use of on street parking bays for resident parking	Would require a change in the councils Parking Policy. Increased income from additional residents permits.		(50)	(50)			Paul Nichols	
E&T 15	Port Health	Government funding for Port Health sampling	Government funding to support sampling in the port as part of dealing with national threats has allowed the revenue budget to be reduced.	(10)	(10)	(10)			Mitch Sanders	
E&T 16	Bereavement Services	Increase burial fees	A 5% increase is proposed.	(15)	(15)	(15)			Mitch Sanders	
E&T 17	Pest Control	Increase Pest Control fees	A 5% increase is proposed.	(5)	(5)	(5)			Mitch Sanders	
E&T 18	Registration	Increase registration fees for ceremonies	A 5% increase is proposed.	(10)	(10)	(10)			Mitch Sanders	
E&T 19	Bereavement Services	Increase in cremation fees	Review charges to bring an overall increase of 5% is proposed.	(50)	(50)	(50)			Mitch Sanders	
E&T 20	Trading Standards	Use of Food Standards Agency (FSA) government grant income to fund existing service.	Grant is not guaranteed in future years and this risk will need to be managed.	(30)	(30)	(30)			Mitch Sanders	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14 £000's	2014/15 £000's	2015/16 £000's	Net Reduction in Posts		Senior Manager
							FTE In Post	FTE Vacant	
		Sub-total		(875)	(1,210)	(1,210)	0.00	0.00	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager	
				£000's	£000's	£000's	FTE In Post	FTE Vacant		
<u>Environment & Transport - Service Reductions</u>										
E&T 21	Planning, Transport & Sustainability	Restructure of Planning and Development team, Sustainability team and Business Support team	This will significantly reduce capacity to undertake planning policy, planning conservation, archaeology and sustainability policy work. The loss of some Team Leader posts will be balanced by some reinforcement of more junior technical roles to ensure that statutory requirements can be met.	(95)	(134)	(134)	4.98		Paul Nichols	
E&T 22	Waste Collection	Introduce a chargeable garden waste collection service where income covers operating costs.	Will require a concerted publicity campaign to advise residents of the change to a chargeable service. Residents would still have access to the Household Waste Recycling Centre (HWRC) to dispose of their garden waste free of charge. With a chargeable service there would be a reduction in the number of posts required to operate the service, the actual reduction will be dependent on resident take up of the service. Changes would reduce the council recycling performance slightly.	(542)	(542)	(542)	4.00	2.00	Jon Dyer-Slade	
E&T 23	Planning, Transport & Sustainability	Reduction in bus subsidies affecting evening bus services, night buses and the S1/S2 services plus the Hythe Ferry.	All evening bus and night bus service subsidies will be removed plus all cross boundary subsidy. The night buses can be retained to 2015 using S106 funding. Some of these services may be replaced on a commercial basis. The S1/S2 services would be combined and provided on an off peak basis, leading to service reductions affecting Freemantle, Shirley and Lordshill. The subsidy for the Hythe Ferry is relatively small and it is unlikely that this will place the service at risk.	(404)	(574)	(574)			Paul Nichols	
E&T 24	Planning, Transport & Sustainability	Revert to national disabled bus pass scheme	Retain the national scheme with no local enhancement. It is proposed that current local passes should remain in place until their normal expiry date, in order to mitigate the impact.	(30)	(70)	(100)			Paul Nichols	
E&T 25	Directorate Support	Remove Directorate Business Support Manager post	The post has been deleted following approval of a Voluntary Redundancy request made in summer 2012.	(50)	(50)	(50)		1.00	Suki Sitaram	
E&T 26	Directorate Support	Reduction in Management Assistant posts	A reduction in Management Assistant posts to reflect the downsizing of senior management in the Environment & Economy Directorate	(41)	(41)	(41)	2.00	1.00	Dawn Baxendale	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE Post	FTE Vacant	
E&T 27	Waste Disposal	Reduce Project Integra membership costs	The saving would be made by reducing costs associated with the councils membership of Project Integra. This would be following discussion with other Project Integra partners.	(40)	(40)	(40)			Jon Dyer-Slade
E&T 28	Planning, Transport & Sustainability	Reduction of Road Safety Partnership budget	Reassign funding of road safety education and publicity initiatives to the local sustainable travel programme, to mitigate impacts and ensure that the Council continues to fulfil its statutory functions in support of the Police's speed enforcement programme.	(50)	(50)	(50)			Paul Nichols
E&T 29	ROMANSE (traffic and network management)	Additional saving from ROMANSE and CCTV contract arrangements in addition, there will be no contingency budget for the outsourced year one.	Additional savings from the ROMTV contract arrangements. In service.	(64)	(64)	(64)			Jon Dyer-Slade
E&T 30	Highways Retained Client	Remove additional revenue budget for costs not covered by the Highways Partnership.	There will be no budget to deal with specialist / localised requests and other ad hoc work not covered by the intervention levels in the main Highways Strategic Partnership (HSP) contract.	(100)	(100)	(100)			Jon Dyer-Slade
E&T 31	Waste Disposal	Continued reduction of waste reprocessing costs.	None.	(25)	(25)	(25)			Jon Dyer-Slade
E&T 32	Registration Service	Reduction in staff levels.	Deletion of vacant Support Assistant post currently covered by temporary arrangements. Possible impact on non-statutory income earning work.	(20)	(20)	(20)		1.00	Mitch Sanders
E&T 33	Port Health	Reduction in staff levels.	Deletion of posts and reprioritisation of work within Environmental Health.	(57)	(70)	(70)		2.60	Mitch Sanders
E&T 34	Regulatory Services - Business Support and Admin	Review and restructure of Business Support and Admin	Reduction of Business Support admin, vacant Trainee Environmental Health Officer post and associated budgets.	(52)	(62)	(62)		1.50	Mitch Sanders
Sub-total				(1,570)	(1,842)	(1,872)	12.48	9.10	
Environment & Transport Portfolio Total				(3,032)	(3,746)	(3,776)	19.82	10.60	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE In Post	FTE Vacant	
<u>Housing & Leisure Services - Efficiencies</u>									
HLS 1	Housing Needs	Outcome based Service Level Agreement on delivering a Housing Needs Service by the Housing Revenue Account (HRA) on behalf of the Council	The HRA will agree an outcome based agreement with the Council on delivering Housing Allocations, Homelessness and Homelessness prevention services for a fixed sum of £1 m per annum. The HRA will then use its wider resources to remodel how services are provided reducing financial impact on the general fund	(110)	(220)	(220)			Nick Cross
HLS 2	Kanes Hill	Review of charges and management resources for the site	Charges to be reviewed to ensure water and electricity are charged to plot holders at the required rate. Review the level of staff time provided to the site to reflect the previous investment in the management and maintenance arrangements ensuring there is no impact from the site to the wider Thornhill area	(18)	(28)	(28)			Nick Cross
HLS 3	Allotments	Implement the self financed allotment service arrangements	Complete the maintenance cost reductions and increased income from plot rents (as previously agreed and advertised) to achieve a self financing allotment service	(67)	(67)	(67)			Jon Dyer-Slade
HLS 4	Skills, Economy & Housing Renewal	Integration of Estate Regeneration & Housing Strategy and Development teams	Charge percentages of cost of Housing development posts to HRA as they will also work on estate regeneration	(53)	(53)	(53)			Barbara Compton
Sub-total				(248)	(368)	(368)	0.00	0.00	
<u>Housing & Leisure Services - Service Reductions</u>									
HLS 5	Leisure & Culture	Provide only web based visitor information service	Closure of face to face and telephone service and replace by commissioning a dedicated resource to provide digital content and the provision of an electronic information point at SeaCity Museum	(46)	(75)	(75)	2.84		Mike Harris
HLS 6	Leisure & Culture	Closure of Archaeology Service	Archaeology team is intended to be a self funding trading unit. However, reduction in development and more competition from the private sector has meant that substantial losses have been consistently incurred. It is not anticipated that the trading position will recover substantially.				9.00	1.00	Mike Harris

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE In Post	FTE Vacant	
HLS 7	Leisure & Culture	Restructure of Leisure & Culture	<p>Review of Leisure & Culture team to provide focused contract management resource, and rationalise business support and project management. Substantial restructure of the Arts & Heritage team, reducing staffing resource committed to education and curatorial functions (including conservation) and enhancing the visitor management functions to provide greater focus on front of house operations. Risk of reputational damage and potential impact on 'Accreditation' for collections. Significant reduction in ability to respond to public enquiries regarding the collections.</p>	(200)	(266)	(266)	5.63		Mike Harris
HLS 8	Leisure & Culture	Reductions in Library service	<p>Reduction of posts, removal of business information service, withdrawal of Saturday service on Mobile library, reduction in services to children and in professional support for the service and reduction in opening times of between 5 and 10 hours per week for eight libraries. There has been a reduction in the libraries materials purchase fund which has been partially offset by the increased costs that may be incurred through the operation of the new Woolston Library. In order to deliver the previously agreed budget reduction of £97,000, the mobile library and Bookbus will be consolidated into a single mobile service.</p>	(97)	(303)	(303)	7.10	5.01	Mike Harris
HLS 9	Leisure & Culture	Reductions in Events Team	<p>Delete all general support budgets for events. Further reductions in 2014/15 would require the reduction to a single coordinator post, so that events promoted and managed by others can be effectively coordinated and facilitated. Likely to lead to the loss of many events in the City, or the need to find additional finance for each event to buy in event management capacity. Deletion of funding for Senior Citizen's Festival and Community events. This may be offset if external funding can be secured.</p>	(25)	(96)	(96)	2.00		Mike Harris

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE In Post	FTE Vacant	
HLS 10	Parks & Grounds Maintenance	Reorganise & Restructure Grounds Maintenance Management & Operations	Staffing, overhead and resource savings and efficiencies realised through re-structuring front-line parks service into three much larger and less localised operational groupings (i.e. East District Team, West District Team, Commercial Services Team) with clearer distinction between HRA and non-HRA operations, and elements of service re-designed to more closely address needs of HRA tenants. New streamlined operational groupings will have a smaller core (i.e. winter) staff establishment and will increase service capacity in the peak spring / summer season possibly through annualised hours to maximise use of high output grass cutting machinery, employment of additional seasonal staff, and improved co-working with partner agencies.	(580)	(697)	(697)	14.00	4.50	Jon Dyer-Slade
HLS 11	Street Cleansing	Reorganise and restructure the street cleansing service with reduced management and operational staff, fleet resources and move to a primarily reactive cleansing service model	Significant staff, fleet and resource / overhead savings realised through moving to a more reactive service, with frequency of programmed mechanical sweeping operations reduced by around 35% but response targeted within one working day of report for specific locations developing unacceptable build-ups of litter between routine cleans. Maintenance inputs for highly labour intensive areas such as the city centre, district centres and central estates reduced by around 25%	(400)	(482)	(482)	12.00	1.00	Jon Dyer-Slade
HLS 12	Parks & Natural Environment	Restructure the operational arrangements of the Natural Environment and Tree Management teams	Reduce the general fund costs of management and technical work by the Trees, Natural Environment and Parks Development functions by part funding specialist posts through grants, additional income / contributions from partner agencies or reduced staff levels. Includes additional offset income from the HRA for part funding posts working on improving housing open spaces. If external income cannot be found the service needs to reduce staff numbers.	(129)	(155)	(155)	2.00		Jon Dyer-Slade
HLS 13	Leisure & Culture	Reduction in Art Gallery opening hours	Focus of opening hours at times where usage is highest and school visits can be maximised. New hours to be 10am to 2pm Monday to Friday, weekend hours to be determined. The shop will be located upstairs in the main gallery	(60)	(80)	(80)		2.80	Mike Harris
Sub-total				(1,537)	(2,154)	(2,154)	54.57	14.31	
Housing & Leisure Services Portfolio Total				(1,785)	(2,522)	(2,522)	54.57	14.31	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14 £000's	2014/15 £000's	2015/16 £000's	Net Reduction in Posts	FTE In Post	FTE Vacant	Senior Manager
<u>Leader's - Efficiencies</u>										
LEAD 1	Customer & Business Improvement	Review and restructure of the Communications function	This will significantly reduce communications capacity and activity and require the Communications team to move to generic roles undertaking both marketing and PR functions and a rota system to deal with reactive press enquires. This requires the council to take a different approach to commissioning communications work on a council wide basis to ensure better prioritisation within reduced resources.	(95)	(114)	(114)	3.50	2.00		Suki Sitaram
LEAD 2	Directorate Management	Environment & Economy restructure	Reduction in Senior Management implemented November 2012	(360)	(387)	(387)	1.00	2.60		Dawn Baxendale
LEAD 3	Democratic Services	Reduction in the number of Cabinet Members	Deletion of 2 Cabinet Member posts	(26)	(26)	(26)				Richard Ivory
Sub-total				(481)	(527)	(527)	4.50	4.60		
<u>Leader's - Income</u>										
LEAD 4	Skills, Economy & Housing Renewal	Economic Development - income from city centre spaces	Space in the city centre is being tendered to provide market/events that will deliver more income.	(50)	(50)	(50)				Barbara Compton
LEAD 5	Democratic Services	Sale of DVLA number plate "TR 1"	One off saving. Will incur small cost in provision of new number plate and registration with DVLA	TBC						Richard Ivory
Sub-total				(50)	(50)	(50)	0.00	0.00		
LEAD 6	City Development	Deletion in posts and supplies & services	Limited capacity to take on new projects or facilitate development schemes on non council land.	(64)	(75)	(75)	1.00	0.50		Tim Levenson
LEAD 7	Skills, Economy & Housing Renewal	Reduction of Economic Development activity	Less reactivity and slower response times to enquiries regarding inward investment	(59)	(59)	(59)		2.11		Barbara Compton
Sub-total				(123)	(134)	(134)	1.00	2.61		
Leader's Portfolio Total				(654)	(711)	(711)	5.50	7.21		

