

# COUNCIL

Wednesday, 16th July, 2014  
at 2.00 pm

**PLEASE NOTE TIME**

Council Chamber - Civic Centre

## **Members of the Council**

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

## **Contacts**

Director of Corporate Services

Mark Heath

Tel 023 8083 2371

Email: [mark.heath@southampton.gov.uk](mailto:mark.heath@southampton.gov.uk)

Democratic Services Manager

Sandra Coltman

Tel. 023 8083 2718

Email: [sandra.coltman@southampton.gov.uk](mailto:sandra.coltman@southampton.gov.uk)

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

<b>WARD</b>	<b>COUNCILLOR</b>	<b>WARD</b>	<b>COUNCILLOR</b>
<b>Bargate</b>	Bogle Noon Tucker	<b>Millbrook</b>	Denness Galton Thorpe
<b>Bassett</b>	Hannides B Harris L Harris	<b>Peartree</b>	Keogh Lewzey Dr Paffey
<b>Bevois</b>	Barnes-Andrews Burke Rayment	<b>Portswood</b>	Norris Claisse O'Neill
<b>Bitterne</b>	Letts Lloyd Stevens	<b>Redbridge</b>	McEwing Pope Whitbread
<b>Bitterne Park</b>	Baillie Inglis White	<b>Shirley</b>	Chaloner Coombs Kaur
<b>Coxford</b>	Morrell Spicer Thomas	<b>Sholing</b>	Mrs Blatchford Hecks Jeffery
<b>Freemantle</b>	Moulton Parnell Shields	<b>Swaythling</b>	Mintoff Painton Vassiliou
<b>Harefield</b>	Daunt Fitzhenry Smith	<b>Woolston</b>	Chamberlain Hammond Payne

# PUBLIC INFORMATION

## **Role of the Council**

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

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

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

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

## **Public Involvement**

### **Representations**

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

### **Petitions**

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

Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting.

### **Deputations**

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

## **Questions**

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

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

- **Economic:** Promoting Southampton and attracting investment; raising ambitions and improving outcomes for children and young people.
- **Social:** Improving health and keeping people safe; helping individuals and communities to work together and help themselves.
- **Environmental:** Encouraging new house building and improving existing homes; making the city more attractive and sustainable.
- **One Council:** Developing an engaged, skilled and motivated workforce; implementing better ways of working to manage reduced budgets and increased demand.

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

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

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

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

## **Dates of Meetings (Municipal Year 2014/15)**

<b>2014</b>	<b>2015</b>
16 July	11 February (Budget)
17 September	18 March
19 November	20 May (AGM)"

\*Date Subject to the election schedule.

## CONDUCT OF MEETING

### FUNCTIONS OF THE COUNCIL

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

### BUSINESS TO BE DISCUSSED

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

### RULES OF PROCEDURE

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

### QUORUM

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

## DISCLOSURE OF INTERESTS

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

### DISCLOSABLE PECUNIARY INTERESTS

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

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

(ii) Sponsorship:

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

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

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

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

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

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

a) the total nominal value for the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or

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

## **Other Interests**

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

## **Principles of Decision Making**

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

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

In exercising discretion, the decision maker must:

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

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

Tuesday, 8 July 2014

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

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 16TH JULY, 2014 in the COUNCIL CHAMBER - CIVIC CENTRE at 2.00 pm when the following business is proposed to be transacted:-

**1 APOLOGIES**

To receive any apologies.

**2 MINUTES**

To authorise the signing of the minutes of the Council Meeting and the Extraordinary Meeting held on 4 June 2014, attached.

**3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER**

Matters especially brought forward by the Mayor and the Leader.

**4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS**

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

**5 EXECUTIVE BUSINESS**

Report of the Leader of the Council, attached.

**6 MOTIONS**

a) Councillor Hannides to move

The Council welcomes the Executive's clear leadership in supporting the National Spitfire Project (NSP), and notes the unanimous backing it has received from all political groups on the Council.

The Council resolves to:

- Endorse the NSP's objective of building a lasting tribute to the Spitfire as a memorial to the men and women who designed, built, maintained and flew the aircraft.
- Facilitate the provision and transfer of Council-owned land for the Spitfire monument on the designated waterfront site at Mayflower Park.
- Note the lasting benefits to the City of erecting an international landmark at

Mayflower Park to be seen and enjoyed by Southampton residents and millions of visitors.

- Recognise the high importance of the project to the City and continue to positively and constructively engage with the National Spitfire Project team.

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

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

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

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

**9 FINANCIAL STATEMENTS FOR 2013/14**

Report of the Chief Financial Officer detailing the Financial Statements for 2013/14, attached.

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

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

Confidential appendix 4 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test, the appendix includes details of a litigation settlement which is currently subject to legal privilege and therefore cannot be publicly disclosed at this time

**11 GENERAL FUND REVENUE OUTTURN 2013/14**

Report of the Chief Financial Officer seeking approval of the General Fund Revenue Outturn 2013/14, attached.

**12 GENERAL FUND CAPITAL OUTTURN 2013/14**

Report of the Chief Financial Officer seeking approval of the General Fund Capital Outturn 2013/14, attached.

**13 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2013/14**

Report of the Chief Financial Officer concerning the treasury management activities for 2013/14, attached.

**14 COLLECTION FUND OUTTURN 2013/14**

Report of the Chief Financial Officer concerning the actual payments made to and from the collection fund during the 2013/14 financial year, attached.

**15 HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2013/14**

Report of the Cabinet Member for Housing and Sustainability detailing the level of spend on the Housing Revenue Account for the financial year 2013/14, attached.

**16 BETTING SHOPS, PAYDAY LOAN PREMISES, FAST FOOD OUTLETS AND PUBLIC HOUSES**

Report of the Leader of the Council seeking approval for preventing the spread of betting shops, pay-day-loan premises, cheap off-licences, and fast food off-licences, attached.

**17 SOUTHAMPTON CITY STRATEGY 2014-2025**

Report of the Leader of the Council seeking approval of the Council's contribution towards the implementation of the City Strategy 2014-2025, attached.

**18 COUNCIL STRATEGY 2014 - 2017**

Report of the Leader of the Council to agree the Council Strategy 2014 – 2017, attached.

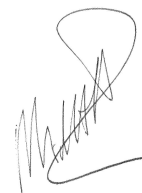
**19 HRA CAPITAL PROGRAMME PROJECT APPROVALS 2014-15 AND 2015-16 PHASE 1**

Report of the Cabinet Member of Housing seeking approval for expenditure on various housing projects across the City, attached.

**20 PAY AND ALLOWANCES**

Report of Leader of the Council seeking approval of the revised changes to the Council's overall Pay Policy and associated allowances, attached.

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



M R HEATH  
Director of Corporate Services



# Agenda Item 2

To authorise the signing of the minutes of the Council Meeting and the Extraordinary Meeting held on 4 June 2014

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## SOUTHAMPTON CITY COUNCIL

### MINUTES OF THE COUNCIL MEETING HELD ON 4 JUNE 2014

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#### Present:

The Mayor, Councillor Mrs Blatchford (In the Chair - minute 3 onwards)  
The Sheriff, Councillor Norris  
Councillors Baillie, Barnes-Andrews, Bogle, Burke, Chaloner, Chamberlain, Claisse, Coombs, Daut, Denness, Fitzhenry, Galton, Hammond, Hannides, B Harris, L Harris, Hecks, Inglis, Jeffery, Kaur, Keogh (Minute 7 onwards), Letts, Lewzey, Lloyd, McEwing, Mintoff, Morrell (Minute 7 onwards), Moulton, Noon, O'Neill, Dr Paffey, Painton, Parnell, Payne, Pope (Minute 7 onwards), Rayment, Shields, Smith, Spicer, Stevens, Thomas (Minute 7 onwards), Thorpe, Tucker, Vassiliou, Whitbread and White (In the Chair - minutes 1 - 2)

#### 1. CITY OF SOUTHAMPTON AWARDS

##### **COUNCILLOR WHITE IN THE CHAIR**

RESOLVED upon the motion of the Mayor (Councillor White) and seconded by the Sheriff (Councillor Mrs Blatchford), that the City of Southampton Award be presented to Mr Michael Steel.

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

RESOLVED upon the motion of Councillor Rayment, and seconded by Councillor Fitzhenry, that Councillor Mrs Blatchford be elected to the Office of 792nd Mayor of Southampton and Chair of the Council for the ensuing year.

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

##### **THE MAYOR (COUNCILLOR MRS BLATCHFORD) IN THE CHAIR**

#### 3. MAYOR'S CHARITIES

The Mayor announced that she would be supporting the Southampton Samaritans and The Rainbow Project.

#### 4. ELECTION OF SHERIFF FOR THE ENSUING YEAR

RESOLVED upon the motion of Councillor Moulton, and seconded by Councillor Barnes-Andrews, that Councillor Norris be appointed the 577th Sheriff of the City of Southampton and Vice-Chair of the Council for the ensuing year.

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

5. VOTE OF THANKS TO RETIRING MAYOR

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

6. SOUTHAMPTON BUSINESS SUCCESS AWARD

RESOLVED that the Southampton Business Success Award be presented to DP World, Southampton.

**AT THE RECONVENED MEETING OF THE SOUTHAMPTON CITY COUNCIL HELD  
IN THE COUNCIL CHAMBER, CIVIC CENTRE ON 4th JUNE, 2014**

7. MINUTES

RESOLVED that the minutes of the Council Meeting held on the 19<sup>th</sup> March, 2014 be approved and signed as a correct record.

8. ANNOUNCEMENTS FROM THE MAYOR

1. Meetings Protocol

The Mayor indicated that for the meetings to run efficiently and effectively, she would ask Members to keep in mind through the year the basic courtesies we need to adhere to for this to happen: – timeliness both in arriving at the meeting and when speaking: speaking to the point, and listening carefully to the arguments. She also requested Members to remember the courtesies they would like from members when speaking and extending those to others.

2. Mobile electronic devices

For the benefit of new Members and as a reminder to others, the Mayor reminded Members that wi-fi was available in the Council Chamber. The use of mobile electronic devices could therefore be used in the Chamber and in Committee Meetings.

The Mayor urged Members to use their good sense and behave with courtesy, particularly in not tweeting messages which could otherwise be in breach of Council rules or the law. For example, tweeting material discussed in confidential session would be a serious breach of the Council's Code of Conduct.

9. ELECTION OF THE LEADER

The nomination of Councillor Letts was moved and seconded.

UPON BEING PUT TO THE VOTE IT WAS:

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

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

Deputy Leader and Resources and Leisure – Councillor Barnes-Andrews

Health and Adult Social Care – Councillor Shields

Children’s Safeguarding - Councillor Chaloner

Communities – Councillor Kaur

Education and Change- Councillor Jeffery

Environment and Transport – Councillor Rayment

Housing and Sustainability – Councillor Payne

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

#### 10. ANNUAL REVIEW OF THE CONSTITUTION

The report of the Head of Legal and Democratic Services was submitted detailing the annual review of the Council’s Constitution (copy of report circulated with agenda and appended to signed minutes).

The Leader in moving the report recommendations, referred to the proposed changes to the timings for the Executive business at Council meetings and to the pilot process for Cabinet meetings. He confirmed that the pilot process for Cabinet would continue until August and that for the July Council meeting the timing of the Executive Business item would be reduced to 1 hour. The new arrangements would then be discussed and a decision made in time for the September Council meeting. Should the proposals prove unacceptable, the Leader also confirmed that the timings for the Executive business item at Council meetings would revert back to the timings set out in the Constitution.