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14	2014/15	2015/16	Net Reduction in Posts		Senior Manager
				£000's	£000's	£000's	FTE In Post	FTE Vacant	
<u>Resources - Efficiencies</u>									
RES 1	Admin Buildings	Review and restructure of Building Cleaning	The ongoing rationalisation of the civic buildings portfolio and cleaning specifications will enable a reduction in the number of staff within the cleaning team and review of supervision arrangements	(29)	(32)	(32)	1.00	1.00	John Spiers
Sub-total				(29)	(32)	(32)	1.00	1.00	
<u>Resources - Service Reductions</u>									
RES 2	Property, Procurement and Contract Management	Reduction of 1 FTE Business and Account Management Officer post	Due to a reduction in the size of the Council's property portfolio and the reducing capital and revenue budgets available for service areas to commission works, the amount of client agency support to service areas will be reduced. Service managers requiring professional construction services from Capita will be increasingly required to work directly with Capita and not be able to draw on the Business and Account Management Team to ensure work is correctly specified or that VFM is being obtained.	(30)	(41)	(41)	1.00		John Spiers
RES 3	Capita Partnership Costs	Contract Changes	Saings delivered in partnership with Capita	(700)	(400)	(400)			Mark Heath
RES 4	Finance Service	Delete part-year funding for Project Accountant post	Project resource to be funded from Transformation fund for 6 months if needed. Position to be reviewed in September 2013.	(30)					Andy Lowe
RES 5	Property, Procurement and Contract Management	Deletion of Customer Services Support Officer and associated general support budgets	The post manages the Customer Excellence Awards, dissemination of quarterly telephone reports and general support to the Customer Services Client function	(50)	(54)	(54)	1.00		John Spiers
RES 6	Property, Procurement and Contract Management	Reduction of 1 FTE Partnership Officer Post	The planned re-launch of the SSP Partnership will change the working arrangements with Capita. A full review of KPI's will be undertaken as part of the re-launch and less reliance will be placed on verifying and interrogating the figures produced by the Partnership. This will enable the reduction of one Partnership Officer post, with any residual activities to be undertaken by the client teams.	(25)	(30)	(30)	1.00		John Spiers
Sub-total				(835)	(525)	(525)	3.00	0.00	
Resources Portfolio Total				(864)	(557)	(557)	4.00	1.00	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2013/14 £000's	2014/15 £000's	2015/16 £000's	Net Reduction in Posts		Senior Manager		
							FTE In Post	FTE Vacant			
GRAND TOTAL											
							(16,418)	(19,474)	(20,235)	148.64	84.66

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~~APPENDIX 7~~
Appendix 7

2013/14 GENERAL FUND REVENUE ACCOUNT

Portfolios	2013/14 Forecast	Revenue Pressures	Revenue Bids / Initiatives	Savings & Income	2013/14 Budget
	£000's	£000's	£000's	£000's	£000's
Adult Services	73,579.3	0.0	0.0	(4,152.0)	69,427.3
Children's Services	60,432.0	0.0	0.0	(5,249.0)	55,183.0
Communities	6,779.6	2,211.0	0.0	(787.0)	8,203.6
Environment & Transport	36,599.8	0.0	0.0	(3,032.0)	33,567.8
Housing & Leisure Services	19,911.5	0.0	0.0	(1,785.0)	18,126.5
Leader's Portfolio	4,098.2	0.0	500.0	(654.0)	3,944.2
Resources	14,935.1	0.0	0.0	(864.0)	14,071.1
Sub-total for Portfolios	216,335.5	2,211.0	500.0	(16,523.0)	202,523.5
Levies & Contributions					
Southern Seas Fisheries Levy	31.4				31.4
Flood Defence Levy	31.8				31.8
Coroners Service	560.0				560.0
	623.2	0.0	0.0	0.0	623.2
Capital Asset Management					
Capital Financing Charges	13,356.6				13,356.6
Capital Asset Management Account	(24,585.1)				(24,585.1)
	(11,228.5)	0.0	0.0	0.0	(11,228.5)
Other Expenditure & Income					
Direct Revenue Financing of Capital Trading Areas (Surplus) / Deficit	210.0				210.0
Net Housing Benefit Payments	(881.9)				(881.9)
Contribution to Transformation Fund	1,000.0				1,000.0
Non-Specific Government Grants	(132,085.2)				(132,085.2)
Collection Fund Surplus	(1,041.6)				(1,041.6)
Open Spaces and HRA	435.7				435.7
Risk Fund	5,800.0				5,800.0
Contingencies	250.0				250.0
	(126,279.5)	0.0	0.0	0.0	(126,279.5)
NET GF SPENDING	79,450.7	2,211.0	500.0	(16,523.0)	65,638.7
Draw from Balances:					
Addition to / (Draw From) Balances To Fund the Capital Programme	4,620.4				4,620.4
	(210.0)				(210.0)
	4,410.4	0.0	0.0	0.0	4,410.4
Revenue Pressures	2,211.0	(2,211.0)			0.0
Net Gap in Budget After Presures	16,023.0	0.0	500.0	(16,523.0)	0.0
COUNCIL TAX REQUIREMENT	70,049.1	0.0	0.0	0.0	70,049.1

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APPENDIX 8
Appendix 8

COUNCIL TAX CALCULATION - 2013/14

	2012/13 £000's	2013/14 £000's	Change £000's	Change %
Budget Requirement (a)	183,061.9	193,312.9	10,251.0	5.60%
Less NDR	(97,591.4)	(49,534.0)		
Less RSG	(1,891.8)	(72,688.2)		
Aggregate External Finance	(99,483.2)	(122,222.2)	(22,739.0)	22.86%
Deficit / (Surplus) on collection fund	(373.2)	(1,041.6)	(668.4)	179.10%
Net Grant Income (b)	(99,856.4)	(123,263.8)	(23,407.4)	23.44%
Amount to be met from Council Tax (a - b)	83,205.5	70,049.1	(13,156.4)	-15.81%
Tax base (*)	67,144.0	55,471.7	(11,672.3)	-17.38%
Basic amount of Council Tax (Band D)	1,239.21	1,262.79	23.58	1.90%
Last years Council Tax		1,239.21		
Increase (Cash)		23.58		
Increase (Cash per Week)		0.45		
Increase (%)		1.90%		

(* The taxbase is now calculated on a slightly different basis then in previous years, reflecting the required adjustments as a result of the localisation of Council Tax Benefit and the changes to associated funding. This has the impact of lowering the overall taxbase going forward).

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COLLECTION FUND ESTIMATES 2013/14

	2012/13 £000's	2013/14 £000's	Change £000's	Change %
Southampton City Council Precept (*)	83,205.5	70,049.1	(13,156.4)	-15.81%
Hampshire Police Precept (*)	9,819.8	8,390.1	(1,429.7)	-14.56%
Fire and Rescue Services Precept (*)	4,121.3	3,404.9	(716.4)	-17.38%
Income due from Council Tax Payers	97,146.6	81,844.0	(15,302.6)	-15.75%
Tax Base for Area	67,144.0	55,471.7	(11,672.3)	-17.38%
Basic Amount of Tax for Band D Property	1,446.84	1,475.42	28.58	1.98%

(* The tax base and resulting precept are now calculated on a slightly different basis than in previous years, reflecting the required adjustments as a result of the localisation of Council Tax Benefit and the changes to associated funding. This has the impact of lowering the overall taxbase going forward).

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APPENDIX 10
Appendix 10

MEDIUM TERM FINANCIAL FORECAST

Portfolios	2013/14 Forecast £000's	Base Changes £000's	2014/15 Forecast £000's	Base Changes £000's	2015/16 Forecast £000's
Adult Services	69,427.3		69,427.3		69,427.3
Children's Services	55,183.0		55,183.0		55,183.0
Communities	8,203.6		8,203.6		8,203.6
Environment & Transport	33,567.8		33,567.8		33,567.8
Housing & Leisure Services	18,126.5		18,126.5		18,126.5
Leader's Portfolio	3,944.2		3,944.2		3,944.2
Resources	14,071.1		14,071.1		14,071.1
Add Pressures - Future Years (Unknown)		1,000.0	1,000.0	1,000.0	2,000.0
Base Changes & Inflation		9,987.8	9,987.8	8,637.0	18,624.8
Sub-total for Portfolios	202,523.5	10,987.8	213,511.3	9,637.0	223,148.3
Levies & Contributions					
Southern Seas Fisheries Levy	31.4		31.4		31.4
Flood Defence Levy	31.8		31.8		31.8
Coroners Service	560.0		560.0		560.0
	623.2	0.0	623.2	0.0	623.2
Capital Asset Management					
Capital Financing Charges	13,356.6	19.7	13,376.3		13,376.3
Capital Asset Management Account	(24,585.1)		(24,585.1)		(24,585.1)
	(11,228.5)	19.7	(11,208.8)	0.0	(11,208.8)
Other Expenditure & Income					
Direct Revenue Financing of Capital	210.0	(110.0)	100.0		100.0
Trading Areas (Surplus) / Deficit	33.5		33.5		33.5
Net Housing Benefit Payments	(881.9)		(881.9)		(881.9)
Contribution to Transformation Fund	1,000.0	(1,000.0)	0.0		0.0
Contribution to Pay Reserve	0.0	848.0	848.0	737.0	1,585.0
Non-Specific Government Grants	(132,085.2)	16,940.6	(115,144.6)	10,115.1	(105,029.5)
Collection Fund Surplus	(1,041.6)	1,041.6	0.0		0.0
Open Spaces and HRA	435.7		435.7		435.7
Risk Fund	5,800.0	(1,900.0)	3,900.0	(300.0)	3,600.0
Contingencies	250.0		250.0		250.0
	(126,279.5)	15,820.2	(110,459.3)	10,552.1	(99,907.2)
NET GF SPENDING	65,638.7	26,827.7	92,466.4	20,189.1	112,655.5
Draw from Balances:					
Addition to / (Draw From) Balances	4,620.4	(1,563.8)	3,056.6	1,103.4	4,160.0
To fund the Capital Programme	(210.0)	110.0	(100.0)		(100.0)
NET GAP IN BUDGET	4,410.4	(1,453.8)	2,956.6	1,103.4	4,060.0
Council Tax Requirement	70,049.1	25,373.9	95,423.0	21,292.5	116,715.5
Council Tax	70,049.1	2,783.5	72,832.6	1,455.5	74,288.1
Roll Forward Gap	0.0	22,590.4	22,590.4	19,837.0	42,427.4
Less Savings - Future Years (Known)		(3,056.0)	(3,056.0)	(761.0)	(3,817.0)
Less Savings - Future Years (Work In Progress)		(220.0)	(220.0)	(1,728.0)	(1,948.0)
Revised Gap	0.0	19,314.4	19,314.4	17,348.0	36,662.4

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STATUTORY POWER TO UNDERTAKE PROPOSALS IN THE REPORT

1. INTRODUCTION

It is important that Members are fully aware of the full legal implications of the entire budget and Council Tax making process, when they consider any aspect of setting the Council's Budget. Formal and full advice to all Members of the Council protects Members, both in their official and personal capacity, as well as the Council. If Members have received the appropriate professional legal and financial advice and act reasonably, generally the courts will not interfere in their decisions.

2. GENERAL POSITION

- a. The first and overriding legal duty on Members is their fiduciary duty to weigh the needs of service users against the interests of local taxpayers. In planning the budget, Members are under a fiduciary duty to act prudently, responsibly, in a businesslike manner and in their view of what constitutes the best interests of the general body of local taxpayers. In deciding upon expenditure, the Council must fairly hold a balance between recipients of the benefits of services provided by the Council and its local taxpayers. Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers.
- b. There is a general requirement in administrative law that a local authority decision must be rational, authorised by law and must take account of all relevant considerations, whilst ignoring any irrelevant ones. It should also be noted that the concept of proportionality, given great emphasis in the Human Rights Act 1998, is also becoming a relevant factor for determining the reasonableness of any decision and should be borne in mind by Members.
- c. An authority commits an illegal act if it acts beyond or in abuse of its statutory powers or in breach of its fiduciary duty. It will also act illegally if it fails to take relevant considerations into account or acts in outrageous defiance of reason.

3. OBLIGATION TO MAKE A COUNCIL TAX

- a. The legal significance of the Annual Budget and setting a Council Tax derives from the Council's duty under the Local Government Finance Act 1992 (the 1992 Act) and Part 5 Chapter 1 of the Localism Act 2011 to set a balanced budget and Part 5 Chapter 1 of the Localism Act 2011. This is achieved by calculating the aggregate of:

- i. the expenditure it estimates it will incur in the year in performing its functions in the year (including an allowance for contingencies),
 - ii. the payments it estimates it will make in the year in defraying expenditure already incurred and
 - iii. expenditure it will incur in funding costs before a transfer of funds is made from the Collection Fund and then deducting such sums as will be paid into the General Fund, i.e. income. Calculations made under this section must be made before 11 March in the preceding financial year.
- b. In order to fulfil this duty, the Council must prepare detailed estimates of its expenditure for the coming year and of the resources that will be available to meet this expenditure. Account must be taken of any deficit brought forward from a previous year and the amount needed to cover contingencies. The resources include income from rents, fees and charges and any available balances. All of these issues must be addressed in the budget report. The estimation of the detailed resource and expenditure items is the main reason for the budget process. The budget must balance, i.e. proposed expenditure must be met from proposed income from all sources, with any shortfall being the precept on the Collection Fund.
- c. Failure to make a lawful Council Tax on or before 11 March could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a Council Tax.
- d. Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for "the proper administration of their financial affairs'.
- e. Information must be published and included in the Council Tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
- f. There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.

4. DEFICIT BUDGETING

- a. A deficit budget, one which does not cover all anticipated expenditure with resources reasonably expected to be available, is unlawful. Any Council Tax which rests on such a budget will be invalid. Councils are constrained to make a Council Tax before all the separate elements, which will constitute available resources or anticipated expenditure, have been identified and quantified fully. Best estimates have to be employed.

- b. Where these best estimates include sums for unallocated savings or unidentified expectations of income, extreme care must be taken to ensure that the estimates are reasonable and realistic and do not reflect an unlawful intention to incur a deficit. It might be appropriate at budget setting time to require regular monitoring throughout the financial year of such estimated savings or income. Prompt action to reduce spending must be taken, if at any stage it seems likely that a balance between income and expenditure will not be achieved.

5. BORROWING

The rules and regulations governing a local authority's ability to borrow money were altered significantly by the introduction of the Local Government and Housing Act 1989 and subsequent regulations. This has now been abolished and replaced by the self-regulating Prudential Code.

6. OTHER RELEVANT LEGISLATION

- a. The Local Government Finance Act 1988 (the 1988 Act) created the (now repealed) Community Charge and the current National Non- Domestic Rating regime and deals with grants, funds, capital expenditure and the financial administration of a local authority.
- b. Under Section 114 (2) and 114 (3) of the 1988 Act, the Chief Financial Officer is required to make a report, if it appears to him/her that a decision or course of action the Council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.
- c. Members have a duty to determine whether they agree with the Chief Financial Officer's statutory report issued under Section 26 Local Government Act 2003. If Members were to disagree, they would need to set out cogent reasons for so doing. Unless such reasons could be set forward, Members' action in disagreeing with the Chief Financial Officer's views on the basis of his/her professional judgement would be likely to be held unreasonable and constitute wilful misconduct. It should be noted that under the Members' Code of Conduct, Members are required to take account of any advice issued by Chief Financial Officer (and the Monitoring Officer) acting in their statutory capacities.

7. BEST VALUE: LOCAL GOVERNMENT ACT 1999

The Local Government Act 1999 (the 1999 Act) introduced a duty of Best Value, which came into force on 1st April 2000. Members need to be aware of and take account of the impact on the Council of this duty.

8. THE CONSTITUTIONAL POSITION: LOCAL GOVERNMENT ACT 2000 (THE 2000 ACT)

- a. The 2000 Act has had a fundamental effect on the governance of the Council and in particular has resulted in a change to the working arrangements of Council, with the requirement for a Constitution setting out executive (Cabinet) and scrutiny and overview arrangements. The 2000 Act also provides a power for Councils to promote the economic, social and environmental well being of their areas and develop community strategies. In addition, the 2000 Act establishes an ethical framework.
- b. Of particular importance to the Council Tax setting process and Budget Meeting of the Full Council is the Council's Budget and Policy Framework Procedure Rules set out in Part 4 of the City Council's Constitution. These provide a legal framework for the decision making process whereby the Budget of the City Council is determined, and the Council Tax is set. In addition, Members need to be aware that these Rules provide a route whereby the Leader may require the Full Council to reconsider their position if they do not accept the Executive's recommended budget without amendment.
- c. In addition, the Constitution contains a range of further material relevant to the setting of the Council Tax and the Budget Setting meeting:
 - i. Article 12 contains guidance on decision making and the law.
 - ii. The Council Procedure Rules in Part 4 regulate the conduct of the Full Council meeting (although traditionally, some of the rules relating to the conduct of the debate are suspended to allow different arrangements during the budget debate).
 - iii. The Members' Code of Conduct must be followed by Members.
 - iv. The Officer/Member Protocol contains guidance both on pre-budget discussions, but also on how officers and Members should interact with specific guidance about budget preparation issues.

9. PERSONAL LIABILITY AND SURCHARGE

The 2000 Act abolished the local government surcharge provisions and replaced them with a new statutory offence of 'misuse of public office'. This new statutory offence covers two situations, namely unlawfully incurring expenditure or incurring expenditure as a result of wilful misconduct. It also covers the exercise of a public function in a manner that involves dishonesty or oppression or malice. The Courts (rather than the District Auditor) would impose penalties. The Council could sue for losses/deficiencies sustained.

10. LEGAL STATUS OF POLITICAL PROMISES AND DOCUMENTS

- a. It is appropriate for Members to consider their own position as some Members may have expressed support publicly for policies that are not policies of the Council.
- b. Political documents do not represent a legal commitment on behalf of the Council. To treat any political document as a legal commitment by the Council would be illegal. Where there is a valid choice before Members, then, at that stage and only at that stage, Members may take political documents into account.
- c. All decisions must be taken within the framework of the formal decision making process of the Authority. Members must take into account all relevant matters and disregard all irrelevant ones. Decisions taken at a political meeting, such as a political group meeting, have no status within this process. A Member, who votes in accordance with a group decision which has been reached, having regard to relevant factors and who has addressed their mind independently to those factors and to the decision itself, will be acting within the law.
- d. The Courts have also advised on the balancing exercise to be undertaken by a Council when deciding whether to pursue a particular policy:

A local authority must exercise its statutory powers in the public interest and for the purpose of which those powers have been conferred. Political views, as to the weight to be attached to the various relevant considerations and as to what is appropriate in the public interest in the light of those considerations may properly influence the exercise of a statutory discretion. A decision will not be unlawful merely because some political advantage, such as electoral popularity, is expected to flow from it, so long as the decision is made for a legitimate purpose or purposes. Because at some stage in the evolution of a policy an improper political purpose has been espoused, does not mean that the policy ultimately adopted is necessarily unlawful. However, a political purpose extraneous to the statutory purpose can taint a decision with impropriety. Where there is more than one purpose:

- a) *The decision will generally be lawful provided that the permitted purpose is the true and dominant purpose behind the act. This is so even though some secondary or incidental advantage may be gained for some purpose, which is outside the authority's powers.*
- b) *The decision will be invalid if there are two purposes one ultra vires and one intra vires and the ultra vires purpose is a (even if not the) major purpose of the decision. Accordingly a decision substantially influenced by a wish to alter the composition of the electorate would be unlawful.*
- c) *Where there is some evidence justifying enquiry, the Court will consider whether an apparently lawful purpose e.g. home ownership is merely a colourable device to conceal an illegitimate purpose e.g. electoral advantage.*

d) Even if those voting for a particular policy at a Council meeting have perfectly proper reasons in mind, the policy can be tainted by the improper motives of others who have taken part in the formulation of that policy although not actually present to vote. As a matter of law it is possible for a corrupt principal to cause a result through an innocent agent.

11. OTHER LEGAL IMPLICATIONS

The financial forecasts contained in this report have been prepared and are submitted as part of the budget process set out in the Council's Constitution.

STATEMENT ON GENERAL FUND BUDGET STRATEGY
BY THE CHIEF FINANCIAL OFFICER
UNDER S.25 LOCAL GOVERNMENT ACT 2003

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for "the proper administration of their financial affairs' and appoint a CFO to have responsibility for those affairs. The CFO must exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the authority remains in sound financial health.

Section 25 of the Local Government Act 2003 imposes a duty on the Chief Financial Officer (CFO) to report formally to Council on the following matters:-

- The robustness of the estimates made for the purpose of the calculations (to set the Council Tax), and
- The adequacy of the proposed financial reserves.

These specific matters are dealt with below but it is important to set the whole of the 2013/14 budget process in the context of the exceptional financial circumstances that Local Government finds itself in.

Since the start of the current CSR period, the Council has made significant savings totalling £40M. For the 2013/14 financial year the budget shortfall as published in this report is £16.0M rising by a further £36.6M over 2014/15 and 2015/16 and therefore presents a significant and ongoing challenge to the Authority.

Given the continuing uncertainties of the economic environment and the scale of expenditure reductions required year on year, there will inevitably be significant risks involved in delivering a balanced budget. Whilst considerable pressure exists on the Council's budget because of the severely reduced level of resources available for Local Authorities in the future, further advanced forward planning to deliver the budget savings required in the medium term is in preparation and is absolutely essential.

Whilst therefore the basic methodology for putting the budget together at the Council has not changed, it must be recognised that the scale of the changes and some of the measures being introduced do increase the risk built into the budget for 2013/14 and beyond.

The level of one off funding already included in the 'base position' totals almost £6.1M, (as set out in paragraph 67), and is effectively contributing in the order of 25% of the savings required to close the gap and balance the budget position in 2013/14. This is clearly not a sustainable position. The Council's reserves are at the minimum level recommended by the CFO and given the ever tightening financial position, the increasing pressures on spend (in particular in social care) and the significant savings to be made in future years, it is difficult to foresee that significant sums of one-off funding will be available in future years to support the budget position.

In addition, there are significant shortfalls in future years as set out in Appendix 10. Therefore, Members must not lose sight of the need to ensure that work is ongoing to

develop sustainable savings proposals for future years and must be mindful of the need to carefully consider the extent to which one off funding is utilised in order to deliver a balanced budget in any one year.

There are a number of specific risks, some of which are new for 2013/14, which should be noted which either are or could adversely impact on the Authorities financial position:

- i) **Council Tax Freeze Grant** – The government has announced a Council Tax freeze grant for 2013/14, which will fund the equivalent of the difference between a zero percent and a 2.0% council tax increase but will be paid over 2013/14 and 2014/15. The grant receivable will represent additional funding equivalent to increasing Council Tax by 1.0%, which for Southampton City Council is approximately £0.8M. However, based on the level of grant payable in 2013/14 and 2014/15 if the decision was taken to freeze Council Tax and accept the grant this would increase the current budget gap in each of these years by £0.8M due to the difference between the Council Tax income that has been assumed and the level of funding being offered by the Government. This increase in the forecast gap would grow to £1.6M in 2015/16 and beyond when the grant income is also lost. The advice I have given to all four political groups is that it would not be in the Council's long term financial interest to accept the freeze grant. The Executive's budget proposal does not include an acceptance of this grant.
- ii) **Council Tax Referendum** – The introduction of a Council Tax referendum for Council Tax increases in excess of 2.0% is likely to be a limiting factor in being able to raise Council Tax income in the future, as it is felt unlikely that many Authorities will wish to propose increases which trigger a referendum. If this were to be true moving forward in Southampton, then Council Tax increases would be capped at a maximum increase of 2.0% which would limit the ability to use Council Tax increases in future as a way to address the ongoing funding shortfall. The Executive's budget proposes a Council Tax increase of 1.9%, and thus does not trigger a referendum.
- iii) **Local Government Settlement** – The Comprehensive Spending review (CSR) was for the 4 year period 2011//12 to 2014/15 and in December the provisional settlement set out funding for Local Government for the final two year period of the CSR; (2013/14 and 2014/15). This settlement reflected the changes resulting from the Local Government Resource Review into the way that Local Government is financed. Whilst the settlement announcement gives a degree of certainty these changes which include a system of locally retained business rate income introduce new risks.
- iv) **Business Rate Retention (BRR) Scheme** – From 2013/14 onwards the previous formula grant system is to be replaced by a new regime which is based on business rates retention. Under the new BRR Scheme the Council will retain 48% of business rate income with a series of "tariffs", "top-ups", "levies" and "safety nets" to reflect the current difference between what individual local authorities actually collect compared with what they get under the current formula driven mechanism. The new BRR Scheme means that the Council's income during the year will be subject to greater volatility. Previously the funding from business rates was by way of a fixed annual government grant but in the future it will be dependent on our ability to collect, retain and grow

business rate income, and in part this will depend on the local economic situation. It should be therefore be noted that the new system introduces significant new risks which the Council will need to be aware of:

The Authority is required to estimate the likely level of business rates to be retained, and this income level is then built into the Authority's budget. If the actual income collected is less than the amount included in the budget, then, all other things being equal, this will have a direct negative impact on the Council's financial position.

The Authority's estimate of the level of Business Rates to be retained can be impacted by two key issues:

- a) Economic Growth – If the economy grows within the City, then it is likely to have a positive impact, leading to growth in the level of business rate income. Conversely, every time a business closes, that will represent a real reduction in income to the Authority, and there are recent examples which illustrate this risk, for example Comet, Jessops and Ford.
- b) Appeals – Under the new system, Local Authorities (LA's) will lose income each time the Valuation Office reduces a Rateable Value and hence the business rates payable following a successful appeal. Up until 2013/14, any successful appeals do not impact on LA's, but from 2013/14 onwards, LA's will lose income proportionately for each successful appeal, and in Southampton the proportionate share will be 48%. In estimating the level of retained Business Rates to include in the budget, an assessment has had to be made of the level of appeals, and the figure included in the budget is net of this amount. There is a clear risk therefore that if appeals are higher than anticipated, income will be less than forecast and, all other things being equal, this will impact negatively on the Council's financial position.

These are new and significant risks to the Council.

- v) Localisation of Council Tax Benefit – 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 adds further risk to the budget position. The risks are follows:
 - a) That the new scheme does not deliver the 10% saving required from April 2013; although it should be possible to mitigate this risk through careful scheme design.
 - b) That a shift in demographics or economic conditions will cause an increase in demand for benefit which cannot be contained within the reduced budget provision available.
 - c) That with Council Tax benefit being paid direct to recipients there will be an increase in council tax arrears due to non payment.
 - d) The time period for introducing the new localised system is very tight, with the new system due to be in place from April 2013.

The Council has sought to limit its exposure to these risks through careful consideration of the scheme design, and through working closely with its partner Capita to ensure timely implementation of the new scheme. However, there remains a risk of increased non collection and also the risk that the number of claimants will increase.

vi) **CSR 15** –The next CSR period starts in 2015 and is likely to contain another round of significant cuts to Local Authority funding. Various professional bodies and associations quote the potential loss of grant funding between 25% and 40%. The exact timings of these further reductions are unknown at present. The potential impact of this for Southampton will form part of the thinking necessary around the sustainable changes which will need to be made in the next few years to ensure the long term viability of service provision.

For planning purposes, provision has been made within the current medium term forecast to manage this risk of reduced government grant with an assumption that there will be a further reduction in central government grant of 9% in 2015/16. This reflects an ongoing reduction which has averaged 7% per annum and an additional 2% reduction continuing that announced by the Chancellor in the Autumn Statement for 2014/15. There is a risk that the actual reductions in government grant will be in excess of 9% for 2015/16.

vii) **Impact of Welfare Reform** –The Welfare Reform changes will affect residents of Southampton and may increase demand for services provided by the Housing, Adult Care and Support and Children Schools and Families services. Whilst it is impossible to calculate these impacts, the overall budget does include some funding specifically aimed at supporting the most vulnerable who are impacted by these reforms:

a) **Social Fund** – A sum of £654,200 has been included in the 2013/14 budget which can be awarded on a discretionary basis to the most vulnerable individuals who are in real financial difficulty.

b) **Council Tax Reduction Scheme** – A sum of £200,000 has been set aside as part of the scheme agreed by Full Council in the form of a discretionary Hardship Fund.