Amendment moved by Councillor Letts and seconded by Councillor Barnes-Andrews:

“Paragraph 16 of the report to show amended delegations for the Head of Legal and Democratic Services and the Head of Regulatory Services.

Add to delegation 2.2.67 for the Head of Legal and Democratic Services the following:

“Additionally, to investigate, institute and authorise legal proceedings and prosecutions in respect of any statutory conspiracy offences and common law offences to include conspiracy and conspiracy to defraud; and authorisations to officers contained within this scheme shall include powers to investigate any

statutory conspiracy offences and common law offences such as conspiracy and conspiracy to defraud.

In respect of all statutory and common law offences referred to within this scheme, where deemed appropriate and reasonable to institute, or authorise legal proceedings and prosecutions where the cause of action arises or the place of offence is outside of Southampton City Council boundaries where such action deliver a benefit to the residents of the City of Southampton”

Amended Delegation to read:

“To institute or authorise legal proceedings and to prosecute and defend any proceedings, including counterclaiming for damages or other relief brought by or against the Council, and including the prosecution of offenders for contravention of the bye-laws as may be in force from time to time or take any other action necessary to protect the legal position of the City Council.

Additionally, to investigate, institute and authorise legal proceedings and prosecutions in respect of any statutory conspiracy offences and common law offences to include conspiracy and conspiracy to defraud; and authorisations to officers contained within this scheme shall include powers to investigate any statutory conspiracy offences and common law offences such as conspiracy and conspiracy to defraud.

In respect of all statutory and common law offences referred to within this scheme, where deemed appropriate and reasonable to institute, or authorise legal proceedings and prosecutions where the cause of action arises or the place of offence is outside of Southampton City Council boundaries where such action deliver a benefit to the residents of the City of Southampton”.

Add to delegation 3.9.122 for the Head of Regulatory Services the following:

“In addition to the statutory offences referred to in this scheme, to investigate, institute and authorise legal proceedings and where authorised by the Head of Legal and Democratic Services, to prosecute in respect of any statutory conspiracy offences and common law offences to include conspiracy and conspiracy to defraud; and authorisations to officers contained within this scheme shall include powers to investigate any statutory conspiracy offences and common law offences such as conspiracy and conspiracy to defraud.

In respect of all statutory and common law offences referred to within this scheme, where authorised by the Head of Legal and Democratic Services, and where deemed appropriate and reasonable to institute, or authorise legal proceedings and to prosecute where the cause of action arises or the place of offence is outside of Southampton City Council boundaries where such action deliver a benefit to the residents of the City of Southampton.”

Amended delegation to read:

“To authorise and institute any legal proceedings, the issue of simple

cautions and, where authorised by the Head of Legal & Democratic Services, to prosecute or defend any such proceedings, in relation to any powers listed or implied under the delegations to the Head of Regulatory Services, Environmental Health Practitioners, the Chief Inspector of Weights & Measures, Trading Standards Officers and Fair Trading Officers.

In addition to the statutory offences referred to in this scheme, to investigate, institute and authorise legal proceedings and where authorised by the Head of Legal and Democratic Services, to prosecute in respect of any statutory conspiracy offences and common law offences to include conspiracy and conspiracy to defraud; and authorisations to officers contained within this scheme shall include powers to investigate any statutory conspiracy offences and common law offences such as conspiracy and conspiracy to defraud.

In respect of all statutory and common law offences referred to within this scheme, where authorised by the Head of Legal and Democratic Services, and where deemed appropriate and reasonable to institute, or authorise legal proceedings and to prosecute where the cause of action arises or the place of offence is outside of Southampton City Council boundaries where such action deliver a benefit to the residents of the City of Southampton.”

Further amendment moved by Councillor Letts and seconded by Councillor Barnes-Andrews:

Amend paragraph 16 ii (a) of the report:

Delete the word “Major” from line one

Delete the words “together with” in line two and replace with “or”

Amended sentence to read:

“Any planning application will be considered by the Panel if there are five or more objections or a ward councillor request”.

UPON BEING PUT TO THE VOTE THE AMENDMENTS WERE DECLARED CARRIED

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

#### RESOLVED

- (i) That the changes to the Constitution as set out in the report together with the above amendments be approved;
- (ii) That the Head of Legal and Democratic Services be authorised to finalise the arrangements as approved by Full Council and make any further consequential or minor changes arising from the decision of Full Council;
- (iii) That the City Council’s Constitution, as amended, including the Officer Scheme of Delegation for the municipal year 2014/15 be approved.

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

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

(a) APPOINTMENT OF MEMBERS

Political Group	Seats on Council	%
Labour	28	58.33
Conservative	18	37.5
Councillors Against Cuts	2	4.16

Committees	Labour	Conservative	Councillors Against Cuts	Number of Seats to Groups
Overview and Scrutiny Management(10)	Cllr Coombs Cllr Denness Cllr Dr Paffey Cllr Stevens Cllr Thorpe (5)	Cllr Baillie Cllr Fitzhenry Cllr Hannides Cllr Moulton (4)	Councillor Morrell  (1)	10
Planning and Rights of Way (East) (5)	Cllr Denness Cllr Lewzey Cllr Tucker (3)	Cllr Claisse Cllr L Harris  (2)	(0)	5
Planning and Rights of Way (West) (5)	Cllr Lewzey Cllr Lloyd Cllr Mintoff (3)	Cllr Fitzhenry Cllr Hecks  (2)	(0)	5
Employment and Appeals Panel (7)	Cllr Chamberlain Cllr McEwing Cllr Noon Cllr Whitbread (4)	Cllr B Harris Cllr Vassiliou Cllr White  (3)	(0)	7
Chief Officer Employment Panel (6)	Cllr Barnes-Andrews Cllr Burke Cllr Letts Cllr Rayment (4)	Cllr Moulton Cllr Smith  (2)	(0)	6
Licensing Committee (10)	Cllr Lewzey Cllr Lloyd Cllr Pope Cllr Spicer Cllr Tucker Cllr Whitbread (6)	Cllr Galton Cllr Painton Cllr Parnell Cllr Vassiliou  (4)	(0)	10
Governance Committee (9)	Cllr Burke Cllr	Cllr Daunt Cllr Inglis	(0)	7



includes 2 Independent Members	Chamberlain Cllr Jeffery Cllr Noon (4)	Cllr O'Neill (3)		
<b>Sub-Committees</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>Number of Seats to Groups</b>
Health Overview and Scrutiny Panel (7)	Cllr Bogle Cllr Mintoff Cllr Spicer Cllr Stevens (4)	Cllr Claisse Cllr Parnell Cllr White (3)	(0)	7
Scrutiny Panel (7) Membership to be determined once scrutiny inquiries agreed.	(4)	(3)	(0)	7
Licensing General Sub-Committee (5) (Membership must come from membership of Licensing Committee)	Cllr Lloyd Cllr Tucker Cllr Whitbread (3)	Cllr Galton Cllr Parnell (2)	(0)	5
Standards Sub-Committee (4) Including 1 Independent Member (Membership from Governance Committee)	Cllr Burke Cllr Jeffery (2)	Cllr Inglis (1)	(0)	3
Standards Appeal Sub-Committee (4) Including 1 Independent Member (Membership from Governance Committee)	Cllr Chamberlain Cllr Noon (2)	Cllr O'Neill (1)	(0)	3
<b>TOTAL</b>	<b>44</b>	<b>30</b>	<b>1</b>	<b>75</b>

<b>2. Appointment to Committees / Sub-Committees and other Bodies NOT subject to political proportionality and therefore not included in the above calculations</b>				
<b>Committee/Sub-Committee</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>Number of Seats to Groups</b>
Licensing and Gambling Sub-Committee (3) (Any 3 Members drawn from the Licensing Committee membership on rotation basis)				3

<b>Other bodies</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>Number of Seats to Groups</b>
Hampshire Fire and Rescue Authority (3)	Cllr Mintoff Cllr Spicer (2)	Cllr Smith (1)	(0)	3
South East Employers (3 + 3 Deputies)	Cllr Pope Cllr Jeffery (Deputy) (1) + (1) Deputy	Cllr Parnell  (1) + (1) Deputy	(1) + (1) Deputy	3 + 3
Local Democracy Network for Councillors (2)	(0)	Cllr Parnell (1)	(1)	2
Partnership for Urban South Hampshire – Overview and Scrutiny Committee (1)	(0)	Cllr Smith (1)	(0)	1
Hampshire Police and Crime Panel (1) <i>(Overall proportionality is calculated across the County. This may require a change in appointment)</i>	Cllr Kaur (1)	(0)	(0)	1

(b) APPOINTMENT OF CHAIRS

RESOLVED that the following Chairs be elected for the 2014/2015 municipal year and the Vice-Chairs be elected at their first meetings of the municipal year: -

Overview and Scrutiny Management Committee	Councillor Moulton
Planning and Rights of Way (East)	Councillor Lewzey
Planning and Rights of Way (West)	Councillor Lewzey
Employment and Appeals Panel	Councillor McEwing
Chief Officer Employment Panel	Councillor Letts
Licensing Committee	Councillor Tucker
Governance Committee	Councillor Burke
Health Overview and Scrutiny Panel	Councillor Stevens
Licensing General Sub-Committee	Councillor Tucker
Standards Sub-Committee	Councillor Burke
Standards Appeal Sub-Committee	Councillor Noon

## 12. CALENDAR OF MEETINGS

The Council approved the following dates for meetings of the Council in the 2014/15 municipal year:

16<sup>th</sup> July 2014

17<sup>th</sup> September 2014

19<sup>th</sup> November 2014

11<sup>th</sup> February 2015 (Budget) - Date change from 18th

18<sup>th</sup> March 2015

20<sup>th</sup> May 2015 Date subject to change, awaiting confirmation of election dates

## 13. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

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

## 14. EXECUTIVE BUSINESS

The report of the Leader of the Council was submitted setting out the details of the business undertaken by the Executive.

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

The following question was then submitted in accordance with Council Procedure Rule 11.1.

### **1. Council House Heating Systems**

Question from Councillor Baillie to Councillor Letts

During the recent election, you promised many residents that you would replace their heating systems. What is the new way of funding the work that you have found, and why didn't these new proposals come back to Full Council?

Answer:

There is a scheme proposed for Thornhill which will be submitted to Council in the autumn. This scheme had originally included ECO funding but two weeks after agreeing this funding, the Government had changed the rules on funding and the scheme was now in abeyance. The Government was presently consulting on funding but it was likely that some elements of the scheme would attract more funding and other elements less. Therefore, it was difficult to identify funding as the criteria was unknown and it might be changed.

It is the intention to report back to Council in either September or November. It may be possible that there will be a funding gap. If there is a gap in funding we will attempt to fund from Council resources. The intention is to generate electricity as part of the scheme.

15. MOTIONS

It was noted that no motions had been received.

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

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

17. EDUCATION CAPITAL PROGRAMME 2014/15

The report of the Cabinet Member for Education and Change was submitted seeking approval for proposals to add £3,071,000 of non-ring-fenced capital grant to the Education Capital Programme (copy of report circulated with agenda and appended to signed minutes).