However, there remains an unquantifiable risk that an increase demand for services would impact on the Council's financial position, as no specific additional funding has been built into service budgets to account for any impact arising from the Welfare Reform changes.

viii) **Public Health Growth** –Public Health responsibilities transfer to the Council from April 2013 and at this stage it has been assumed that the associated funding will meet the cost of providing the transferred service and therefore will not have any impact on the Council's total net revenue budget requirement. Whilst unlikely, any shortfall arising will need to be addressed during the financial year as a matter of urgency and in future years there is a risk that growth in demand may place a financial pressure on the Council.

ix) **Academy Schools Transfer (Education Services Grant)** – The Education Services Grant (ESG – formerly known as Local Authority Central Spend Equivalent Grant - LACSEG) is currently paid to Academies to cover the cost of services that local authorities provide centrally to its own schools. These services include improving school attendance, financial support and asset management amongst others. This new grant will be allocated between the Council and Academies based largely on pupil numbers and will be reviewed on a quarterly basis. This will introduce an additional element of volatility and risk as schools transfer to Academy status and this will be exacerbated if the Council is not able to reduce its costs in line with reductions in funding.

- x) **Interest Rate Risk** – The global financial position coupled with the current unresolved financial crisis in the Eurozone means that there is a considerable amount of interest rate risk within the overall financial system. The current position of securing low interest rate variable debt is providing a positive benefit to the General Fund budget, with borrowing costs significantly lower than they otherwise would have been through borrowing longer term through higher rate fixed term loans.

There are specific measures within the budget to provide a way of managing the risks presented by the current borrowing strategy, namely through the establishment of the Interest Equalisation Reserve. It should be noted however that the IER would only be sufficient to provide for transitional funding at the point at which the Council begins to convert from variable rate debt to long term fixed rate debt and that there remains no recurring budget provision to fund the increased interest costs likely to be incurred. The likelihood however, is that based on the current economic conditions, interest rates are likely to stay lower for longer and also the margin between short term variable debt and long term rates is not anticipated to narrow to any significant extent. It is likely therefore that the impact of converting to fixed rate long term debt will materialise towards the end of the current medium term budget horizon, providing the Council with time to manage this potential issue in future budget rounds.

- xi) **Demographic Change and increased Demand** – There remains an upward demographic pressure in social care via an increasing elderly population, and demand continues to grow for expensive interventions within Children's Services. There are specific measures within the proposed budget for 2013/14 through the inclusion of significant sums within the Risk Fund to manage these budget pressures. Furthermore, additional funding is set out for approval in 2012/13 and sums have been allocated to add to service budgets in 2013/14 as known pressures.
- xii) **Economic Conditions** – The national and international economic conditions remain uncertain and volatile. The UK has been through a sustained recession, and the indications are that economic conditions will remain difficult for some time. At the local level, the recession has impacted on the Council's income streams across a range of services, and it is likely that income will continue to be impacted in 2013/14 with the added risk of the impact on business rates which is now borne by the Council.
- xiii) **Redundancy Provision** – Forecast future redundancy payments are based on information gathered during the previous budget process. We anticipate that we have set aside sufficient provision in the Organisational Development Reserve to finance the required one-off payments over the next three years. However the actual impact is only known when specific details come forward and changes in the overall level of savings required will influence the resulting level of redundancies in future years.
- xiv) **Transformational Change** – There is still a considerable amount of transformational change that will need to occur at the same time as maintaining "business as usual" as the Council addresses the sustainable changes demanded in the next few years to ensure the long term viability of service provision. There is always a degree of risk associated with major change and due to the reduced resources at a senior managerial level there is a growing

capacity issue which may impact on the ability to manage and support the wide ranging changes required whilst maintaining financial control and good governance of the Council. The Executive's budget proposes that an additional £1M is set aside to fund transformation activity in 2013/14.

- xv) **Equal Pay** – The Council has received a number of Equal Pay claims. There remains the risk that further claims could be received.

The Council is required to have regard to this report in approving the budget and Council Tax. It is appropriate for this report to go first to Cabinet and then to be made available to the Council in making its final decision.

Notwithstanding the above, as required under Section 25 of the Local Government Act 2003 I would make the following formal comments on the Robustness of the Estimates and the Adequacy of Reserves:

A) ROBUSTNESS OF ESTIMATES

Budget setting is made up of several estimates some involving quite complex forecasting. By the very definition of the word, estimates are not factual and the degree of accuracy will not only vary but also take different periods of time to be proven to be correct or otherwise.

During the summer of 2013 the Executive, (supported by the Management Board of Directors), developed a series of detailed budget proposals which were subsequently published in November. Whilst some figures were changed, proposals have been amended and new proposals have been put forward, these have also been validated by the Management Board of Directors prior to their inclusion in the final proposed budget. There is therefore a high degree of validation inherent within the final budget proposals.

Key elements within the budget are provisions for inflation on pay and prices, projected levels of income and achievability of savings. Details of these items are included in the reports and have already been through the validation process as set out above. However, there are a number of points to draw out:

- i) Assumptions made in all of the forecasts are basically sound. A 1% pay award has been incorporated into the budget for 2013/14 and 2014/15, reflecting the announcement made by the Chancellor in his Autumn Statement to "set public sector pay awards at an average of 1% for each of the two years after the current pay freeze comes to an end". Employer contributions to the Hampshire Local Government Pension will remain at their current level for the three year period, 2011/12 to 2013/14, equivalent to 19.1% of pensionable pay, following the actuarial review at 31 March 2010. Contributions from April 2014 will be reviewed as part of the next actuarial review and the impact will be built into future forecast which will be regularly updated.
- ii) The scale of the reductions in local government funding has meant that the Council has been forced to look at radical options for reducing expenditure across services. Proposals which involve significant change to current structures, systems and processes, or which have major implications for service

design inherently involve higher levels of risk than those which broadly maintain current arrangements. At the most practical level those risks begin with the possibility of slippage and disruption in the transition from old to new arrangements.

The Executives recommendations for efficiencies, income generation and service reductions now total £16.5M.

Individual savings items have been approved by relevant Directors and Senior Managers and have been subject to scrutiny by the Management Board of Directors. Responsibility for actioning any changes in the budgets will fall to me as CFO, and all savings approved will be actively monitored throughout the year although responsibility for the delivery of these savings rests with the relevant Executive Director.

- iii) The Council's external auditor gave an unqualified opinion on the 2011/12 financial statements and an unqualified conclusion on the Council's arrangements for securing value for money.

The Council has maintained a robust system of budget monitoring and control evidenced by the small unplanned variances from budget on final outturn in recent years. Where over spends or under spends have arisen, potential variances have been identified early enough to enable corrective action to have effect.

The CFO considers that the financial control arrangements remain sufficiently robust to maintain adequate and effective control of the budget in 2013/14.

- iv) The current recommendation by the Cabinet retains a general contingency of £250,000 together with a risk based contingency sum of £5.8M within the Risk Fund, which should cover any estimation issues or activity changes that arise during the year.
- v) The current economic climate and national issues surrounding social care and the safeguarding of children have impacted on the budget. Additional provision to cover all of these issues has been included within the final budget proposals and will be the subject of detailed monitoring throughout the year.
- vi) A prudent but realistic view of interest rates has been taken in constructing estimates for interest charges in 2013/14 budget. Whilst these estimates are considered to be adequate at this point in time the considerable turbulence within the financial markets may lead to further consideration. Interest rate trends and capital financing operations will be monitored closely throughout the year to facilitate timely action designed to optimise the Authority's position.

B) ADEQUACY OF PROPOSED FINANCIAL RESERVES

Risk Mitigation – Mindful of the overall risks within the budget, some of which are specifically highlighted in points i) to xv) at the start of this report, (of which some are not quantified nor have any specific offsetting financial provision within the budget), I

have re-assessed the minimum level of the Council's General Fund reserves/balances.

The current recommended minimum General Fund reserves/balances is £5.0M, but based on a revised risk assessment I have recommended that the minimum level of balances be increased by £0.5M to £5.5M for the 2013/14 financial year.

In reviewing the minimum level of reserves, I have had regard to the significant new risks presented by the introduction of the new BRR Scheme and the new localised Council Tax Benefit Reduction scheme, together with the continuing reduction in Local Government funding and the consequent significant budget shortfalls the Council still faces in the medium term.

Cognisant of my advice and the issues set out above, the Executive are recommending to Full Council as part of their budget for 2013/14 that the minimum level of balances is increased to £5.5M.

It is also worth setting out that the Council does have an excellent track record of remaining within budget once it has been set, and has never been in the position of reporting an overall over spend on the General Fund despite some very difficult recent years in respect of reducing income and escalating social care costs in both children and adult services.

Issues which it is appropriate to draw specifically to the attention of Cabinet and Council are detailed below:

i) The Council holds a number of specific reserves for issues like debt write off that are assessed on an ongoing basis against the specific issues to which they relate. Review of these provisions forms part of the budget preparations covered above.

ii) The general reserves are used to support revenue, capital and strategic pressures and to provide a working balance.

Details of the use of general reserves are included in the report. The level of reserves and the projected use is forecast for three years. The minimum level of balances is recommended by the CFO taking into account issues like the proposed draw from reserves, the level of risk contained within the budget and previous experience on potential levels of net over spend.

Best practice guidance issued by CIPFA is followed in determining a level of reserves based on assessed risks, which are reviewed annually. Based on the current assessment, the CFO has recommended that the minimum level of balances should be increased from the current minimum of £5.0M to a new minimum working balance of £5.5M. There is no legal definition or Audit Commission recommendation on the absolute level of reserves that any authority should hold but the risk based approach does provide a consistent, transparent methodology that can be updated periodically.

iii) Attention is drawn to the level and use of capital resources in the General Fund Capital Programme report. Whilst this identifies the overall Capital Programme is fully funded this is based on a revised estimate of capital receipts. The level of capital receipts is volatile and therefore while the funding deficit is now closed

from the level reported previously this remains an area to monitor as the deficit is based on estimated forecast receipts rather than receipts received.

Slippage in capital receipts could change the forecast of temporary borrowing that is required unless accompanied by equivalent slippage in spend. Non-receipt of any planned income will require a permanent draw from balances, additional borrowing or savings to found in capital programme. In drawing up the capital programme these risk factors are obviously taken into account but as a backstop position these potential shortfalls will continue to be reviewed over the longer term and where possible, be reduced by re-phasing schemes or bringing forward the use of prudential borrowing.

The Council also has key strategic property and land sites which it has been holding until market conditions improve. These have been reviewed to ensure that those held are truly strategic and as a result sites have been identified for sale which has in part served to reduce the forecast capital deficit. The categorisation and potential for sale of sites will continue to be actively monitored and sites held by the Council which are not operational provide a further source of contingency to reduce the risks outlined in the above paragraphs.

- iv) Levels of borrowing and debt and associated treasury risks are fully covered in the Treasury Management Strategy and Prudential Indicators report which appears on the Council agenda. In recognition of the risk associated with the current strategy the Council is maintaining an Interest Equalisation Reserve, and as part of setting the 2013/14 I have recommended that the level of this reserve should be maintained at £3.1M, which I consider to be the prudent minimum at this time based on the current borrowing strategy.

Section 25 concentrates primarily on the uncertainty within the budget year rather than the greater uncertainties in future years. However future uncertainties also inform the need for reserves and balances in the medium term. The current financial position involving significant savings targets increases the risk of over spending, together with demand led spending pressures during a recession and potentially higher inflation than assumed. Funding beyond 2014/15 is uncertain as this will signal the start of a new CSR and therefore budget plans for 2015/16 and beyond must be treated with caution at this stage.

This formal report is part of a continuum of professional advice and is the culmination of a budget process in which lots of detailed work has already taken place with Directors, Senior Managers and their teams and Members.

The CFO considers that the budget proposals recommended by the Cabinet for 2013/14 are robust and sustainable. However, there are risks associated with the achievement of efficiencies and service reductions and robust monitoring arrangements must continue to ensure savings are delivered within the required timescale. The level of general and specific reserves together with the contingency sum of £250,000 and the provisions held within the Risk Fund are sufficient to meet the known risks within the budget, taking account of the robust financial management framework which the Council has in place. Overall therefore whilst it is recognised that this budget has elements of risk not experienced before, it is felt that sufficient mitigating actions are already in place to accept and to manage those risks in 2013/14.

However, as CFO, I remain concerned about the Authority's medium term position, with circa £36M of savings to be found by 2015/16. Therefore, Members must not lose sight of the need to ensure that work is ongoing to develop sustainable savings proposals for future years and must be mindful of the need to carefully consider the extent to which one off funding is utilised in order to deliver a balanced budget in any one year.

Agenda Item 5

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	THE GENERAL FUND CAPITAL PROGRAMME 2012/13 TO 2015/16		
DATE OF DECISION:	5 FEBRUARY 2013 13 FEBRUARY 2013		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Andrew Lowe	Tel: 023 8083 2049
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STATEMENT OF CONFIDENTIALITY			
N/A			

BRIEF SUMMARY

The purpose of this report is to inform Council of any major changes in the overall General Fund Capital Programme since it was last reported on 12 September 2012. This report also outlines the way in which the revised programme has been funded, reflecting the changes in availability and usage of capital resources.

The net result of the changes in this report is that the current overall programme has increased by £23.3M. The capital programme is fully funded based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts.

In addition to the forecast capital receipts that are assumed as a key element of funding the capital programme presented for approval, 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.