RESOLVED

- (i) That, in accordance with Financial Procedure Rules, a sum of £1,834,000 be added to the Education Capital Programme, to the Capital Maintenance programme, as detailed in Appendices 1 and 2, of the report, funded from non-ring-fenced Department for Education Capital Maintenance grant;
- (ii) That delegated authority be granted to the Chief Financial Officer to add, in accordance with Financial Procedure Rules, a sum of up to £296,000 to the Newlands Primary Rebuild Project, within the Education Capital Programme, funded from non-ring-fenced Department for Education Capital Maintenance grant;
- (iii) That in accordance with Financial Procedure Rules, a sum of £500,000 be added to the Education Capital Programme, to the School Expansions: Phase 3 programme as detailed in Appendix 1 of the report, funded from non-ring-fenced Department for Education Basic Need capital grant;

- (iv) That, in accordance with Financial Procedure Rules, a sum of £441,000 be added to the Education Capital Programme, to the Universal Infant Free School Meals programme as detailed in Appendices 3 and 4 of the report, funded from non-ring-fenced Department for Education Universal Infant Free School Meals capital grant;
- (v) That, in accordance with Financial Procedure Rules, capital variations totalling £662,000 be added to the Education Capital Programme, funded from the budgets shown in Appendix 1 of the report;
- (vi) That in accordance with Financial Procedure Rules, capital expenditure of £6,700,000, phased £3,185,000 in 2014/15 and £3,515,000 in 2015/16, within the Education Capital Programme to carry out works as detailed in Appendix 1 of the report be approved. This includes approval for expenditure on Primary Review Phase 2, as detailed in the July 2013 report to Council;
- (vii) That it be noted that assumptions had been made about the likely level of Basic Need Grant to be awarded in 2015/16. If the final award is less than anticipated any shortfall in funding would need to be met from borrowing for which provision would need to be made in the revenue budget forecast.

#### 18. DESKTOP REFRESH PROGRAMME

The report of the Cabinet Member for Resources was submitted seeking approval from Council to add funding to the Capital programme (Copy of report circulated with the agenda and appended to signed minutes).

#### RESOLVED

- (i) That, in accordance with Financial Procedure Rules, a sum of £1,194,000 be added to the Resources Portfolio Capital programme phased over the 4 year period 2014/15 to 2017/18 to enable the ongoing implementation of the desktop refresh programme, to be funded from the IT Development Reserve;
- (ii) That delegated authority be granted to the Chief Financial Officer after consultation with the Head of IT to add to the programme on a rolling basis within the funding available; and
- (iii) That delegated authority be granted to the Chief Financial Officer after consultation with the Head of IT to allocate and approve IT related resources to deliver the desktop refresh programme to maximise the efficient use of resources, maintain flexibility and ensure it is fit for purpose.

#### 19. OVERVIEW AND SCRUTINY ANNUAL REPORT 2013/2014

RESOLVED that the report of the Chair of the Overview and Scrutiny Management Committee detailing the Overview and Scrutiny Management Committee Annual Report 2013/14 in accordance with the Council's Constitution be noted (copy of report circulated with agenda and appended to signed minutes).

#### 20. CITY COUNCIL AND EUROPEAN ELECTIONS 2014

RESOLVED that the report of the Returning Officer detailing the results of the City Council elections on 22<sup>nd</sup> May 2014 be noted (copy of the report circulated with agenda and appended to signed minutes).

## THE EXECUTIVE

The Executive shall comprise:

Leader	Councillor Simon Letts
Health and Adult Social Care	Councillor Dave Shields
Children's Safeguarding	Councillor Mark Chaloner
Communities	Councillor Satvir Kaur
Education and Change	Councillor Daniel Jeffery
Environment and Transport	Councillor Jacqui Rayment
Housing and Sustainability	Councillor Warwick Payne
Resources and Leisure	Councillor Stephen Barnes-Andrews

## CABINET

The Cabinet will be responsible for the following functions:

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



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

Delegation of Functions

The Chief Executive, Directors and Heads of Service.<sup>1</sup>

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

## LEADER

The Leader shall be responsible for:

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

The Leader shall also be responsible for the following functions:

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

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

#### Delegation of Functions

The Chief Executive, Directors and Heads of Service.

## **CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE**

The Cabinet Member shall be responsible for the following functions:

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

and partners as appropriate) on jointly leading on the Council's effective participation in the range of joint planning, consultation and funding arrangements for the provision of health and social care services for adults with the NHS, service users and carers, voluntary and private sector service providers;

- ◆ Work closely with the Cabinet Members for Housing and Sustainability and Children's Services on the development, delivery and improvement of housing, health and social care services to vulnerable adults, children and young people;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

#### Delegation of Functions

The Chief Executive, Directors and Heads of Service.

## **CABINET MEMBER FOR EDUCATION AND CHANGE**

### **Children's Services**

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to the Cabinet, all Executive functions in respect of children's services and learning taking full account of the statutory guidance for the Lead Member for Children's Services;
- ◆ The development, implementation, monitoring and review of the Council's policies and strategies relating to children's services and any other related matters;
- ◆ The promotion of positive partnerships with private and voluntary organisations in the context of developing Southampton's children's services;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any regional or national organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The leadership of and political accountability for the effectiveness, availability and value for money of all the local authority's children's services;
- ◆ Working with the Cabinet Members for Communities and Children's Safeguarding on the engagement and encouragement of local communities in order to improve children's services and to ensure that services, both within the City and across partner organisations, improve outcomes for all and are organised around family, children and young people's needs;
- ◆ Leading on all functions in respect of services to young people with the exception of Youth Offending and the Youth Justice Plan;
- ◆ Working with the Cabinet Member for Communities in respect of the delivery of Youth Offending priorities and the Youth Justice Plan
- ◆ Leading on schools, education asset management, early years education, admissions and attendance standards and improvement, education welfare service, schools organisation, extended schools and all ancillary education activities;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Leading on the Children's and Young People's Trust and the joint commissioning of services related to the activities of the Portfolio and/or Trust;
- ◆ Leading on the Children's and Young Peoples priorities;
- ◆ Raising school standards;
- ◆ Leading on School Admissions and Exclusions Policies;
- ◆ Leading on Education Capital and Schools Repairs and Maintenance Programmes;
- ◆ Leading on e-Communications in Schools, platforms for electronic learning and integrated IS/ITS systems across children's services;
- ◆ Leading on Special Educational Needs and Equalities in Education;
- ◆ Leading on Student Finance;

- ◆ Leading on the 14-19 Strategy;
- ◆ Oversight of the commissioning of all learning and skills for 14-19 year olds in the City in line with statutory obligations;
- ◆ Leading on budget allocation to schools within the rules for Local Management of Schools Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Leading on life-long learning;
- ◆ Working with the Cabinet Members for Health and Adult Services and Communities (and other Cabinet Members and partners as appropriate) on jointly leading on the Council's effective participation in the range of joint planning, consultation and funding arrangements for the provision of health and social care services for adults with the NHS, service users and carers, voluntary and private sector service providers;
- ◆ Leading on the Council's effective participation in the range of joint planning, consultation and funding arrangements for the provision of all services for children with the NHS, Service Users and Carers, Voluntary and Private Sector service providers through the Children and Young People's Trust;
- ◆ Working with the Cabinet Member for Health and Adult Services on the Health and Wellbeing Board;
- ◆ Leading on the development and delivery of Sure Start children's centres programmes in the City and the promotions of mainstreaming Sure Start principles within relevant Council services;
- ◆ Leading on the range of services available to young people;
- ◆ Leading on apprenticeships;

## **Change**

- ◆ Save as reserved to Cabinet, all Executive functions in relation to the Change Programme;
- ◆ Leading the Council's change Programme
- ◆ Chairing the Change Programme Board;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Overall strategic responsibility for the development, implementation, monitoring and review of the Council's policies and strategies and any other related matters relevant to this Portfolio;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;

- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

### Delegation of Functions

The Chief Executive, Directors and Heads of Service.



## **CABINET MEMBER FOR CHILDREN'S SAFEGUARDING**

**This Cabinet Member is the Lead Member with responsibilities for children's services under Section 19 of the Children Act 2004**

The Cabinet Member shall be responsible for the following functions:

- ◆ Leading on safeguarding children and promoting an inclusive approach to the welfare of children across all agencies including SEN, emotional literacy, services to children with disabilities and school attendance
- ◆ Leading on the strategy for social care for children and young people, on the Council's commitments with regard to its role as the corporate parent for children and young people looked after and its responsibilities under relevant legislation on the Fostering and Adoption Services, on the Local Safeguarding Children and young people's Board, asylum seeking minors and their families
- ◆ Leading on the strategy for social services for children, on the Council's commitments with regard to its role as the corporate parent for looked after children and its responsibilities under relevant legislation on the Fostering and Adoption Services, on the Local Safeguarding Children's Board, asylum seeking minors and their families

The Cabinet Member shall work jointly with other Cabinet Members (but is not lead member) on the following areas:

- ◆ The development, implementation, monitoring and review of the Council's policies and strategies relating to children's services and any other related matters;
- ◆ The promotion of positive partnerships with private and voluntary organisations in the context of developing Southampton's children's services;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any regional or national organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ Working with the Cabinet Members for Education and Change and Communities on the engagement and encouragement of local communities in order to improve children's services and to ensure that services, both within the City and across partner organisations, improve outcomes for all and are organised around family, children and young people's needs;
- ◆ All functions in respect of services to young people including Youth Offending and the Youth Justice Plan;
- ◆ The Children's and Young People's Trust and the joint commissioning of services related to the activities of the Portfolio and/or Trust;
- ◆ Working with the Cabinet Members for Health and Adult Services, Education and Change and Communities (and other Cabinet Members and partners as appropriate) on jointly leading on the Council's effective participation in the range of joint planning, consultation and funding arrangements for the provision of health and social care services for adults with the NHS, service users and carers, voluntary and private sector service providers;

- ◆ Working with the Cabinet member for Health and Adult Services on the Health and Wellbeing Board;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

#### Delegation of Functions

The Chief Executive, Directors and Heads of Service.

## **CABINET MEMBER FOR COMMUNITIES**

The Cabinet Member shall be responsible for the following functions:

- ◆ Save as reserved to Cabinet, all Executive functions in relation to communities and “troubled” families;
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Overall strategic responsibility for the development, implementation, monitoring and review of the Council’s policies and strategies and any other related matters relevant to this Portfolio;
- ◆ Leading on the Youth Offending Teams and the Youth Justice Plan
- ◆ Leading on all equalities legislation and ensuring the council completes the Equalities and Community Safety Impact Assessments as required;
- ◆ Leading on the co-ordination and development of City-wide community involvement activities including but not limited to the provision of Community Centres and other Community Facilities;
- ◆ Leading on the implementation of a co-ordinated cross-council enforcement function;
- ◆ The promotion, development, implementation, monitoring and review of social cohesion policies and projects across all service areas included the submission of appropriate external funding proposals;
- ◆ Leading on initiatives which encourage the development of social enterprises and projects to improve employability of local people;
- ◆ Taking the lead on emergency planning and all related civil defence issues;
- ◆ Ensuring appropriate consultation methods and arrangements are in place for the provision of council services;
- ◆ Leading on volunteering and advice services (including infrastructure);
- ◆ Ensuring individuals can access the Council services they require and that they are free to live without fear of anti-social behaviour, discrimination and prejudice;
- ◆ Leading on the delivery of the Anti-Social Behaviour strategy and other related initiatives;
- ◆ Leading on Community Safety, including tackling alcohol related crime, CCTV and the Domestic Violence Strategy;
- ◆ Leading on the Hate Crime and Harassment Strategy;
- ◆ Working with all other Cabinet Members, and any other bodies / agencies as appropriate, taking a strategic lead on the “troubled” families initiative;
- ◆ Working with the Cabinet Member for Children’s services on the engagement and encouragement of local communities in order to improve services and to ensure that services, both within the City and across partner organisations, improve outcomes for

all and are organised around community, family, children and young people's needs;

- ◆ Leading on health and safety;
- ◆ Leading on events management;
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

#### Delegation of Functions

The Chief Executive, Directors and Heads of Service.