RECOMMENDATIONS:

CABINET

Recommends that Full Council

- i) Approve the revised General Fund Capital Programme, which totals £140.3M (as detailed in paragraph 4) and the associated use of resources.
- ii) Note the changes to the programme as summarised in Appendix 2 and described in detail in Appendix 3.
- iii) Note the slippage and re-phasing as described in detail in Appendix 3.

- iv) Note the transfer of the Southampton New Arts Complex (SNAC) scheme from Housing & Leisure Services Capital Programme to the Leader's Capital Programme.
- v) Add £400,000 to the Children's Services Capital Programme in 2013/2014, to be funded by Council Resources, to ensure that the expansion of Bassett Green Primary school achieves the BREEAM (Building Research Establishment's Environmental Assessment Method) rating of excellent, in accordance with the Council's planning policy.
- vi) Add £480,000 to the Resources Capital Programme in 2013/14 for the demolition of Oaklands school to be funded by direct revenue financing.
- vii) Delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Resources to add a further £100,000 to the Resources Capital Programme for the demolition of Oaklands school if required to be funded by direct revenue financing, bringing the total scheme up to a maximum of £580,000.
- viii) Add £2,821,000 to the Environment & Transport Capital Programme in 2013/2014 for the Roads Programme to be funded by direct revenue financing.
- ix) Add £1,616,000 to the Environment & Transport Capital Programme in 2013/2014 for Integrated Transport schemes to be funded by government grants.
- x) Add £1,701,000 to the Environment & Transport Capital Programme in 2013/2014 for Highways Maintenance schemes to be funded by government grants.
- xi) Note that additional temporary borrowing taken out in 2010/11 and 2011/12 due to cash flow issues, totalling £11.9M, is expected to be repaid by the end of 2013/14 when anticipated capital receipts are finally forecast to be received.
- xii) Note that the revised General Fund Capital Programme takes into account the Comprehensive Spending Review (CSR) for 2011/12 and future years as updated by the provisional Local Government Finance Settlement announced in December 2012.
- xiii) Note that in addition to the forecast capital receipts that are assumed as a key element of funding the capital programme presented for approval, 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.
- xiv) Note the financial and project issues which are set out in paragraphs 31 to 36 and detailed in Appendix 3 for each Portfolio.

COUNCIL

It is recommended that Council:

- i) Approve the revised General Fund Capital Programme, which totals £140.3M (as detailed in paragraph 4) and the associated use of resources.
- ii) Note the changes to the programme as summarised in Appendix 2 and described in detail in Appendix 3.
- iii) Note the slippage and re-phasing as described in detail in Appendix 3.
- iv) Note the transfer of the Southampton New Arts Complex (SNAC) scheme from Housing & Leisure Services Capital Programme to the Leader's Capital Programme
- v) Add £400,000 to the Children's Services Capital Programme in 2013/2014, to be funded by Council Resources, to ensure that the expansion of Bassett Green Primary school achieves the BREEAM (Building Research Establishment's Environmental Assessment Method) rating of excellent, in accordance with the Council's planning policy.
- vi) Add £480,000 to the Resources Capital Programme in 2013/14 for the demolition of Oaklands school to be funded by direct revenue financing.
- vii) Delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Resources to add a further £100,000 to the Resources Capital Programme for the demolition of Oaklands school if required to be funded by direct revenue financing, bringing the total scheme up to a maximum of £580,000.
- viii) Add £2,821,000 to the Environment & Transport Capital Programme in 2013/2014 for the Roads Programme to be funded by direct revenue financing.
- ix) Add £1,616,000 to the Environment & Transport Capital Programme in 2013/2014 for Integrated Transport schemes to be funded by government grants.
- x) Add £1,701,000 to the Environment & Transport Capital Programme in 2013/2014 for Highways Maintenance schemes to be funded by government grants.
- xi) Note that additional temporary borrowing taken out in 2010/11 and 2011/12 due to cash flow issues, totalling £11.9M, is expected to be repaid by the end of 2013/14 when anticipated capital receipts are finally forecast to be received.
- xii) Note that the revised General Fund Capital Programme takes into account the Comprehensive Spending Review (CSR) for 2011/12 and future years as updated by the provisional Local Government Finance Settlement announced in December 2012.
- xiii) Note that in addition to the forecast capital receipts that are assumed as a key element of funding the capital programme presented for approval, 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.

- xiv) Note the financial and project issues which are set out in paragraphs 31 to 36 and detailed in Appendix 3 for each Portfolio.

REASONS FOR REPORT RECOMMENDATIONS

1. The update of the Capital Programme is undertaken twice a year in accordance with Council Policy and is required to enable schemes in the programme to proceed and to approve additions and changes to the programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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

DETAIL (Including consultation carried out)

CONSULTATION

3. The General Fund Capital Programme update summarises additions to the capital programme since September 2012. Each addition to the capital programme has been subject to the relevant consultation process which now reflects the key role played by Capital Boards and the developing use of the Councils project management system Sharepoint. The content of this report has been subject to consultation with Finance Officers from each portfolio.

THE FORWARD CAPITAL PROGRAMME

4. The following table shows a comparison of the total planned expenditure for each year with the sums previously approved. The Latest Programme figures include additions to the programme which are subject to approval of the specific recommendations:

	2012/13	2013/14	2014/15	2015/16	Later Years	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Latest Programme	63,558	47,034	23,666	4,282	1,790	140,330
Sep 2012 Programme	65,677	27,146	18,661		5,512	116,996
Variance	(2,119)	19,888	5,005	4,282	(3,722)	23,334

5. The above table shows that the General Fund Capital Programme has increased by £23.3M. With the exception of changes requiring approval detailed in the recommendations within this report, all other changes have been previously approved by Council, Cabinet or made under delegated authority. Details of each portfolio's programme are shown in Appendix 1.
6. The change in individual portfolios' capital programmes is shown in the following table and a summary of the major variations, together with the source of funding and the priorities to which they contribute, is detailed in Appendix 2:

	Latest Programme £000's	Previous Programme £000's	Total Change £000's
Adult Services	3,251	2,973	278
Children's Services	51,361	47,837	3,524
Environment & Transport	41,645	23,125	18,520
Housing & Leisure	10,814	28,527	(17,713)
Leader's	22,100	3,725	18,375
Resources	11,159	10,809	350
Total GF Capital Programme	140,330	116,996	23,334

7. Further detail of the changes to each portfolio capital programme is contained in Appendix 3 which sets out both additions and slippage and re-phasing for schemes.

CAPITAL RESOURCES

8. The resources which can be used to fund the capital programme are as follows:
 - Supported Borrowing
 - Unsupported Borrowing
 - Capital Receipts from the sale of HRA assets
 - Capital Receipts from the sale of General Fund assets
 - Contributions from third parties
 - Central Government Grants
 - Grants from other bodies
 - Direct Revenue Financing (DRF) raised from Council Tax payers or balances
9. Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Housing Association schemes within the Housing Portfolio.

CHANGES IN AVAILABLE RESOURCES

10. The additional spending within the Capital programme must be met from additional sources of finance. The following table shows the resource changes that have taken place since September 2012:

	£000's
Capital Receipts	1,226
Contributions	2,447
Capital Grants	16,603
Direct Revenue Financing from Portfolios	3,058
Total Change in Available Resources	23,334

11. The main reasons for the resource changes are detailed in Appendix 4. It should be noted that the programme takes into account the outcome of the Comprehensive Spending Review for 2011/12 and future years as updated by the provisional Local Government Finance Settlement announced in December 2012. This affects areas such as the roads programme within the Environment & Transport Capital Programme which is heavily reliant on grant funding from government each year.
12. The largest increase in available resources relates to Government capital grants. This is largely for expenditure on schemes within the Environment & Transport Capital Programme.

OVERALL USE OF RESOURCES

13. The following table shows capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme:

	2012/13	2013/14	2014/15	2015/16	Later Years	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Adult Services	3,031	220				3,251
Children's Services	28,513	17,364	1,980	2,004	1,500	51,361
Environment & Transport	18,365	19,061	4,219			41,645
Housing & Leisure Services	3,959	3,604	2,529	507	215	10,814
Leader's	2,300	3,016	14,938	1,771	75	22,100
Resources	7,390	3,769				11,159
Total GF Capital Programme	63,558	47,034	23,666	4,282	1,790	140,330

	2012/13	2013/14	2014/15	2015/16	Later Years	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Unsupported Borrowing	7,443	1,198	141			8,782
Capital Receipts	8,310	8,201	9,940	526	168	27,145
Contributions	4,144	2,560	2,473	1,416	20	10,613
Capital Grants	36,978	30,946	10,762	2,100	1,527	82,313
DRF from Balances	2,552	359				2,911
DRF from Portfolios	4,131	3,770	350	240	75	8,566
Total Financing	63,558	47,034	23,666	4,282	1,790	140,330

14. The table above shows that following the latest update the capital programme continues to be fully funded based on the latest forecast of available resources although the forecast can be subject to change as it was in September 2012.
15. Funding for the capital programme is heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the changes in the economic climate have increased the Council's risk in this area.
16. 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.
17. Due to anticipated delays in the receipt of funding from the sale of capital assets an additional £9.2M had to be borrowed to fund the programme in 2011/12 and £2.8M in 2010/11, which was in line with delegated powers approved in September 2008. The additional revenue costs associated with undertaking this prudential borrowing have been built into future budget forecasts.
18. 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 and based on the latest forecast of capital receipts the temporary borrowing undertaken to date of £11.9M will be repaid by the end of 2013/14. The figures shown in the table above do not reflect this repayment and only relate to the financing of the current programme rather than adjustments to the financing of prior years.
19. The funding and cashflow position of the overall capital programme is susceptible to changes in the estimated value of future capital receipts and their timing. This has arisen due to the approval of schemes based on future estimates of receipts and the fact that the reserve of receipts has been exhausted. This situation was

exacerbated by the recession but is a risk which needs to be considered in the future approach adopted for capital additions.

It is intended to move to a position where schemes are only approved when receipts are received or certain and when a sufficient reserve of receipts has been built up to protect against volatility in the timing and level of uncertain future receipts.

20. The forecast of capital receipts includes a risk factor calculated by Valuation Services that reduces some receipt values to take account of the uncertainty inherent in these estimated values. This should mitigate the impact of any individual changes in receipts and also ensure that an appropriately realistic forecast is presented. Capital receipts are actively monitored throughout the year and this will continue.
21. Last year the Council reviewed its property portfolio with a view to selling those assets that are surplus to requirements, thus potentially realising a significant level of capital receipts. It should be noted that the exact total and timing of such receipts is still very much unknown and will be subject to change however it should allow the Council to build up a reserve of receipts in future years. The use to which any additional receipts are put will be considered in the light of the Council's priorities.

CHANGES TO THE PROGRAMME

22. Given the lack of spare resources in the programme and the lack of available capital resources over the past three to four years, additions to the programme are only considered in very exceptional circumstances.
23. A number of changes to the overall programme have been approved at Capital Boards and via separate reports and a series of recommendations are included in this report to approve a number of additions to the programme.
24. A recommendation is included to add a sum of £400,000 to the Children's Services capital programme to ensure the expansion of Bassett Green Primary School achieves a BREEAM rating of excellent in line with Council's planning policy to be funded from Council Resources. A report was approved by Cabinet on 18 September 2012, detailing the need to provide an additional 90 primary school places in and around the city centre. This included a proposal to expand Bassett Green Primary School by 1FE (one form entry). It is envisaged that this scheme will be delivered via a 7-classroom new build extension. In accordance with Planning Policy, this would require the scheme to achieve a BREEAM rating of 'Excellent'. Councillors have agreed that, in such instances, the Council will fund the difference between achieving BREEAM 'Very Good' (i.e. the level at which the EFA funds projects) and BREEAM 'Excellent'. In the case of Bassett Green, it is anticipated that this additional cost will be £400,000.
25. The lease of the Oaklands school was formally handed back to the Council in September 2012. Confirmation has been received from the Department for Education (October 2012) in relation to the de-classification of the property for education use. Pending a formal decision on the future of the site interim security measures have been put in place in an attempt to mitigate vandalism and deterioration of the property. The ongoing costs associated with the site will

be significantly reduced if the redundant buildings are demolished.

26. A feasibility study has estimated that the costs of demolition plus associated site security, is within the range of £480,000 to £580,000. The addition to the Resources Capital Programme is at the lower end of this range and Council is asked to delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Resources to add a further £100,000 to the capital programme for the demolition of surplus redundant buildings at the Oaklands school site if required, to be funded from revenue, bringing the total scheme up to a maximum of £580,000.
27. A recommendation is included to add sums of £2,821,000 to be funded by DRF and £1,701,000 to be funded by government grants to the Environment & Transport Capital Programme for the Roads Programme and Highways Maintenance schemes respectively. The Roads programme continues to reflect the need to maintain the structural integrity of the City wide highway network. The programme has been designed in line with the Transport Asset Management Plan (TAMP) principles. There is also additional investment in footways across the city in response to public demand to improve their condition, assist less mobile pedestrians and improve safety.
28. A recommendation is included to add a sum of £1,616,000 to the Environment & Transport Capital Programme for Integrated Transport funded from government grants. This funding will be used to deliver a range of transport improvement schemes as identified in the Local Transport Plan 3. This includes public transport, road enhancements, road safety, cycling and pedestrian schemes and public realm enhancements.
29. In addition, the transfer of the Southampton New Arts Complex (SNAC) scheme from Housing & Leisure Services Capital Programme to the Leader's Capital Programme has been included as part of this report.

NEW SPENDING PRIORITIES PUT FORWARD BY CABINET

30. Due to the current lack of additional funding, no new initiatives, other than those outlined above as consistent with previous policy decisions are being proposed.