## **CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT**

The Cabinet Member shall be responsible for the following functions:

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

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

#### Delegation of Functions

The Chief Executive, Directors and Heads of Service.

## **CABINET MEMBER FOR HOUSING AND SUSTAINABILITY**

The Cabinet Member shall be responsible for the following functions:

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

- ◆ Ensuring individuals can enjoy their homes and neighbourhoods without the fear of anti-social behaviour, discrimination and prejudice;
- ◆ Leading on the Council's strategy to tackle fuel poverty;
- ◆ Leading on sustainability including (but not limited to) energy and the Council's Energy Strategy;
- ◆ The implementation and review of the citywide Low Carbon City Strategy;
- ◆ Leading on:
  - Flood risk management;
  - Climate Change;
  - Carbon Reduction Commitment;
  - Green infrastructure and biodiversity
- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

#### Delegation of Functions

The Chief Executive, Directors and Heads of Service.



## **CABINET MEMBER FOR RESOURCES AND LEISURE**

The Cabinet Member shall be responsible for the following functions:

- ◆ To act as Deputy Leader and accordingly discharge the functions of the Leader in the absence of the Leader;
- ◆ Save as reserved to Cabinet, all Executive functions in relation to resources, financial services including (but not limited to) financial management, accounting and audit matters, property, operational procurement, commissioning, ICT (Information Communication Technology), customer care and leisure.
- ◆ Setting a clear and realistic direction, reflected in the Council Plan (CP) and financial strategy; setting out clear corporate priorities and ensuring they are reflected in the budget and other planning and decision-making processes; ensuring that decisions of the Executive reflect corporate priorities and plans, including decisions about the allocation of resources; communicating decisions on corporate priorities to the local community;
- ◆ Matters relating to the Portfolio involving Member contacts with the Government and any Regional or National organisations;
- ◆ The promotion and pursuit of principles espoused by the Council in respect of social cohesion, and a sustainable environment, in its role as an employer, service provider and the exercise of community leadership;
- ◆ The application of national policies locally and any consequent forward planning necessary;
- ◆ Overall strategic responsibility for the development, implementation, monitoring and review of the Council's budgetary, financial, benefits and leisure policies and strategies and any other related matters;
- ◆ To Chair the Capital Board;
- ◆ Overall strategic overview of the Capital programme;
- ◆ Ensuring that supportive frameworks are maintained and developed for Members and employees in terms of ICT, operational procurement, property, customer services, modern records and scrutiny
- ◆ Overall strategic responsibility for the development, implementation, monitoring and review of the Council's procurement, performance and contract management policies and strategies and any other related matters;
- ◆ Taking a strategic cross-council overview in relation to procurement, performance and contract management, and working with other Cabinet Members with direct service leads in those areas as appropriate to ensure the Council achieves better value;
- ◆ Leading on Best Value;
- ◆ Leading on Risk Management;
- ◆ Leading on commissioning;
- ◆ Leading on grants to voluntary organisations;
- ◆ Leading on all property issues (excluding the management of the Council's housing stock);
- ◆ The promotion of positive partnerships with private and voluntary organisations in the context of developing leisure, culture and heritage facilities in the City;
- ◆ Leading on leisure, culture and heritage functions, play and self development, media/information society, dual use facilities and activities, events and entertainment;
- ◆ Leading on libraries;
- ◆ Leading on sports development and leisure venues;
- ◆ Leading on the tourism strategy and cruise industry;

- ◆ Strategic responsibility for financial matters in relation to the Portfolio;
- ◆ Liaison and joint working with other Cabinet Members to ensure the objectives of the Council are met and that Business and Service Plans link with commitments agreed by the Cabinet;
- ◆ Reporting to the Full Council and its decision making and scrutiny functions where appropriate;
- ◆ Seeking comments on Policy development through Cabinet and Scrutiny and issuing statements and bulletins related to matters within the Portfolio.

#### Delegation of Functions

The Chief Executive, Directors and Heads of Service.

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SOUTHAMPTON CITY COUNCIL

MINUTES OF THE COUNCIL MEETING HELD ON  
4 JUNE 2014

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Present:

The Mayor, Councillor Mrs Blatchford  
The Sheriff, Councillor Norris  
Councillors Baillie, Barnes-Andrews, Bogle, Burke, Chaloner, Chamberlain, Claisse, Coombs, Daunt, Denness, Fitzhenry, Galton, Hammond, Hannides, B Harris, L Harris, Hecks, Inglis, Jeffery, Kaur, Letts, Lewzey, Lloyd, McEwing, Mintoff, Moulton, Noon, O'Neill, Dr Paffey, Painton, Parnell, Payne, Rayment, Shields, Smith, Spicer, Stevens, Thorpe, Tucker, Vassiliou, Whitbread and White

21. APOLOGIES

Apologies for absence were submitted on behalf of Councillors Keogh, Morrell and Thomas.

22. HONORARY ALDERMEN

RESOLVED unanimously:

That in pursuance of the provisions of Section 249(1) of the Local Government Act 1972, the office of Honorary Alderman be conferred on former Councillors Gerry Drake, and Carol Cunio in recognition of their eminent service to the City and their names be recorded in the Roll of Honorary Alderman.

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<b>DECISION-MAKER:</b>		COUNCIL	
<b>SUBJECT:</b>		EXECUTIVE BUSINESS	
<b>DATE OF DECISION:</b>		16 <sup>TH</sup> JULY 2014	
<b>REPORT OF:</b>		LEADER OF THE COUNCIL	
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Suki Sitaram	<b>Tel:</b> 023 8083 2060
	<b>E-mail:</b>	suki.sitaram@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			

## **BRIEF SUMMARY**

This report outlines Executive Business conducted since the last Council meeting on 4<sup>th</sup> June 2014.

## **RECOMMENDATIONS:**

- (i) That the report be noted.

## **REASONS FOR REPORT RECOMMENDATIONS**

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

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

Not applicable.

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

### **INTRODUCTION**

2. This report highlights the contribution of different Portfolios towards the council's priorities since the last council meeting on 4<sup>th</sup> June 2014.
3. In celebration of Southampton's 50th birthday, and to mark the Commonwealth Games Queen's Baton Relay, a day of activities culminating in a spectacular diving display in Guildhall Square took place on 4<sup>th</sup> June 2014. This event was followed by SkyRide on 29<sup>th</sup> June and Race for Life on 6<sup>th</sup> July. Over 6,000 women took part in the annual race around The Common to raise money for cancer research, and more than 11,000 people hopped onto their bikes to enjoy an exclusive tour of the city centre, pedalling down some streets that are usually closed to the public. This is the 5<sup>th</sup> successive year Southampton has held the SkyRide event and attendance was 10% up on 2013, creating a great social event that helps promote cycling in the city.
4. Southampton Music Hub ensured that June was an amazing month for music in the city. To help celebrate Southampton's 50th anniversary of city status, Southampton Music Hub hosted 50 musical events across the city in June, including an exciting mix of workshops, concerts and showcases for school children as well as anyone else who wanted to get involved in Southampton. It is great to note that approximately 3,000 young people took part in the celebrations.

5. We continue to be recognised for the excellent work we do and since the last report I am delighted that we have been recognised for:
- Our Telecare, CAREline and Responding Services successfully completed the three-year audit inspection to retain accreditation to the Telecare Services Association (TSA) which sets the national industry standards and good practice for this sort of support. These services mean our customers can receive the help they need, often in emergency situations, at the touch of a button, 24 hours a day.
  - Our national performance over the last year in making the council more energy efficient has been deemed 'exemplary' by Salix. Salix enables public sector organisations across the UK to take a lead in tackling climate change by increasing their energy efficiency. It provides 100% interest-free capital for the public sector to reduce its energy costs by enabling the installation of modern, energy efficient technologies and replacing dated, inefficient technologies. Southampton came fourth nationally for use of the Salix fund. Our energy reduction projects in 2013/14 included replacement LED lighting, insulation and building management systems upgrades. Looking forward to this year (2014/15), we are continuing with LED lighting upgrades and significant improvements to the IT server room in the Civic Centre – which could save us in excess of £30K per year and reduce our carbon footprint.
  - On 11 June 2014 at the Chartered Institute of Highways and Transport engineers annual awards, the Council and our partners Balfour Beatty Living Places, received a commendation for designing and constructing the Oxford Street scheme.
  - We received a Certificate of Achievement as part of the Adult Learners' Week Awards 2014. The certificate recognises our organisation's commitment to supporting life-long learning for the benefit of our local community.

## **PROMOTING SOUTHAMPTON AND ATTRACTING INVESTMENT**

6. A joint bid for funding with the Isle of Wight Council, via the Solent Local Economic Partnership, has been successful. The two authorities submitted a joint bid to fund a regeneration project in Southampton and East Cowes to include new highways infrastructure and improved public spaces. The £14.95m Local Growth Fund award will allow both councils to move quickly forward with the relocation of the ferry terminals on either side of the Solent. Land will be freed up for redevelopment in East Cowes and in Southampton. At the same time, parts of the waterfront will be returned to public use. Moving the terminal is a crucial element to the Royal Pier development, the jewel in the crown of our City Centre Master Plan.
7. In June 2014 the council approved Hammerson's plans for the £70million Watermark WestQuay development. This is exciting, ambitious and imaginative scheme will add a new dimension to Southampton's leisure offering. The plans include a luxury ten-screen cinema, up to 20 restaurants,

promenades, water features and a public piazza. Importantly, the development will create around 500 jobs for the city; not including the construction jobs that will come during the build phase.

8. The council has been successful in its bid for Arts Council funding of £1,264,251, to support the development of Southampton's new arts complex and a dynamic programme of arts up to and beyond its launch in 2016. The funding is awarded for three years from April 2015 to March 2018. The council's application met a number of requirements in order to be awarded the funding, including: having an excellent vision, strong partnership (both existing and planned), the ability to support diversity and talent development, and plans to engage 'hard to reach' audiences. The funding will support the arts complex in creating a great future and a solid foundation for its work. It will enable it to further its reputation locally and nationally as a hub for the arts, at the heart of the city, and its Cultural Quarter.

### **RAISING AMBITIONS AND IMPROVING OUTCOMES FOR CHILDREN AND YOUNG PEOPLE**

9. The council has a statutory duty in respect of delivering its Corporate Parenting Responsibilities and in ensuring sufficient and suitable placements for looked after children. At the Cabinet meeting on 17 June we approved the Looked After Children Strategy, a key document which outlines how the Council will discharge its responsibilities and prioritise delivery of services for this group of children. The Looked After Children Strategy identifies eight priorities framing our services for looked after children:
  - Safeguarding
  - Participating and Having your Say
  - Staying Together, Identity and Relationships
  - Ensuring Good Educational Outcomes
  - Providing Clear Care Pathways and Timely Permanence
  - Promoting Health and Well being
  - Positively Managing Risk Safe and Stable Placements
  - Widening Access to Culture and Leisure Activities

It is envisaged that early intervention strategies and swift planning for permanence will begin to favourably impact the care population over the next three years.

10. Southampton's adult learners were recognised for their outstanding achievements in skills and community learning at an awards ceremony held at the Art Gallery on Wednesday 18 June 2014. At this event 47 adult learners received awards from across 11 categories, including Outstanding Learner, Outstanding Volunteer, Outstanding Tutor, Learning Life Skills and Learning for Work, among others. The celebration event was held as part of Southampton City Council's Skills & Community Learning programme, which supports a range of activities across the city to ensure that local people can gain skills and qualifications, take up new interests and engage with their communities. The awards were organised by the council and the Workers

Educational Association (WEA), the UK's largest voluntary sector provider of adult education.

11. The council is committed to increasing appropriate Special Educational Needs (SEN) provision in order to accommodate those children that require SEN support. To meet the increase in demand for specialist education Cabinet approved the expansion of Great Oaks School from the 1 September 2014 by the addition of 17 places from 1 September 2014 and an additional 8 places from 1 September 2015.
12. To facilitate the expansion of St John's Primary and Nursery School from a 210 place school to a 420 place school Cabinet also approved the leasehold transfer of the Eagle Warehouse and Mission Hall from the Council to St John's Primary and Nursery School.

### **IMPROVING HEALTH AND KEEPING PEOPLE SAFE**

13. At its meeting on 17<sup>th</sup> June 2014, Cabinet approved the award of the three contracts which make up the substance misuse tender. The new integrated substance misuse treatment system will integrate, as far as is currently possible, drug and alcohol treatment into a single treatment pathway and will comprise 3 elements:
  - Early support, assessment and planning service (ESAP) for young people aged between 11-24 years
  - Assessment, Review, Monitoring and Recovery planning service (ARM) for adults aged 24 years and over
  - Delivery of Drug and Alcohol Treatment and Recovery Service (DDATRS).
14. The appointed providers will work with the Integrated Commissioning Unit to improve outcomes and contribute towards the delivery of objectives and outcomes within local strategies including the Health and Wellbeing Strategy, Community Safety Strategy as well as the national Drug Strategy 2010 and Alcohol Strategy 2012. The budget available for the three year period of the contract, excluding inflation, is £9,870,600.
15. Cabinet considered a report on controlling the spread of betting shops, pay day loans premises and fast food outlets in June. Recommendations approved by Cabinet include the Planning & Development team assesses the impact of betting shops, pay-day loan businesses, and takeaways near schools as part of the work on the new Local Plan to see if new policies are necessary to give more control, and, in recognition that pubs can fulfil an important community function, to delegate authority to the Director of Place to progress work on an article 4 direction to prevent the conversion of pubs to other uses.

### **HELPING INDIVIDUALS AND COMMUNITIES TO WORK TOGETHER AND HELP THEMSELVES**



16. To help improve the lives of people living with dementia, their families and carers I am pleased to say we recruited around 90 new 'dementia friends' at our events, arranged by the Supported Housing Team, during Dementia Awareness Week in May 2014.
17. We have been given the green light to progress phase 2 and 3 of the Freemantle and Shirley Network, thanks to a further grant of £15,500, secured through the Our Place programme. Our Place is a government initiative aiming to give local people more power and say over local services and where money is invested in their area. The Freemantle and Shirley Network will seek to establish a more cohesive and 'technically connected' community by harnessing the strengths of a remarkably diverse and active population. Local communities will get involved in shaping local services according to emerging priorities such as improving health and wellbeing, the environment, community safety, the local economy and enterprise, and support for young people. The network was launched in May 2014 with over 60 community representatives. In the next phase we will start to identify local assets and resources, and find ways to bring together organisations and voluntary groups to improve services and increase the digital capacity in the area.

#### **MAKING THE CITY MORE ATTRACTIVE AND SUSTAINABLE**

18. The Eco Fair returned to Southampton with an exceptional turnout of 1,442 visitors. Stalls included crafts, foods, recycling and the Hawthorns Wildlife Centre. Local groups including the Southampton Real Nappy Network and Greenpeace also attended the event held at Central Library.
19. The kerbside collection of glass, from houses, was introduced in March 2014 along with collection day changes. Residents in houses have a glass box and flats and HMOs have access to either a wheeled bin or a communal bank. In May, 354 tonnes of glass were collected helping to increase the city's recycling rates and make it much easier for residents to recycle their glass.

#### **ENCOURAGING NEW HOUSE BUILDING AND IMPROVING EXISTING HOMES**

20. In a first for Southampton, an extension consisting of a bedroom and bathroom was crane lifted over rooftops, and added to a property in Millbrook all in just one hour. This is an exciting pilot project for the council to enable disabled people to live in their homes with family, with an improved quality of life. The 'pod' extension will support a lady with Huntington's disease and her family who live in one of our properties.

#### **DEVELOPING AN ENGAGED, SKILLED AND MOTIVATED WORKFORCE**

21. A report outlining the next phase of the council's Transformation Programme is on the Cabinet agenda for decision on 15 July 2014. To become a sustainable council and one which will help us deliver the savings, become more customer-focused and commercially minded, and maximise the

potential of our employees, the report identifies that the next phase of the ambitious programme will focus on:

- Improving the experiences of our customers
- Embracing a range of delivery models for service delivery
- Using technology as a tool to innovate and become a digitally driven organisation
- Adopting smarter working practices
- Supporting our communities to take action to improve their neighbourhoods and lives through a strong sense of ownership.

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

22. The wider channel shift programme is designed to improve the experience of our customers when they contact the council, and achieve savings. As part of this customers will now be able to request numerous services online via a number of dynamic web forms, known as 'achieve forms'. Working with Capita, the Highways form enables customers to report potholes, missing street signs, road work clearance and more. Improvements for Waste Services are already in place. Further enhancements will be made to the forms over the next 12 months, alongside the launch of our new council website in September, and the potential implementation of a customer portal next year. This important work will improve customers' experiences and make our systems more efficient.
23. In June 2014, Cabinet approved the addition of £300,000 to the Health and Adult Social Care Capital Programme in 2014/15 for the upgrade of the Council's Social Care system from Paris 4.4 to Paris 5.1. The upgrade will provide the City Council with a system that is more conducive to more modern computer applications, and a platform that will better enable transformation.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

24. N/A

### **Property/Other**

25. N/A

## **LEGAL IMPLICATIONS**

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

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

### **Other Legal Implications:**

## **POLICY FRAMEWORK IMPLICATIONS**

27. Council Plan 2013-16

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	None
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**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)
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1.		
2.		

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	FINANCIAL STATEMENTS FOR 2013/14		
<b>DATE OF DECISION:</b>	16 JULY 2014		
<b>REPORT OF:</b>	CHIEF FINANCIAL OFFICER		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	David Wilkes	<b>Tel:</b> 023 8083 2357
	<b>E-mail:</b>	<a href="mailto:David.wilkes@southampton.gov.uk">David.wilkes@southampton.gov.uk</a>	
<b>CFO:</b>	<b>Name:</b>	Andrew Lowe	<b>Tel:</b> 023 8083 2049
	<b>E-mail:</b>	<a href="mailto:Andrew.Lowe@southampton.gov.uk">Andrew.Lowe@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
NOT APPLICABLE

## **BRIEF SUMMARY**

In accordance with the Accounts and Audit Regulations 2011 the Financial Statements 2013/14 were signed by the Chief Financial Officer (CFO) on 30 June 2014. The Financial Statements will be submitted to the Governance Committee on 15 September 2014. A copy of the draft unaudited Financial Statements is available in the Members Room.

Presenting the accounts at this time means that the Annual Audit, carried out by our auditors Ernst & Young, will not have been completed. Any major changes to the Financial Statements arising from the annual audit will be reported to the Governance Committee after the completion of the audit on 30 September 2014.

## **RECOMMENDATIONS:**

**It is recommended that Council:**

- (i) Notes that the Financial Statements 2013/14 have been signed by the CFO.
- (ii) Notes that the approval of the Financial Statements 2013/14 by the Governance Committee will take place on 15 September 2014, subject to any changes required after the completion of the Audit. Any such changes will be presented to the Governance Committee.
- (iii) Notes the revised statement on the Minimum Revenue Provision Policy as set out in paragraphs 7-13.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. It is a legal requirement that the CFO signs the Financial Statements by 30 June 2014 and certifies that they present '*a true and fair position of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year*'.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

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

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

### **CONSULTATION**

3. Not applicable.

### **FINANCIAL STATEMENTS**

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

### **ACCOUNTING ISSUES AND DEVELOPMENTS**

5. The Main Accounting Issues and Developments are:
  - Strategic Services Partnership with Capita;
  - Minimum Revenue Provision;
  - Non-Domestic Rate Income;
  - Universal Credit

#### **Strategic Services Partnership with Capita**

6. The ten year Strategic Services Partnership contract with Capita, entered into on 1 October 2007, was subject to extensive renegotiations in 2013/14, resulting in significant savings, and benefits, and an extension of the contract for an additional five years in accordance with the original agreement.

#### **Minimum Revenue Provision (MRP)**

7. As set out in the Treasury Management Strategy Report 2013/14 to Council in February 2013 advice was to be sought on whether the Council's approach to accounting for MRP was in accordance with MRP guidance; primarily this was in relation to the MRP treatment of the debt transferred from Hampshire County Council when the Council became a Unitary Authority.
8. Further to this the Treasury Management Strategy Report 2014/15 to Council in February 2014 set out that discussions were ongoing with the External Auditors with respect to reducing our MRP charge in 2013/14 by approximately £4.5M (of which £3.9M relates to prior years) as we believed we had overprovided against

our annual MRP policy of setting aside the MRP required by statute / DCLG guidance. This change in treatment has now been applied and further detail is set out below.

9. Each year local authorities are required to set aside some of their revenue for the provision of debt. This is known as the MRP. The provision must be prudent but the regulations governing these arrangements do not define what “prudent provision” is. And while there is guidance on MRP produced by the government, it is made clear that it is the local authority’s decision as to what a prudent level of provision is.
10. An issue for Southampton City Council has arisen as a result of MRP calculation on borrowing that is mainly associated with debt transferred from Hampshire County Council to Southampton when it became a unitary authority in 1997. With the implementation of the prudential framework in 2004, the objective was that the move from the former MRP scheme to the new arrangements should not increase a local authority’s MRP liability. The mechanism for achieving neutrality between the old and the new system is known as “Adjustment A”. Consistent with the guidance, the original adjustment in 1 April 2004 was based on the value of the debt at that time. Following that, in the interests of prudence, the adjustment was reduced each year in line with the actual debt outstanding. This had the effect of increasing the amount of minimum revenue provision for each financial year.
11. A review of the Council’s calculation of the MRP has taken place and, following consideration of the guidance, the view is that this was not the appropriate approach. This is because the guidance states that the, “Adjustment A” should not be varied from year to year. With this in mind the Council is justified in recalculating its MRP retrospectively. Additionally, the guidance states that if the calculation of the MRP results in an anomalous or disadvantageous result it may modify its approach to achieve the intended neutrality.
12. In this case, by being “overly prudent” in the past, the Council has provided for a greater charge from the general fund to MRP. With the benefit of hindsight, this was not the most appropriate course of action and it is considered that action to adjust the position is justified.
13. To resolve this, the Council has recalculated the MRP for the years 2006/07 to 2013/14, using the value attributed to “Adjustment A” in 2004/05 which gives a cumulative reduction in the Council’s MRP of £4.5m (£3.9m relates to prior years). The MRP for 2013/14 has therefore been reduced by £4.5m.

#### **Non-Domestic Rate Income (NNDR)**

14. From 1 April 2013 the arrangements in respect of NNDR changed from a position where the Authority purely collected business rates on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major precepting bodies, (Hampshire Fire and Rescue Authority (HFRA) in Southampton’s case). This change affects the retention of that income collected and also carries a risk to the Council for failure to collect rates in comparison with a predetermined “Start-Up” funding assessment. Risks of non-collection include rates billed from 1 April, those not yet collected from

prior years and appeals that were not resolved before that date.