FINANCIAL & PROJECT ISSUES

31. In the past, there have been issues with regard to delivery of schemes in the light of which a review of project management within the Council was undertaken and a project management system, (Sharepoint), developed and implemented. Following a period to establish the efficient and effective use of Sharepoint across the Council this report includes an assessment of all facets affecting the delivery of the Capital Programme.
32. Within Sharepoint, projects are allocated a RAG status based on the following broad criteria:

- **RED – Significant Concern** - Low level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3 (project initiation). Any significant risks or issues should be noted under 'Highlighted Risks and Issues' on the Highlight Report and a Red RAG status selected where the Project Manager believes that the risk and/or issue may lead to significant slippage or impact cost and / or quality.
 - **AMBER – Some Concern** - Medium level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3. Any medium risks or issues should be noted under 'Highlighted Risks and Issues' on the Highlight Report and an Amber RAG status selected where the Project Manager believes that the risk and/or issue may lead to some slippage or impact cost and / or quality.
 - **GREEN – On Track** - High level of confidence that the project can be delivered to the originally agreed Time, Cost and / or Quality specified at Gateway 3. Any minor risks or issues can be noted under 'Highlighted Risks and Issues' on the Highlight Report. The RAG status would remain 'Green' unless the risk and/or issue is likely to lead to some or significant slippage or impact cost and / or quality.
33. Appendix 3 contains detail about financial and project issues within each Portfolio Capital Programme which need to be brought to the attention of Cabinet and Council.
34. Two schemes have been highlighted but there is only one schemes where a material financial risk is being forecast and these are shown in the table below:

Key Adverse Variances

Portfolio	Scheme	Adverse Forecast £000's	Appendix 3 See Reference
Children's Services	Bitterne Park 6 th Form	0	CS 9
Leisure & Culture	SeaCity Phase 2	358	LS 3

35. The current forecast over spend in relation to SeaCity Phase 2 is largely down to additional work required with regards to asbestos works and the associated additional work and delays that this caused. Every effort is being made to identify whether it is possible to still deliver the scheme on budget and this will be finalised in the coming months. Provision was approved by Council in July 2012 for additional DRF funding of up to £300,000 as a prudent response to this likely pressure as part of the revenue outturn.
36. There are no schemes where there are corporate project issues to report at this stage, over and above the scheme referenced in the table above.

RESOURCE IMPLICATIONS

Capital

37. As set out in the report details.

Revenue

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

In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.

Property

39. There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.

Other

40. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

41. The General Fund Capital Programme update is prepared in accordance with the Local Government Acts 1972 – 2003.

Other Legal Implications:

42. None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, the Equality Act 2010, the duty to achieve best value and statutory guidance issued associated with that, and other associated legislation.

POLICY FRAMEWORK IMPLICATIONS

43. The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	General Fund Capital Programme – Scheme Details
2.	Major Variations Since the September 2012 Capital Update
3.	Key Issues – February 2013 Programme Update
4.	Major Changes in Capital Resources Since the September 2012 Update

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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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 General Fund Capital Programme 2011/12 to 2013/15 as approved by Council on the 12 September 2012.	
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APPENDIX 1

ADULT SERVICES CAPITAL PROGRAMME

Scheme No.	Description	Estimate	Estimate	Estimate	Estimate	Estimate	Total	Project Manager
		2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later Yrs £000's	£000's	
Approved Schemes								
R9215	Modernisation Southampton Day Services - Phase 2	11	0	0	0	0	11	Harris, Susan
R9265	SDS Modernisation Woolston Comm Centre	1,000	125	0	0	0	1,125	Harris, Susan
R9310	Mental Health Scheme (R9310)	1	0	0	0	0	1	Binns, Carole
R9330	National Care Standards and H&S Work	695	0	0	0	0	695	Harris, Susan
R9340	Replacement of Appliances and Equipment	121	0	0	0	0	121	Harris, Susan
R9700	Common Assessment Framework	587	95	0	0	0	682	Yasin, Saqib
R9720	Residential Homes fabric furnishing CQC	364	0	0	0	0	364	Woodward, Jane
R9730	Semba House Refurbishment	252	0	0	0	0	252	Harris, Susan
		3,031	220	0	0	0	3,251	
Total Programme		3,031	220	0	0	0	3,251	

CHILDREN'S SERVICES CAPITAL PROGRAMME

Scheme No.	Description	Estimate	Estimate	Estimate	Estimate	Estimate	Total	Project Manager
		2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later Yrs £000's	£000's	
Approved Schemes								
E0ACA	Academies.	6,574	0	0	0	0	6,574	Gill, Oliver
E0BPS	Bitterne Park 6th Form Parent	102	0	0	0	0	102	Hards, Richard
E0CC3	Children's Centres Phase 3	41	0	0	0	0	41	Read, Maureen
E0CSL	CS & L General Other	1,988	488	12	0	0	2,488	Gill, Oliver
E0ICT	ICT	169	8	0	0	0	177	Taylor, Nicholas
E0NDS	New Deals for Schools	139	80	0	4	0	223	Floyd, Colin
E0OLD	Completed Schemes	16	0	0	0	0	16	Gill, Oliver
E0PLA	Play Areas.	174	13	0	0	0	187	Hill, Tony
E0PR2	Primary Review Phase 2.	7,924	8,871	244	1,692	1,500	20,231	Floyd, Colin
E0PRH	Primary Rebuild - Harefield	100	205	0	0	0	305	Hards, Richard
E0PRI	Primary School Rebuild Projects	74	0	0	0	0	74	Floyd, Colin
E0PRN	Primary Rebuild - Newlands	4,200	179	0	0	0	4,379	Hards, Richard
E0PRW	Primary Review.	865	109	606	0	0	1,580	Floyd, Colin
E0SAF	Safeguarding	136	30	30	0	0	196	Read, Maureen
E0SCA	Schools Access Initiative (E0SCA)	180	42	0	0	0	222	Read, Maureen
E0SCM	School Capital Maintenance.	2,240	2,978	866	308	0	6,392	Gill, Oliver
E0SEN	Special Education Needs Review	100	16	0	0	0	116	Hards, Richard
E0SSM	Secondary School Maintenance	1,020	3,336	222	0	0	4,578	Hards, Richard
E0YPS	Young People & Skills	471	9	0	0	0	480	Read, Maureen
		26,513	16,364	1,980	2,004	1,500	48,361	
Unapproved Schemes								
E0PR2	Primary Review Phase 2.	2,000	1,000	0	0	0	3,000	Floyd, Colin
		2,000	1,000	0	0	0	3,000	
Total Programme		28,513	17,364	1,980	2,004	1,500	51,361	

ENVIRONMENT & TRANSPORT CAPITAL PROGRAMME

Scheme No.	Description	Estimate				Estimate Later Yrs	Total	Project Manager
		2012/13	2013/14	2014/15	2015/16			
		£000's	£000's	£000's	£000's	£000's	£000's	
Approved Schemes								
<u>Accessibility</u>								
C7171	Accessibility	375	99	0	0	0	474 Beatty	
<u>Active Travel</u>								
C7131	Cycling	371	388	387	0	0	1,146 Bostock, Dale	
<u>Bridges</u>								
C7900	Ichen Bridge C7900	45	0	0	0	0	45 Harvey, John	
C7911	Bridges	422	14	0	0	0	436 Harvey, John	
<u>Environment & Sustainability</u>								
C2400	PDG Capital	99	0	0	0	0	99 Nichols, Paul	
C2410	Mobile Working	0	48	0	0	0	48 Ferris, Neil	
C2520	Salix Energy Efficiency Measures	408	100	0	0	0	508 Taylor, Jason	
<u>General Environment</u>								
C2690	Relocation of Town Depot	397	0	0	0	0	397 Cooper, Malcolm	
C2730	Ichen Bridge Toll Automation Project	947	0	0	0	0	947 Richardson, Adrian	
C2740	Crematorium Major Works	1,269	212	0	0	0	1,481 Wells, Philip	
<u>Highways Other</u>								
C7191	LTP - Other Highways	259	0	0	0	0	259 Beatty	
C8200	Highways Drainage (C8200)	245	0	0	0	0	245 Beatty	
<u>Improved Safety</u>								
C7151	Improved Safety	112	0	0	0	0	112 Bagshaw, Carol	
<u>Network Management</u>								
C7181	ITS	942	554	20	0	0	1,516 Burns, Nicholas	
<u>No block</u>								
C2921	Weekly Collection Support Scheme	876	979	310	0	0	2,165 Thomas, Michael	
C7922	Redbridge Roundabout Scheme	1,200	0	0	0	0	1,200 Beatty	
C8911	Platform for Prosperity	1,181	5,366	432	0	0	6,979 Marshall, Anthony	
C8922	Centenary Quay.	142	302	948	0	0	1,392 Marshall, Anthony	

APPENDIX 1

Scheme No.	Description	Estimate				Estimate Later Yrs	Total	Project Manager
		2012/13	2013/14	2014/15	2015/16			
		£000's	£000's	£000's	£000's	£000's		
<u>Parking</u>								
C9471	MSCP 10 Year Maint. Programme	233	0	0	0	0	233 Sahota, Jaswinder	
<u>Public Realm</u>								
C7360	Local and District Centres Improvements	65	0	0	0	0	65 Beatty	
C8900	City Centre Improvements	1,449	495	800	0	0	2,744 Marshall, Anthony	
<u>Public Transport</u>								
C7141	Public Transport	986	4,072	1,212	0	0	6,270 Baxter, Francis	
<u>Roads</u>								
C7921	Various Principal	2,135	0	0	0	0	2,135 Armstrong, David	
C8000	Classified Roads	569	0	0	0	0	569 Armstrong, David	
C8100	Unclassified Roads	1,888	0	0	0	0	1,888 Armstrong, David	
C8400	Road Improvements	320	0	0	0	0	320 Beatty	
C9120	Highways Improvements (Developer)	296	0	0	0	0	296 Beatty	
C9200	Highways Maintenance Risk Fund C9200	375	0	0	0	0	375 Armstrong, David	
<u>Street Furniture</u>								
C8800	St Furniture	207	0	0	0	0	207 Beatty	
<u>Street Lighting</u>								
C8300	St Lighting	0	0	0	0	0	0 Armstrong, David	
<u>Travel Planning</u>								
C7161	Travel to School	222	203	110	0	0	535 Deane, David	
		18,035	12,832	4,219	0	0	35,086	

APPENDIX 1

Scheme No.	Description	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate Later Yrs £000's	Total £000's	Project Manager
Unapproved Schemes								
<u>Network Management</u>								
C7181	ITS	330	0	0	0	0	330	Burns, Nicholas
<u>Parking</u>								
C9471	MSCP 10 Year Maint. Programme	0	91	0	0	0	91	Sahota, Jaswinder
Various	Roads Programme	0	2,821	0	0	0	2,821	TBC
Various	Integrated Transport	0	1,616	0	0	0	1,616	TBC
Various	Highways Maintenance	0	1,701	0	0	0	1,701	TBC
		330	6,229	0	0	0	6,559	
Total Programme		18,365	19,061	4,219	0	0	41,645	

HOUSING & LEISURE SERVICES CAPITAL PROGRAMME

Scheme No.	Description	Estimate	Estimate	Estimate	Estimate	Estimate	Total	Project Manager
		2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later Yrs £000's	£000's	
Approved Schemes								
G4090	Disabled Facilities Grants Approved in 2010/11	13	0	0	0	0	13	Juan, Paul
G4110	Home Improvement Loans Approved in 2010/11	19	0	0	0	0	19	Juan, Paul
G4330	Support for Vulnerable DFG Customers	22	23	24	0	0	69	Juan, Paul
G4410	Disabled Facilities Grants Approved in 2011/12	245	0	0	0	0	245	Juan, Paul
G4490	Insulation Projects	89	0	0	0	0	89	Juan, Paul
G4620	Handyperson Service	50	50	0	0	0	100	Juan, Paul
G4630	Woolston Group Repair Scheme	30	75	0	0	0	105	Juan, Paul
G4640	Disabled Facilities Grants Approved in 2012/13	1,100	382	0	0	0	1,482	Juan, Paul
G6540	Estate Regeneration Somerset Avenue	69	0	0	0	0	69	Cooper, Aidan
G6550	Estate Regeneration Cumbrian Way	284	63	0	0	0	347	Windebank, Jane
G6570	Support for Shirley Road Radian scheme	41	0	0	0	0	41	Stanley, Sherree
		1,962	593	24	0	0	2,579	

HOUSING A (HOUSING GENERAL FUND)

Unapproved Schemes								
G4310	Green Projects	0	150	150	100	27	427	Juan, Paul
G4590	Disabled Facilities Grants - Future Years	0	1,314	1,482	0	168	2,964	Juan, Paul
G4600	Disabled Facilities Grants Support Costs - 2012/13	137	0	0	0	0	137	Juan, Paul
G4610	Disabled Facilities Grants Support Costs – Future Years	0	141	146	0	0	287	Juan, Paul
G6430	Support for Estate Regeneration	0	415	0	0	0	415	Stanley, Sherree
		137	2,020	1,778	100	195	4,230	

Total Housing A (Housing General Fund)

		2,099	2,613	1,802	100	195	6,809	
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APPENDIX 1