15. The Council, in preparing the 2013/14 NNDR 1 return to Government of the estimate of the projected income for the year, significantly underestimated, along with a large number of councils across the country, the impact of potential losses for prior years' appeals as at 31 March 2013 at £5.8M.
16. A detailed analysis of refunds made over a number of years, and appeals yet to be settled, indicated that the starting appeals provision for 2013/14 should have been approximately £21.4M, of which £14.1M related to prior years' appeals.
17. This underestimate of the starting appeals provision, along with a substantial reduction to Southampton's rateable value, has resulted in an NNDR Collection Fund deficit in 2013/14 of approximately £17.8M of which Southampton's share is £8.7M (49%). The Council has opted not to spread the impact of the appeals provision over five years, as allowed under the recently laid regulations, resulting in a safety net payment to the Council of approximately £1.6M.

### **Universal Credit**

18. Universal Credit (UC) is one of the key benefit changes introduced by the Welfare Reform Act 2012. 2016 will now see the phased introduction of a single benefit to replace six benefits currently paid by DWP, HM Revenue & Customs (HMRC) and Local Authorities. This includes Housing Benefit currently paid by Local Authorities.
19. The introduction of UC will have a significant impact on the residents of the city as they will need to adjust to receiving a single monthly benefit payment which will include an element to cover their housing costs. They will need to manage their finances on a monthly basis, pay their rent to their landlord and apply and manage their benefit claim online. UC will have a significant impact on the Council as it will no longer receive Housing Benefit, direct from Central Government, with respect to Council Dwellings Rent Rebates which in 2013/14 amounted to approximately £40M.

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

20. The Financial Statements present the Income & Expenditure Account in a statutory format which includes notional costs that have no impact on the Council Tax charge. The Table on page 4 of the Financial Statements presents the Council's expenditure and income in a format that shows the net impact on the General Fund Balance, compared to budget. This shows that the revised budget assumed a total addition to reserves of £4.1M.
21. However, during the year, the Council has made changes to the revised budgets which were reported to Cabinet in February 2014. Compared to this working budget the Council's actual expenditure for the year is £11.8M under budget and this is made up as follows:



	<b>(Under) / Over Spend £000's</b>
<b>Portfolio Total</b>	<b>(6,207)</b>
Levies & Contributions	(2)
Capital Asset Management	(127)
Other Expenditure & Income	(984)
<b>NET GF SPENDING BEFORE MRP ADJUSTMENT</b>	<b>(7,320)</b>
MRP adjustment	(4,527)
<b>NET GF SPENDING</b>	<b>(11,847)</b>

22. Against this are requests to carry forward budget of £2,067,100 (of which £528,100 relates to central repairs and maintenance) which will be subject to approval by Council.

#### **GENERAL FUND BALANCES**

23. The General Fund balance stands at £53.4M and is used as a working balance and to support future spending plans. This compares to a balance of £29.9M at the end of 2012/13.
24. Commitments have been proposed which subject to approval by Council will leave an uncommitted value of balances totalling £9M in the medium term which is £3.5M above the minimum level recommended by the CFO following a risk assessment of the required level to be maintained.

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

25. The Table on page 6 of the Financial Statements presents the Council's expenditure and income in a format that shows the net expenditure within the HRA compared to budget. This shows that the budget assumed a deficit of £962,000. Actual net expenditure for the year is a deficit of £1,011,000 which compared to the budgeted deficit results in an over spend of £49,000. This is made up as follows:

	<b>£000's</b>
Increase in Repairs	617
Savings on Supervision & Management	(882)
Reduction in Capital Financing Charges	(828)
Other Variances	145
<b>Variation on day to day services</b>	<b>(948)</b>

Increase in Capital Funding from Direct Revenue Financing and Depreciation	997
<b>Total Variation</b>	<b>49</b>

## **CAPITAL EXPENDITURE**

26. In 2013/14 the Council spent £77.4M on capital projects. This was £12.7M less than the latest approved estimates, due largely to re-phasing of expenditure which will now be incurred in 2014/15. Of this expenditure £46.8M related to the General Fund and £30.6M to the HRA.
27. The General Fund Capital Outturn 2013/14 and the Housing Revenue Account Revenue and Capital Outturn 2013/14 reports elsewhere on the Council Agenda contain further details, including setting out how it is proposed that this expenditure is financed.

## **THE COLLECTION FUND**

28. The Total Collection Fund deficit for the year is £16.7m. A year end surplus on Council Tax of £1.1M and a year end deficit of £17.8M on NNDR. There was a Council Tax surplus brought forward from 2012/13 of just over £1.5M, to give a Collection Fund deficit to be carried forward of just under £15.2M.

### **Council Tax**

29. The Council Tax element of the Collection Fund had a surplus for the year of £1.1M. There was a surplus brought forward from 2012/13 of just over £1.5M, to give a surplus to be carried forward of just over £2.6M.
30. When setting the Council Tax for 2014/15 in February 2014, it was estimated that there would be a surplus of £2.1M to be carried forward. This estimated surplus was taken into account in setting the 2014/15 Council Tax and was shared by the City Council, the Police & Crime Commissioner for Hampshire and the HFRA in proportion to the precepts levied by each authority in 2013/14. This leaves a surplus of £530,400 that will be carried forward to 2014/15 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2015/16 is set.

### **NNDR**

31. The NNDR element of the Collection Fund had a deficit for the year of £17.8M. As 2013/14 is the first year of Business Rate Retention there were no brought forward balances giving a deficit to be carried forward of just over £17.8M.
32. When setting the Council Tax for 2014/15 in February 2014, it was estimated that there would be an NNDR deficit of £17.6M to be carried forward. The Council's share of the deficit (£8.6M) was taken into account in setting the 2014/15 Council. This leaves a deficit of £154,300 that will be carried forward to 2015/16 to be shared between Central Government (50%), Southampton (49%) and Hampshire Fire and Rescue Authority (1%)

## **PENSIONS**

33. In 2013/14 the Council paid an employer's contribution of £20.4M into Hampshire County Council's Pension Fund. The employer's rate set for 2011/12 to 2013/14 was 13.1% of employees' pay plus a fixed payment. This fixed payment was calculated by the actuary for the Hampshire County Council pension fund and was equivalent to 6.0% of the value of the payroll as at 31 March 2010.
34. The Council's share of the assets in the Hampshire County Council pension fund at 31 March 2014 was £558.4M, compared to its estimated liabilities of £889.8M, giving an estimated deficit on the Fund of £331.4M (£418.2M in 2012/13).
35. The deficit will be made good by taking into account anticipated changes in market conditions, levels of anticipated employee contributions and future employer contributions.

## **ACCOUNTING POLICIES**

36. The Council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain, which is recognised by statute as representing proper accounting practices and meets the requirements of the Accounts and Audit regulations 2011.
37. The Accounting Policies are described in detail on pages 16 to 30 of the Financial Statements and cover such items as:
  - Property, Plant and Equipment
  - Depreciation
  - Heritage Assets
  - Pensions
  - Accruals
  - PFI contracts
  - VAT

The main changes to the Accounting Policies in 2013/14 were the removal of non-material accounting policies and amendment to the Pensions Policy to incorporate the IAS19 changes. The Governance Committee will be asked to review the policies adopted.

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

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

39. The capital implications are considered as part of the Capital Outturn report that

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

**Property/Other**

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

**LEGAL IMPLICATIONS**

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

41. Accounts and Audit Regulations 2011.

**Other Legal Implications:**

42. None.

**POLICY FRAMEWORK IMPLICATIONS**

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

**KEY DECISION?** Yes/No

**WARDS/COMMUNITIES AFFECTED:**

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	
2.	

**Documents In Members' Rooms**

1.	Draft Unaudited Financial Statements 2013/14 <a href="http://www.southampton.gov.uk/council-partners/decisionmaking/soa/statement_of_accounts_1314.aspx">http://www.southampton.gov.uk/council-partners/decisionmaking/soa/statement_of_accounts_1314.aspx</a>
2.	

**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)
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1.		
2.		

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND REVENUE OUTTURN 2013/14		
<b>DATE OF DECISION:</b>	16 JULY 2014		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES AND LEISURE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Stephen Fitzgerald	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:Stephen.Fitzgerald@southampton.gov.uk">Stephen.Fitzgerald@southampton.gov.uk</a>	
<b>CFO</b>	<b>Name:</b>	Andrew Lowe	<b>Tel:</b> 023 8083 2049
	<b>E-mail:</b>	<a href="mailto:Andrew.Lowe@southampton.gov.uk">Andrew.Lowe@southampton.gov.uk</a>	

## STATEMENT OF CONFIDENTIALITY

Confidential appendix 4 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. In applying the public interest test, the appendix includes details of a litigation settlement which is currently subject to legal privilege and therefore cannot be publicly disclosed at this time

## BRIEF SUMMARY

The purpose of this report is to summarise the overall General Fund revenue outturn for 2013/14. It compares actual spending against the revised budget approved at Council in February 2014, adjusted for approved changes made since that date.

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

The overall position on the General Fund shows that Portfolios had a net under spend of £6.2M against the working budget. After taking into account the outturn on other spending items and approved movements from balances, there was an overall favourable variance of £11.8M for the year. However, it should be noted that this favourable variance includes the impact of a significant one off adjustment in the sum of £4.5M, as a result of a change to the way in which the Council accounts for its Minimum Revenue Provision (MRP) in respect of its external borrowing. The net underspend excluding this one off adjustment was therefore £7.3M. From within the overall underspend of £11.8M, this report seeks to fund £2.1M of carry forwards, and a transfer of £3M to the Transformation Fund to provide additional funding to support the council's Transformation Programme.

The level of General Fund balances at 31 March 2014 is £53.4M which, after taking into account the commitments outlined in this report and other planned draws from General Fund balances, reduces to £9M over the medium term to 2017/18. The minimum level of General Fund balances as recommended by the CFO is £5.5M, which means that there are available reserves above the minimum of £3.5M.

## RECOMMENDATIONS:

It is recommended that Council:

- i) Notes the final outturn for 2013/14 detailed in Appendix 1, which is an under spend of £11.8M.

- ii) Notes that included within the overall underspend of £11.8M, is a significant one off adjustment of £4.5M in relation to a change in how the Council accounts for its Minimum Revenue Provision (MRP).
- iii) Notes the performance of individual Portfolios in managing their budgets as set out in paragraph 8 of this report and notes the major variances in Appendix 2.
- iv) Approves the carry forward requests totalling £2.1M as outlined in paragraph 15 and set out in Appendix 3.
- v) Approves the use of £3M of the 2013/14 underspend to fund the Council's Transformation programme, as set out in paragraph 17.
- vi) Approves the use of part of the 2013/14 underspend to fund the Council's settlement requirement in respect of Litigation as set out in confidential appendix 4.
- vii) Notes that the level of General Fund balances at 31 March 2014 is £53.4M, reducing to £9M by 2017/18.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn for 2013/14 forms part of the approval of the statutory accounts.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. Reporting of outturn is undertaken in line with Local Government Accounting Practice. This is the only option appropriate.

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

### **CONSULTATION**

3. Not applicable.

### **GENERAL FUND REVENUE BUDGET**

4. The original budget as approved by Council on 13 February 2013 was revised by Council in February 2014. Each Portfolio within the General Fund is responsible for monitoring net controllable spend against the working budget throughout the financial year.
5. Whilst there are significant numbers of under and over spends highlighted in this report (Appendix 2), many of these have already been reported to Cabinet and Scrutiny as part of the corporate financial monitoring process throughout the year. In general terms, Portfolios are required to manage their budgets "within allocated resources" and where potential problems have been identified, Directors have prepared and implemented action plans to bring spending back in line.
6. This report covers the outturn position for 2013/14 and analyses spending against the working budget, identifying where applicable, where any under spend has been requested to be carried forward into 2014/15.

### **OVERALL GENERAL FUND REVENUE POSITION**

7. The overall year end position is an under spend of £11.8M, as summarised in Appendix 1 and in the table below:



	<b>(Under) / Over Spend £000's</b>
<b>Portfolio Total</b>	<b>(6,207)</b>
Levies & Contributions	(2)
Capital Asset Management	(127)
Other Expenditure & Income	(984)
<b>NET GF SPENDING BEFORE MRP ADJUSTMENT</b>	<b>(7,320)</b>
MRP adjustment	(4,527)
<b>NET GF SPENDING</b>	<b>(11,847)</b>

8. As shown in the above table the Portfolio revenue outturn, after net of a draw from the Risk Fund of £3.9M, is an under spend of £6.2M and this is analysed below:

<b>Portfolio</b>	<b>(Under) / Over Spend</b>	
	<b>£000's</b>	<b>%</b>
Adult Services	(1,197)	1.9
Change & Communities	(1,543)	37.7
Children's Services	723	1.9
Economic Development & Leisure	(195)	3.2
Environment & Transport	(716)	2.6
Housing & Sustainability	(23)	1.2
Leaders Portfolio	(441)	12.5
Resources	(2,302)	5.3
<b>Net Controllable Spend Total</b>	<b>(5,695)</b>	<b>3.0</b>
Environment Trading Areas	(49)	
Risk Fund	(464)	
<b>Portfolio Total</b>	<b>(6,207)</b>	<b>3.0</b>

9. Potential pressures that arose during 2013/14 relating to volatile areas of expenditure and income have been managed through the Risk Fund. A sum of £4.4M was included in the revised budget to cover these pressures, to be released during the year if additional expenditure against the specific items was identified. The final draw on the Risk Fund totalled £3.9M, being £0.5M lower than estimated.
10. Details of corporate issues and significant variations in net controllable spending on Portfolios, including those which take into account amounts held

in the Risk Fund for specific service areas, are given in Appendix 2.

### **NON-PORTFOLIO VARIANCES**

11. Levies & Contributions (£2,000 Favourable)  
Reduced charges from Hampshire County Council for the provision of the Coroner's Service were partially offset by an increase in the cost of the flood defence levy.
12. Capital Asset Management (£77,000 Favourable)  
Net interest payable was below that estimated as a consequence of the fact that we have borrowed less and at lower rates than assumed.
13. Other Expenditure & Income (£983,000 Favourable)  
The main element of this favourable variance is unused contingency budget of £411,000, and a favourable variance on non specific government grants of £748K..
14. Minimum Revenue Provision (£4,527,000 Favourable)  
A review of the Council's calculation of Minimum Revenue Provision (MRP) has resulted in a cumulative reduction in the Council's MRP for 2013/14 of £4.5M. From 2014/15 onwards, there is also an ongoing £600k per annum saving arising from the change in treatment of MRP. Further detail is set out in the Statement of Accounts report on the Council Agenda.

### **CARRY FORWARD REQUESTS AND OTHER NEW SPENDING**

15. Carry forward requests totalling £1,539,000 have been put forward by Officers and details of the requests are given in Appendix 3. Council is asked to approve the carry forwards the spend for which would then be incurred in 2014/15 and be funded from balances. In addition, there is an under spend of £528,100 on the central repairs and maintenance budget which Council has agreed to automatically carry forward subject to the overall financial position of the Authority.
16. Approval to add additional funding to the Transformation fund and to fund the settlement of Litigation is also requested of Council. Further details on the litigation issue is set out in Confidential Appendix 4, and further information on the Transformation Fund is set out below.

### **Transformation Fund**

17. The Council has already put in place a Transformation Fund, and at the end of 2013/14 the available balance on the fund was £2.279M. However, the planned draws in 2014/15 are such that all the available funding is committed.
18. The Executive have set out in their report to Cabinet on the 15<sup>th</sup> July an update to the One Council Transformation Programme. The report sets out a clear direction of travel for the Council, and seeks approval to take specific actions to become a sustainable council and one which will become much more customer focused.
19. The report also sets out that to deliver a Transformed Council, investment will be required on an ongoing basis to both enable and deliver service redesign, invest in our approach to how we interact with our customers, and to deliver increased investment in the IT infrastructure, to deliver for example increased

mobile working technology and customer portal development. The report highlights that to deliver a sustainable transformation, other Councils' have invested circa £3M- £5M per annum to deliver the required level of change.

20. Therefore, to ensure the Council can begin to make the necessary ongoing investment required, it is recommended that £3M is added to the Transformation Fund for 2014/15 funded from the 2013/14 favourable variance. The level of required investment will be kept under review and will be reviewed again when the Executive consider their overall budget report for 2015/16 in November.

#### **MEDIUM TERM POSITION ON BALANCES**

21. The table below shows the position for General Fund revenue balances after taking into account the commitments outlined above, the funding required for the current capital programme and other planned draws.

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Future Years</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Opening Balance</b>	<b>29,923</b>	<b>53,409</b>	<b>22,216</b>	<b>11,254</b>	<b>9,447</b>
(Draw to Support)/ Contribution from Revenue	26,570	(18,715)	(6,584)	2,507	4,000
Draw to Support Capital	(11)	(490)	-	-	-
Contributions (to) / from Other Reserves	(1,400)	(3,000)		-	-
Draw for Strategic Schemes	(1,674)	(8,988)	(4,378)	(4,313)	(4,427)
<b>Closing Balance</b>	<b>53,409</b>	<b>22,216</b>	<b>11,254</b>	<b>9,447</b>	<b>9,020</b>

22. The uncommitted value of balances totals £9M which is £3.5M above the minimum level of £5.5M recommended by the Chief Financial Officer following a risk assessment of the required level to be maintained. Given the Council's medium term financial position, the availability of reserves above the minimum level does provide the Council with some flexibility, albeit limited, to be able to use those reserves to contribute to the management of the overall financial position through until 2017/18.

#### **RESOURCE IMPLICATIONS**

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

23. As set out in the report details.

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

24. None.

### LEGAL IMPLICATIONS

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

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

#### **Other Legal Implications:**

26. None.

### POLICY FRAMEWORK IMPLICATIONS

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

**KEY DECISION?** Yes/No

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

#### **Appendices**

1.	General Fund Revenue Outturn 2013/14
2.	Main Variances on Controllable Portfolio Spending
3.	Carry Forward Requests
4.	Litigation Settlement (Confidential)

#### **Documents In Members' Rooms**

1.	
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#### **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 2014/15 2016/17 – Council 12 February 2014	
2.		

# Agenda Item 11

APPENDIX 1  
Appendix 1

## GENERAL FUND REVENUE OUTTURN 2013/14

Revised Budget		Working Budget	Final Outturn	(Under) / Over Spend
£000's		£000's	£000's	£000's
67,133	Adult Services	63,105	61,908	(1,197)
3,819	Change & Communities	4,092	2,549	(1,543)
35,277	Children's Services (Education & Children's Safeguarding)	38,082	38,805	723
6,039	Economic Development & Leisure	6,131	5,936	(195)
27,143	Environment & Transport	27,261	26,545	(716)
0	Housing & Leisure Services	0	0	0
1,764	Housing & Sustainability	1,866	1,843	(23)
3,564	Leader's Portfolio	3,543	3,101	(441)
42,876	Resources	43,408	41,105	(2,302)
<b>187,615</b>	<b>Sub-total (Net Controllable Spend) for Portfolios</b>	<b>187,487</b>	<b>181,793</b>	<b>(5,695)</b>
22,275	Non-Controllable Portfolio Costs	22,275	22,275	0
36	Environment Trading Areas	36	(13)	(49)
4,359	Risk Fund	464	0	(464)
<b>214,285</b>	<b>Portfolio Total</b>	<b>210,262</b>	<b>204,055</b>	<b>(6,207)</b>
	<b>Levies &amp; Contributions</b>			
31	Southern Seas Fisheries Levy	31	31	(0)
32	Flood Defence Levy	32	39	7
600	Coroners Service	600	590	(10)
<b>663</b>		<b>663</b>	<b>661</b>	<b>(2)</b>
	<b>Capital Asset Management</b>			
13,569	Capital Financing Charges	13,569	8,992	(4,577)
(25,997)	Capital Asset Management Account	(25,997)	(26,074)	(77)
<b>(12,429)</b>		<b>(12,429)</b>	<b>(17,083)</b>	<b>(4,654)</b>
	<b>Other Expenditure &amp; Income</b>			
401	Direct Revenue Financing of capital	536	536	(0)
(882)	Net Housing Benefit Payments	(882)	(818)	64
1,400	Contribution to Pay Reserve	1,400	1,400	0
1,000	Contribution to Transformation Fund	1,000	1,000	0
(138,282)	Non-Specific Government Grants	(141,944)	(142,692)	(748)
0	Other Expenditure & Income	0	111	111
(1,042)	Collection Fund Surplus	(1,042)	(1,042)	0
436	Open Space and HRA	436	436	0
411	Contingencies	411	0	(411)
<b>(136,558)</b>		<b>(140,085)</b>	<b>(141,069)</b>	<b>(983)</b>
<b>65,961</b>	<b>NET GF SPENDING</b>	<b>58,411</b>	<b>46,564</b>	<b>(11,847)</b>
	<b>Draw from Balances:</b>			
5,314	(Draw from) / Addition to Balances (General)	13,445	25,292	11,847
(825)	Draw from Strategic Reserve	(1,271)	(1,271)	0
(401)	To fund the capital programme	(536)	(536)	0
<b>4,088</b>		<b>11,638</b>	<b>23,485</b>	<b>11,847</b>
<b>70,049</b>	<b>Council Tax Requirement</b>	<b>70,049</b>	<b>70,049</b>	<b>0</b>



## **MAIN VARIANCES ON CONTROLLABLE PORTFOLIO SPENDING**

### **CHANGE & COMMUNITIES PORTFOLIOS**

The Portfolios have under spent by **£1,542,600** at year-end, which represents a percentage under spend against the budget of **37.7%**.

#### **COMM 1 – Youth Offending Service (adverse variance £63,500)**

**Transfer of responsibility for placing Young Offenders in remand from Youth Justice Board. The above variance is after a draw from the Risk Fund of £273,200.**

The Youth Justice Board transferred responsibility for funding the costs of remand to Local Authorities from 1 April 2013. Due to the volatile nature of the need for remand and the variable nature of costs at specific facilities (ranging from £177 to £607 per night) provision for this was made in the Risk Fund and an allocation of £273,200 has now been made.

In addition to this, there has been an over spend of £38,800 mainly due to an inability to meet vacancy management targets as all posts were filled during the year and one-off costs were incurred for the set up of a new communications line for Southampton Magistrates Court.

#### **COMM 2 – Families Matter (favourable variance £895,100)**

##### **Under spend on Families Matter**

Families Matter is the local delivery of the national Troubled Families Programme. This is a three year programme that is funded by government through a mix of attachment fees (up-front payments) and payment by results which are subject to meeting agreed targets and outcomes. The 2013/14 budget shows a surplus of £895,100 after all expenditure and income has been taken into account. This surplus is a combination of carry forward attachment fees and positive results claims.