Scheme No.	Description	Estimate				Estimate Later Yrs	Total	Project Manager
		2012/13	2013/14	2014/15	2015/16			
		£000's	£000's	£000's	£000's	£000's		
HOUSING B (LOCAL SERVICES & COMMUNITY SAFETY)								
Approved Schemes								
E3001	Houndwell Park Play Area	220	121	0	0	0	341 Saward, Helen	
J426H	Peartree Green	5	0	0	0	0	5 Brown, Clifford	
J426L	Southampton Common	18	14	0	0	0	32 Yeats, Nicholas	
J427E	Monks Brook Access Improvements Yrs 2008-11	2	0	0	0	0	2 Brown, Clifford	
J427H	Freemantle Lake Park Improvements Yr 2009-11	12	0	0	0	0	12 Brown, Clifford	
J427I	Bitterne Road Allotments.	10	0	0	0	0	10 Brown, Clifford	
J427K	Access to Nature Making a Difference	10	0	0	0	0	10 Yeats, Nicholas	
J4310	Deep Dene Improvements	1	14	0	0	0	15 Brown, Clifford	
J4320	Portsmouth Rec Improvements - Phase 3	0	11	0	0	0	11 Brown, Clifford	
J4340	Hinkler Green Green Flag Improvements Yr 2010/11	22	0	0	0	0	22 Brown, Clifford	
J4350	Mansel Park Green Flag Improvements Yr 2010/11	4	0	0	0	0	4 Brown, Clifford	
J4360	Central Parks Green Flag Improvements Yr 2010/11	16	50	0	0	0	66 Brown, Clifford	
J4370	Park Code for Green Space	4	20	0	0	0	24 Yeats, Nicholas	
J4380	Bassett Wood Greenway Improvements	8	0	0	0	0	8 Brown, Clifford	
J4390	Park Identity Markers	12	0	0	0	0	12 Brown, Clifford	
J4410	Mayflower Park Basket Ball Court Renovation	46	20	0	0	0	66 Brown, Clifford	
J4420	Thornhill (Masfield Green) Park Improvements	4	0	0	0	0	4 Brown, Clifford	
J4430	Weston Shore Improvements Phase 2	0	59	0	0	0	59 Brown, Clifford	
J4440	Sports Centre Water Supply Upgrade	0	30	0	0	0	30 Brown, Clifford	
J4450	Riverside Park Pitch & Putt Irrigation System Upgrade	0	50	0	0	0	50 Brown, Clifford	
J8100	Mobile Working for P & C Frontline	2	7	0	0	0	9 Horton, John	
J814B	St James Park - Implementation	70	53	0	0	0	123 Saward, Helen	
J8190	Daisy Dip Improvements	14	0	0	0	0	14 Brown, Clifford	
J8200	Redbridge Wharf	10	0	0	0	0	10 Horton, John	
J8240	Parks Safety Improvements Yrs 2009-11	2	0	0	0	0	2 Horton, John	
J8250	Bitterne Manor/Claudentum Wood Improvements Yrs 2010-13	23	0	0	0	0	23 Brown, Clifford	
J8260	Community Led Local Improvement Initiatives	40	80	80	0	0	200 Shahani, Vanessa	
J8270	Guildhall Square CCTV	14	0	0	0	0	14 Stevens, Derek	
		569	529	80	0	0	1,178	
Total Housing B (Local Services & Community Safety)								
		569	529	80	0	0	1,178	

APPENDIX 1

Scheme No.	Description	Estimate	Estimate	Estimate	Estimate	Estimate	Total	Project Manager
		2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later Yrs £000's	£000's	
		35	107	408	407	0	957	Baldwin, David
		35	107	408	407	0	957	
LEISURE CAPITAL								
Approved / Unapproved Schemes								
L8370	Woolston Library							
Approved Schemes								
L1440	Tudor House Museum Phase 1	13	0	0	0	0	13	Matthews, Daniel
L6790	Sections 106 Playing Field Improvement	90	50	0	0	0	140	Greene, Nigel
L7000	Guilichall Refurbishment	50	230	239	0	0	519	Greene, Nigel
L810J	Art in Public Places – Millbrook and Weston	16	0	0	0	20	36	Cooper, Malcolm
L8230	Potential TIC Relocation	0	50	0	0	0	50	Greene, Nigel
L8260	Tudor House Museum Phase 2 Implementation	161	25	0	0	0	186	Matthews, Daniel
L8285	SeaCity Phase 2	844	0	0	0	0	844	Dyer-Slade, Tina
L8286	SeaCity Public Realm Improvements	81	0	0	0	0	81	Dyer-Slade, Tina
L8320	Gods House Tower Reception	1	0	0	0	0	1	Shepherd, Lisa
		1,256	355	239	0	20	1,870	
Total Leisure		1,291	462	647	407	20	2,827	
Total Programme		3,959	3,604	2,529	507	215	10,814	

APPENDIX 1

LEADER'S PORTFOLIO CAPITAL PROGRAMME

Scheme No.	Description	Estimate					Estimate Later Yrs	Total	Project Manager
		2012/13	2013/14	2014/15	2015/16	Estimate			
		£000's	£000's	£000's	£000's	£000's	£000's		
Approved Schemes									
M0CQR	Cultural Quarter (including SNAC & Guildhall Square)	1,540	1,584	14,521	1,416	0	19,061	Low, Jill	
M0HOC	Heart of the City (including West Quay & QE2 Mile)	515	817	167	140	9	1,648	Evans, Mark	
M0HQP	Hollyrood and Queens Park	8	20	0	0	0	28	Meredith, Emma	
M0IRF	Itchen Riverfront (Town Depot Site)	30	73	0	0	0	103	Evans, Mark	
M0OLD	Old (completed schemes)	32	122	0	0	0	154	Bennett, Wendy	
M0OTH	Other Areas	15	101	0	0	0	116	Bennett, Wendy	
M0RPW	Royal Pier Waterfront	105	204	100	100	66	575	Meredith, Emma	
M0SQR	Station Quarter	55	95	150	115	0	415	Dobson, Alastair	
		2,300	3,016	14,938	1,771	75	22,100		
Total Programme		2,300	3,016	14,938	1,771	75	22,100		

RESOURCES CAPITAL PROGRAMME

Scheme No.	Description	Estimate					Estimate Later Yrs	Total	Project Manager
		2012/13	2013/14	2014/15	2015/16	2016/17			
		£000's	£000's	£000's	£000's	£000's	£000's		
Approved Schemes									
M9710	Accommodation Strategy Action Programme (ASAP)	6,757	2,761	0	0	0	0	9,518	Verner, Andrew
P5020	Art Gallery - Roof Repairs and AHU Replacement	173	437	0	0	0	0	610	Hodge, Richard
P5050	2011 Mobile Working	50	47	0	0	0	0	97	Dawtry, Sean
P5070	Town Depot Demolition	410	0	0	0	0	0	410	Elliott, Andrew
P6830	Property Review	0	12	0	0	0	0	12	Fox, Annabel
P6850	R & M backlog New Capital 2 million	0	32	0	0	0	0	32	Hodge, Richard
		7,390	3,289	0	0	0	0	10,679	
Unapproved Schemes									
P5080	Oaklands School Site - Demolition	0	480	0	0	0	0	480	Elliott, Andrew
		0	480	0	0	0	0	480	
Total Programme		7,390	3,769	0	0	0	0	11,159	

MAJOR VARIATIONS SINCE THE SEPTEMBER 2012 CAPITAL UPDATE

Portfolio	Scheme	£000's	Funding Source (*)	Council Priority
	Increases to the Programme			
Environment & Transport	Local Sustainable Transport	6,997	GG	A better and safer place in which to live and invest
Environment & Transport	Weekly Bin Collection	2,165	GG	A better and safer place in which to live and invest
Environment & Transport	Roads Programme	5,509	GG/Rev	A better and safer place in which to live and invest
Environment & Transport	Centenary Quay	1,392	Cont	A better and safer place in which to live and invest
Children's Services	School Expansions	3,799	GG	More local people who are well educated and skilled
Housing & Leisure	Woolston Library	957	CR	More local people who are well educated and skilled
Various	Other net changes	2,515	Various	Various
		<u>23,334</u>		
	Decreases to the Programme			
	No material decreases	0		
		<u>0</u>		
	Total	<u>23,334</u>		

*** Funding Source**

- Cont
- CR
- GG
- Rev
- Contributions
- Corporate Resources
- Government Grants
- Revenue

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KEY ISSUES – FEBRUARY 2013 PROGRAMME UPDATE

ADULT SERVICES PORTFOLIO

The proposed February programme update totals **£3,251,000**. This can be compared to the previous September update total of **£2,973,000** resulting in an increase of **£278,000**, which represents a percentage variance of **9.4%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	3,031	220	0	0	0	3,251
Previous	2,848	125	0	0	0	2,973
Variance	183	95	0	0	0	278

PROGRAMME CHANGES:

AS 1 – Common Assessment Framework (Total budget change £302,000 increase)

Gold Scheme – £1,278,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Additional projects have been agreed with the Consortium.

The Consortium approved, in September 2012, additional spend of £187,000 on existing elements of the SCC CAF scheme. In addition, it approved a further £115,000 for a new initiative to create a Citizen Information and Referral portal for key services and resources in Southampton, with £95,000 of this added to the programme in 2013/14.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

There are no major items of slippage/re-phasing for the Portfolio to be brought to the attention of Cabinet or Council.

CORPORATE FINANCIAL & PROJECT ISSUES:

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

There are no CORPORATE project issues for the Portfolio.

CHILDREN'S SERVICES PORTFOLIO

The proposed February programme update totals **£51,361,000**. This can be compared to the previous September update total of **£47,837,000** resulting in an increase of **£3,524,000**, which represents a percentage variance of **7.4%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	28,513	17,364	1,980	2,004	1,500	51,361
Previous	30,191	11,972	1,845		3,829	47,837
Variance	(1,678)	5,392	135	2,004	(2329)	3,524

PROGRAMME CHANGES:

CS 1 – Expand City Centre Primary Schools (Total budget change £3,400,000 increase)

Gold Scheme – £3,400,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Increase Capacity at three City Centre Schools

A report was approved by Cabinet on 18 September 2012 detailing the need to provide an additional 120 Primary School places. The approved scheme will provide an additional 30 places at Bassett Green Primary, Bevois Town Primary and St Johns Primary and Nursery Schools from September 2013.

CS 2 – Expand Springwell School (Total budget change £399,000 increase)

Gold Scheme – £399,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Increase Capacity at Springwell School

A report was approved by Cabinet on 21 August 2012 detailing the need to provide an additional eight places at Springwell School from November 2012.

CS 3 – Houndwell Park Play Area (Total budget change £341,000 decrease)

Silver Scheme – £341,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Change in Portfolio

This scheme has been moved to the Housing & Local Services Capital Programme.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

CS 4 – Primary Review Phase 2 (Slippage/Rephasing of £1,245,000 between 12/13 and 13/14)

Gold Scheme – £21,613,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Delays on a number of Schemes

There have been delays on the following schemes Morelands Primary School, Banister Infants School and Wordsworth Infant School, these schemes will be completed in 2013/14.

CS 5 – Civil Service Sports Ground (Slippage of £489,000 between 12/13 and 13/14)

Gold Scheme – £550,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Delay on work to improve the former Civil Service Sports Ground.

Work on this scheme has been postponed until summer 2013.

CS 6 – Newlands Primary Rebuild Project (Slippage of £200,000 between 12/13 and 13/14)

Gold Scheme – £7,500,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status AMBER

Retention on Scheme

The new school building officially opened on the 27 November 2012 there is a small amount of money held as retention that will need to be paid in 2013/14.

CS 7 – Renewable Heat Incentives (Slippage of £215,000 between 12/13 and 14/15)

Gold Scheme – £500,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Waiting on Planning Permission.

It is expected that Planning Permission for the new Biomass boiler for the PRU at Millbrook will be not granted until March 2013 so it is unlikely that work will start until 2013/14.

CS 8 – Secondary School Capital Maintenance (Slippage of £2,070,000 between 12/13 and 13/14)

Gold Scheme – £4,666,000 Scheme Budget

Overall RAG Status NA

Schedule RAG Status NA

Budget RAG Status NA

Delay in Schemes

There have been delays in the following capital maintenance schemes at the following Secondary Schools; Chamberlayne, Regents Park, Sholing Tech, St Anne's, St George and Upper Shirley High.

CORPORATE FINANCIAL & PROJECT ISSUES:

The **CORPORATE financial issues** for the Portfolio relating to significant over or under spends are:

CS 9 – Bitterne Park 6th Form (No Forecast scheme variance)

Gold Scheme – £5,600,000 Scheme Budget

Overall RAG Status RED

Time / Quality RAG Status GREEN

Budget RAG Status RED

Dispute on final account.

The contractor has submitted a final account which includes a claim for extension of time which if accepted in full would result in an over spend of approximately £1M. This is currently being disputed and is likely to go to adjudication. Under the Memorandum of Understanding agreed with Bitterne Park School, the responsibility for any over spend rests with the school and so at this stage no financial impact is being forecast for the Council.

There are no CORPORATE project issues for the Portfolio over and above that detailed at CS 9.

ENVIRONMENT & TRANSPORT PORTFOLIO

The proposed February programme update totals **£41,645,000**. This can be compared to the previous September update total of **£23,125,000**, resulting in an increase of **£18,520,000**, which represents a percentage variance of **80.1%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	18,365	19,061	4,219	0	0	41,645
Previous	17,040	5,543	542	0	0	23,125
Variance	1,325	13,518	3,677	0	0	18,520

PROGRAMME CHANGES

E&T 1 – Integrated Transport (Total budget change £7,563,000 increase)

Various Sharepoint Schemes – £7,563,000 Scheme Budget

Overall RAG Status **N/A**

Schedule RAG Status **N/A**

Budget RAG Status **N/A**

Additional LSTF Grants for Integrated Transport schemes (£7,523,000) and a Better Bus Area Fund Scheme (£40,000).

Additional LSTF grants for Integrated Transport schemes were approved by Council on the 14 November 2012. Key schemes to be funded include:

- A regional public transport smart ticketing initiative for South Hampshire initially concentrating on buses and ferries.
- Enhanced role out of Real Time Information & associated bus priority as part of Bus Punctuality Task Force.
- Initial phases of the North of Station interchange scheme.
- A “super cycle highway” route from the east of the city to Central Station as well as other cycle related infrastructure identified through the Southampton cycle survey.
- A Job Centre Plus initiative designed to help people into work.
- Improved Bus Infrastructure through the Legible Bus Networks Initiative.
- Additional elements of the “MyJourney” smarter choices initiative in partnership with other TfSH authorities.

The Better Bus Area Fund (BBAF) scheme will also deliver Wifi on 565 buses, internal refurbishment of 140 buses, next stop displays/announcements and improved LED lighting on 500 buses across South Hampshire.

E&T 2 – Integrated Transport (Total budget change £2,302,000 increase)

Various Sharepoint Schemes – £2,302,000 Scheme Budget

Overall RAG Status **N/A**

Schedule RAG Status **N/A**

Budget RAG Status **N/A**

Additional Section 106 contributions for Integrated Transport schemes.

Additional Section 106 contributions for Integrated Transport schemes were approved by Council on the 14 November 2012. The key scheme is Centenary Quay.

The Centenary Quay developers have made early payment of some of the Section 106 transport contributions, totalling £1,392,000. This will enable the Woolston District Centre and other transport schemes identified in the Centenary Quay Transport Assessment to be delivered. A further £910,000 of Strategic Transport S106 contributions have been added towards developing transport measures across the City.

E&T 3 – Weekly Collection Support Scheme (Total budget change £2,165,000 increase)

Not a Sharepoint Scheme - Scheme Budget £2,165,000

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

Additional government grant for the Weekly Collection Support Scheme.

The government grant funded Weekly Collection Support Scheme was approved by Council on the 14 November 2012.

The key objectives of the scheme are to:

- Retain weekly residual collections.
- Improve the recycling service by expanding the range of materials collected for recycling.
- Reduce waste and minimise the amount sent to landfill.
- Reduce environmental impacts through route-optimisation, use of innovative in-cab technology and increase efficiency

E&T 4 – Highways Improvements (Developer) (Total budget change £252,000 increase)

Bronze Scheme – £1,658,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Additional Section 106 contributions for Highways Improvements (Developer).

Additional Section 106 contributions for the Highways Improvements (Developer) scheme were approved by the Chief Officer in November 2012.

This funding will allow the completion of the 2012/13 infrastructure improvements at 31 separate locations and has been drafted in conjunction with the roads programme to bring about efficiencies.

E&T 5 – SALIX Energy Efficiency Measures (Total budget change £100,000 increase)

Bronze Scheme – £508,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Additional Council Revenue for SALIX Energy Efficiency Measures in 2013/14.

There is additional Council revenue funding recommended for the SALIX Energy Efficiency Measures in 2013/14. This scheme delivers energy efficiency technologies through invest to save projects.

E&T 6 – Roads Programme (Total budget change £2,821,000 increase)

Various Sharepoint Schemes – £7,494,000 Scheme Budget

Overall RAG Status **N/A**

Schedule RAG Status **N/A**

Budget RAG Status **N/A**

Addition of Direct Revenue Financing for the Roads Programme in 2013/14.

There is additional Direct Revenue Financing recommended for the Roads Programme in 2013/14. The Roads Programme (Principal, Classified & Unclassified) continues to reflect the need to maintain the structural integrity of the city wide highways network. The programme is designed in line with the Transport Asset Management Plan (TAMP) principles.

E&T 7 – Integrated Transport (Total budget change £1,616,000 increase)

Various Sharepoint Schemes – £14,743,000 Scheme Budget

Overall RAG Status **N/A**

Schedule RAG Status **N/A**

Budget RAG Status **N/A**

Addition of Local Transport Plan government grants for Integrated Transport schemes in 2013/14.

There are additional government grants recommended for Integrated Transport schemes in 2013/14.

The key areas that are to be funded are:

- City Centre Improvements, through the development and implementation of high quality public realm improvements.
- Public Transport, bus corridor improvements.
- Accessibility, Legible City signing in areas of the City Centre not yet covered by the network.
- Network Management, LTP monitoring and micro stimulation
- Improved safety, Contribution to the Road Safety Partnership and safety promotion activities.
- Travel Planning and Active Travel.

E&T 8 – Highways Maintenance (Total budget change £1,701,000 increase)

Various Sharepoint Schemes – £8,719,000 Scheme Budget

Overall RAG Status **N/A**

Schedule RAG Status **N/A**

Budget RAG Status **N/A**

Addition of Local Transport Plan government grants for Highways Maintenance schemes in 2013/14.

There are additional government grants recommended for Highways Maintenance schemes in 2013/14.

The key areas that are to be funded are:

- Road Improvements, schemes to improve important elements of highways infrastructure.
- Bridges Maintenance, measures to inspect, maintain and improve the Councils 200 plus structures.
- Other Highways, to allow the delivery of low cost minor highways improvements

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

E&T 9 – Platform for Prosperity (Slippage of £601,000 between 2012/13 and 2013/14)

Not a Sharepoint Scheme - Scheme Budget £7,040,000

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

There is slippage on the design elements of this scheme.

Work on the design of Platform Road, Town Quay and Central Bridge has taken longer to complete than the contractor originally anticipated. This has delayed the implementation of the construction phase of the scheme.

E&T 10 – Congestion Reduction (Slippage of £239,000 between 2012/13 and 2013/14)

Silver Scheme – £1,946,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There is slippage to allow sufficient time to re-align the project.

Project timescales have been reconsidered to allow the project to be achieved with better deliverable outcomes.

CORPORATE FINANCIAL & PROJECT ISSUES

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

There are no CORPORATE project issues for the Portfolio.

HOUSING & LEISURE SERVICES PORTFOLIO

HOUSING A (GCAP)

The proposed February programme update totals **£6,809,000**. This can be compared to the previous September update total of **£6,885,000** resulting in a decrease of **£76,000**, which represents a percentage variance of **1.1%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	2,099	2,613	1,802	100	195	6,809
Previous	2,488	2,400	1,802	0	195	6,885
Variance	(389)	213	0	100	0	(76)

PROGRAMME CHANGES:

HOU A 1 – Estate Regeneration Cumbrian Way (Total budget change £76,000 decrease)

Silver Scheme – £347,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Reduction in price from the Council's Highways Partner

At the time of the September update, the quotation for highways work was being assessed. Following a period of negotiation and some changes to the specification, the price for the work has been reduced by £76,000.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

HOU A 2 – Green Projects (Slippage of £100,000 between 12/13 and 15/16)

Silver Scheme – £427,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

National implementation of Green Deal delayed

£100,000 has been slipped from 2012/13 to later years because of a delay in the Government's implementation of the Green Deal for energy efficiency improvements. The Council is working to secure a partner to deliver the Green Deal locally, which will ultimately ensure the best offer for Southampton's residents. In the interim, support to tackle fuel poverty and improve energy efficiency is being funded through a separate project, insulation and fuel poverty initiatives, through the Stop the Cold Partnership.

HOU A 3 – Disabled Facilities Grants 12/13 (Slippage of £214,000 between 12/13 and 13/14)

Silver Scheme – £1,482,000 Scheme Budget

Overall RAG Status **AMBER**

Schedule RAG Status **AMBER**

Budget RAG Status **GREEN**

Reduction in number of applications for Disabled Facilities Grants (DFGs)

There has been a reduction in the number of DFG referrals from Occupational Health Therapists when compared with previous years. This is unexpected and investigations are continuing as to the reasons.

CORPORATE FINANCIAL & PROJECT ISSUES:

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

There are no CORPORATE project issues for the Portfolio.

HOUSING B (JCAP)

The proposed February programme update totals **£1,178,000**. This can be compared to the previous September update total of **£897,000** resulting in an increase of **£281,000**, which represents a percentage increase of **31.3%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	569	529	80	0	0	1,178
Previous	737	80	80	0	0	897
Variance	(168)	449	0	0	0	281

PROGRAMME CHANGES

HOU B 1 – Houndwell Park Play Area (Total budget change £341,000 increase)

Silver Scheme – £341,000 Scheme Budget

Overall RAG Status **GREEN**

Schedule RAG Status **GREEN**

Budget RAG Status **GREEN**

The Houndwell Park Play Area project has been transferred into this Programme.

The Houndwell Park Play Area project has been moved from the Children’s Services Capital Programme to Housing & Leisure Services. As this is a project to place play equipment in the centre of the City (Bargate Ward) for the use of children and families coming to the city, it was felt that this portfolio would be better able to manage the issues that flow from the project.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

HOU B 2 – Houndwell Park Play Area (Slippage of £121,000 between 2012/13 and 2013/14)

Silver Scheme – £341,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There is slippage due to waiting for Secretary of State Section 38 consent to undertake works on common land.

Secretary of State Section 38 Consent is required before undertaking work on Common land. The Section 38 application is due to be submitted in December 2012 and consent is expected in March/April 2013 when works can begin.

CORPORATE FINANCIAL & PROJECT ISSUES FOR THE PORTFOLIO

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

There are no CORPORATE project issues for the Portfolio.

LEISURE

The proposed February programme update totals **£2,827,000**. This can be compared to the previous September update total of **£20,745,000** resulting in a decrease of **£17,918,000**, which represents a percentage variance of **86.4%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	1,291	462	647	407	20	2,827
Previous	2,371	3,836	14,142	0	396	20,745
Variance	(1,080)	(3,374)	(13,495)	407	(376)	(17,918)

PROGRAMME CHANGES:

LEIS 1 – Southampton New Arts Centre (SNAC) (Total budget change £18,875,000 decrease)

Gold Scheme – £20,850,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Moved Portfolio

This scheme has been moved to the Leader's Portfolio.

LEIS 2 – Woolston Library (Total budget change £957,000 increase)

Scheme not on Sharepoint yet – £957,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Approval for the construction of the replacement of Woolston Library

Council approved spend of £957,000 for design on the community facilities and library at Centenary Quay on 13 November 2012.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

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

CORPORATE FINANCIAL & PROJECT ISSUES:

The **CORPORATE financial issues** for the Portfolio relating to significant over or under spends are:

LEIS 3 – SeaCity Phase 2 (Forecast £358,000 Adverse Scheme Variance)

Gold Scheme – £16,759,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status AMBER

Additional asbestos removal costs.

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. Every effort is being made to identify whether it is possible to still deliver the scheme on budget and this will be finalised in the coming months.

Provision was approved by Council in July 2012 for additional DRF funding as a prudent response to this likely pressure as part of the revenue outturn.

There are no CORPORATE project issues for the Portfolio.

LEADER'S PORTFOLIO

The proposed February programme update totals **£22,100,000**. This can be compared to the previous September update total of **£3,725,000** resulting in an increase/decrease of **£18,375,000**, which represents a percentage variance of **493.3%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	2,300	3,016	14,938	1,771	75	22,100
Previous	1,473	910	250	0	1,092	3,725
Variance	827	2,106	14,688	1,771	(1,017)	18,375

PROGRAMME CHANGES:

LEAD 1 – Southampton New Arts Centre (Total budget change £18,625,000 increase)

Gold Scheme – £20,850,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Scheme moved Portfolio

This scheme has moved from the Housing and Leisure Portfolio. In addition the budget has been reduced by £250,000 for a grant that will be paid directly to the new tenants of the Arts Centre rather than spent by the City Council.

LEAD 2 – Town Depot (Total budget change £405,000 decrease)

Gold Scheme – £178,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Funding Vired to another Scheme

A report was taken to Cabinet on the 18 September stating that the Town Depot redevelopment scheme is not going to proceed and requesting that the funding be transferred to the Station Quarter Southside project. Cabinet approved the request.

LEAD 3 – Eastpoint Surrender (Total budget change £250,000 decrease)

£2,998,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

The funding for the demolition of the Eastpoint Centre has been transferred to the Oaklands School demolition project.

LEAD 4 – Station Quarter Southside (Total budget change £415,000 increase)

£415,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Funding Vired from another Scheme

A report was taken to Cabinet on the 18 September stating that the Town Depot redevelopment scheme is not going to proceed and requesting that the funding be transferred to the Station Quarter Southside project. Cabinet approved the request.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

LEAD 5 – Royal Pier (Slippage/Rephasing of £100,000 between 12/13 and 13/14)

Gold Scheme – £710,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Delays in Contract Negotiations

A contribution to the Council's costs was secured from the developer, so expenditure has slipped to 2013/14 financial year; however the overall expenditure is currently as originally budgeted.

CORPORATE FINANCIAL & PROJECT ISSUES:

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

There are no CORPORATE project issues for the Portfolio.

RESOURCES PORTFOLIO

The proposed February programme update totals **£11,159,000**. This can be compared to the previous September update total of **£10,809,000** resulting in an increase of **£350,000**, which represents a percentage variance of **3.2%**.

The changes to the programme are shown in the following summarised table:

	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Later £000's	Total £000's
Proposed	7,390	3,769	0	0	0	11,159
Previous	8,529	2,280	0	0	0	10,809
Variance	(1,139)	1,489	0	0	0	350

PROGRAMME CHANGES:

RES 1 – Oaklands School Site - Demolition (Total budget change £480,000 increase)

New scheme for demolition of Oaklands School site

This is a new scheme to cover the demolition costs of the Oaklands school site, with demolition work expected to take place during 2013/14. This scheme will be funded from the transfer of existing funding within both the Resources and Leaders Capital Programmes. The capital update report to Full Council seeks approval to add the scheme to the Resources Portfolio Capital Programme and separate Cabinet approval to spend will be sought.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

RES 2 – Accommodation Strategy (Slippage of £918,000 between 2012/13 and 2013/14)

Gold £24,500,000 Scheme Budget

Overall RAG Status **AMBER**

Schedule RAG Status **AMBER**

Budget RAG Status **AMBER**

Slippage to reflect scheduling of works

The slippage of the budget from 2012/13 to 2013/14 reflects a more detailed knowledge of the profile of expenditure and scheduling of works. The overall project remains on course to complete during 2013/14 with completion of Phase 3 works to the Civic Centre North Block.

CORPORATE FINANCIAL & PROJECT ISSUES:

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

There are no CORPORATE project issues for the Portfolio.

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MAJOR CHANGES IN CAPITAL RESOURCES SINCE THE SEPTEMBER 2012 UPDATE

The main reasons for the resource changes are:

- **Capital Receipts - £1.3M Increase**
 - £1.3M net increase in use of receipts

- **Capital Grants - £16.6M Increase**
 - £2.2M Weekly bin collection grant
 - £1.8M Roads programme
 - £7.0M Local Sustainable Transport Fund (LSTF)
 - £3.4M School expansions
 - £2.2M Various other grants

- **Capital Contributions – £2.4M Increase**
 - £1.4M Centenary Quay
 - £0.8M City centre improvements
 - £0.2M Various other contributions

- **Revenue - £3.1M Increase**
 - £2.8M Roads programme
 - £0.3M Various other revenue contributions

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