As the set-up period for Families Matter in Year 1 meant the operational costs did not begin until Quarter 4 of that year, there was a surplus of up funding from attachment fees which was carried forward to Year 2. In addition, potential funding for payment by results was not assumed in the financial plan for the project and so claims received in 2013/14 can now be invested in the delivery of the future programme. A carry forward to Year 3 will sustain the programme, including 32 Full Time Equivalent (FTE) Lead Practitioners (family workers) to the end of the programme without the risk associated with reliance on future payment by results which increases as the financial profile for Troubled Families reduces attachment fees considerably as the programme progresses.

#### **COMM 3 – Communities, Change & Partnership Social Fund (favourable variance £462,100)**

**Revised implementation of planned transition of the Social Fund to local welfare provision**

A Government Grant of £654,000 was received for 2013/14 as funding for the transition of Social Fund to local welfare provision. At year-end, £333,300 of the available funding remains unspent of which £100,000 is a contingency sum agreed by Council to enable a response to meet any potential unpredicted gaps in provision. The remainder relates to money set aside for fulfilment and the phased approach and roll out of the referral hub. Demand is now increasing significantly, and a carry forward request is being made to ensure we can continue to meet this demand as the full impact of the welfare reforms is starting to take effect.

Further to this a sum of £128,800 was allocated by Cabinet from the General Fund revenue budget contingency in response to the Overview and Scrutiny Management Welfare Reforms Inquiry. Detailed work is underway to develop and implement the recommendations made and this work is being overseen by the Welfare Reforms Monitoring Group. This funding has yet to be spent and implementation is now expected to commence during 2014/15 with work running over a two year transition period.

A carry forward request has been submitted for £462,100 to enable full implementation to take place in 2014/15.

#### **COMM 4 – Communities, Change & Partnership (favourable variance £217,300)**

##### **Salaries and supplies and services spend reduced**

The favourable variance has arisen primarily due to salary savings from vacancies together with savings within supplies and services as a result of the moratorium on spend. All budgets have been reviewed and where possible any reductions in spend which have been achieved form part of approved budget savings for 2014/15 or new savings proposals currently under consideration as part of the development of the budget for 2015/16.

#### **CHILDREN'S SERVICES PORTFOLIO**

The Portfolio over spent by **£723,100** at year-end, which represented a percentage over spend against the budget of **1.9%**.

##### **CS 1 – Tier 4 Safeguarding Specialist Services (adverse variance £550,800)**

**This budget funds the cost of children that have to be taken into care. The number of children in care was 33, (8.3%) over the budgeted position at the end of the year. A significant amount of the pressure arising from this has been met by an allocation of £2.2M from the Risk Fund.**

Despite this allocation from the Risk Fund, the increased numbers of children who had to be taken into care led to an over spend on fostering of £308,600, all of which was spent on Independent Fostering Agency (IFA) placements.

In addition there was an over spend of £193,600 on special guardianship and adoption allowances. The increased numbers of lower cost special guardianship and adoption allowances primarily resulted from the conversion of higher cost foster care. This avoided costs of between £3,000 and £13,000 per placement per annum.

In previous years the numbers of children in care fluctuated significantly, in comparison this year has seen the number remain consistent throughout.

The table below outlines the changes in activity levels for 2013/14:



Service	Daily Rate Range	Children Numbers					
		Budget	Budget Plus Risk Fund Provision	Nov	Dec	Jan	Mar
Fostering up to 18	£20 - £100	311	325	306	300	301	301
Independent Fostering Agencies	£86 - £270	62	91	105	103	107	117
Inter Agency Fostering Placements	£56 - £136	0	0	3	2	1	1
Supported Placements or Rent	£16 - £111	13	13	1	1	1	1
Residential - Independent Sector	£257 - £660	10	15	11	11	14	11
Civil Secure Accommodation	£707 - £806	1	1	0	0	0	0
<b>Sub-total: Children in Care</b>		<b>397</b>	<b>445</b>	<b>426</b>	<b>417</b>	<b>424</b>	<b>431</b>
Residential (Not Looked After)	£108 - £333	0	0	3	3	3	3
Supported Placements or Rent (Not Looked After)	£16 - £111	0	0	5	5	3	4
Over 18's	£8 - £153	17	17	16	16	18	23
Adoption Allowances	£4 - £38	91	91	85	83	90	93
Special Guardianship Allowances	£2 - £44	49	49	76	82	88	95
Residence Order Allowances	£7 - £18	18	18	17	17	18	17
<b>Total</b>		<b>572</b>	<b>620</b>	<b>628</b>	<b>623</b>	<b>644</b>	<b>666</b>

Figures for CIC exclude disability placements, UASC's and children placed at nil cost (e.g., with parents)

### **CS 2 – Safeguarding Management and Legal Services (adverse variance £40,400)**

**Additional legal costs of £116,500 incurred which are directly attributable to the unbudgeted number of children in care. These additional costs have been partially offset by a contingency for agency staff which has not been utilised. The above variance is after a draw from the Risk Fund of £200,000.**

This over spend was due to unavoidable internal and external legal costs associated with children having to be taken into care. The costs related to court fees, legal expenses and external counsel fees.

### **CS 3 – Child Protection Tier 3 Social Work Teams (adverse variance £313,600)**

**Additional cost of agency social work staff for vacancy and absence cover. The above variance is after a draw from the Risk Fund of £200,000.**

There is an over spend of £324,400 on child protection 'Tier 3' social work teams. Current market conditions mean that the supply of experienced social workers is insufficient to meet rising demand. This has meant a continuing need for temporary staff, acquired from independent agencies at, on average, twice the cost of a permanently employed member of staff. The number of agency social workers reduced considerably over the year, due to a successful recruitment campaign. However, there was a continued need for agency senior practitioners and team managers during the year.

#### **CS 4 – Disability Services (adverse variance £261,900)**

##### **New expensive packages of care for children with disabilities have commenced during the year, leading to an over spend**

The requirement for packages of care for children with disabilities is difficult to predict with any certainty due to the volatility in the cost of care and the individual needs of each child with a disability. During the year, five new expensive placements commenced, four of which related to new residential placements and one of which was a high cost IFA placement.

#### **CS 5 – Infrastructure (adverse variance £240,400)**

##### **Additional costs associated with moving staff between council buildings**

Unexpected one off costs of £176,400 have been incurred for removal expenses and other associated unbudgeted costs in relation to capital projects being undertaken to expand Primary schools.

In addition, the council has relocated the Compass Centre from Warren Avenue to the site of the old Millbrook School, resulting in a dilapidations charge from the landlord at Warren Avenue and unanticipated business rates and security costs for vacant premises have been incurred.

#### **CS 6 – Commissioning, Management & Directorate overheads (adverse variance £285,000)**

##### **Additional costs for admin supplies and translation services**

Directorate expenditure on storage, photocopying, printing and postage has exceeded the budget originally set by £98,300 as planned savings have not been fully achieved. In addition, the increase in referrals to Safeguarding has led to more demand for translation services resulting in an over spend of £55,600. Following a tendering exercise, the charge made by Oasis Academy Lord's Hill, for operating the sports hall at the old Millbrook school site, is higher than budgeted by £75,100 (in part due to an increase in the rates bill following a revaluation covering the period 2012/13 and 2013/14) and there have also been a number of other smaller one off unbudgeted costs for things such as transformation and procurement activity.

#### **CS 7 – Operations and Services - Transport (adverse variance £156,900)**

##### **Additional home to school transport costs**

A pilot project was undertaken to encourage the take up of Personal Travel Budgets (PTB) whereby parents were offered the opportunity to arrange their own home to school transport for their child but there has been significantly less take up than anticipated. In addition, there has been an increase in the numbers of pupils with Special Educational Needs requiring home to school transport, in particular those pupils attending Special Schools. This has resulted in an over spend of £313,000 which has been partially off set by savings in other school transport areas and looked after children transport of £156,100.

#### **CS 8 – Inspire (favourable variance £161,600)**

**A combination of staff savings, increased income generation and reduced spend on the Workforce Development and Graduate Programmes.**

There have been staff savings across all teams of £27,400. In addition, the child workforce development team has generated higher than expected income levels of £66,400 and there has been a saving against the planned spend on the Workforce Development and Graduate programmes totalling £75,200.

### **CS 9 – Statutory School Support (favourable variance £352,400)**

**As a result of continued increased activity there has been additional income generated by both the Education Psychologists and Education Welfare officer teams.**

The Education Psychologist and Education Welfare officer teams provide both a non income generating statutory service for parents and children and also training to a variety of clients including council employees, the private, independent and voluntary sectors, schools and universities. The training covers both education statutory and non statutory services. These training activities are income generating and as a result of continued increased activity have delivered additional income.

### **CS 10 – Skills (favourable variance £66,500)**

**Lower than planned spend on the Pre-apprenticeship Programme and Post 16 Transport Partnership**

The original pre-apprenticeship scheme was due to end 31 March 2014 but activity volumes were reduced, pending the outcome of the Apprenticeship Scrutiny Inquiry, resulting in spend which was £70,200 lower than anticipated. Following the inquiry, the scheme has been extended until 2016 and a carry forward of £45,000 is proposed in the Apprenticeship Action Plan (AAP) budget approved by Cabinet in January 2014. The scheme will provide 26-week supported work placements for NEET young people. . If the carry forward is not approved the pre-apprenticeship strand of the AAP cannot be delivered.

## **ECONOMIC DEVELOPMENT & LEISURE PORTFOLIO**

The Portfolio has under spent by **£195,300** at year-end, which represents a percentage under spend against the budget of **3.2%**.

### **EDL 1 – Gallery and Museums (adverse variance £216,000)**

**Shortfall in venue income due to lower visitor numbers than anticipated**

Visitor numbers to SeaCity and Tudor House were lower than anticipated, resulting in a shortfall in ticket income of £299,500 and £30,300 respectively. There has also been a corresponding reduction in catering profits of £65,000, shop profits of £31,000 and venue hire income of £26,900 for the SeaCity museum. Partially offsetting this is an under spend of £87,300 mainly due to a reduction in staffing in the two venues, utility savings of £63,800 and savings of £39,200 against marketing and advertising budgets for the venues.

The learning teams for SeaCity, Tudor House and the Art Gallery have successfully improved performance, reducing expenditure and generating additional income, resulting in a surplus of £59,500.

## **EDL 2 – Leisure Major Projects (favourable variance £117,700)**

### **Delay in expenditure on New Arts Complex and savings on staffing costs.**

Audience Development jointly funded by the Council and Arts Council England (ACE) was due to transfer to the operating company of the new arts complex this financial year. This element of the project has been delayed resulting in an under spend, £94,700 of which is Council funding. It is proposed that this funding should be carried forward into 2014/15 for the purpose of establishing a sound basis for the business operation of the arts complex, ensuring the best possible preparation for future financial viability. If this funding is not carried forward, it is highly likely that ACE will reduce its grant funding in line with the Council's.

In addition a restructure across Leisure and Culture reduced posts in the Major Projects team, resulting in savings of £40,900. This is partially offset by additional costs of £17,800 associated with the final closure and planned re-opening of Oakland's Pool.

## **EDL 3 – Libraries (favourable variance £81,700)**

### **Savings on staff costs due to a restructure, reduced costs and increased external income.**

Staff costs for the year were £39,100 less than anticipated due to a restructure which was implemented earlier in the year than originally planned. There has also been lower than expected expenditure on computer equipment and mobile phones resulting in a saving against the Library IT budget of £17,300. In addition to this, more Academies signed up to the School Library Services service level agreement than expected, resulting in additional income of £19,300.

## **EDL 4 – Leisure Client (favourable variance £29,900)**

### **Savings on staff costs and an Inflationary increase in utility costs for Active Nation contract. The above variance is after a draw from the Risk Fund of £92,800.**

Under the contract with Active Nation to run the Council's sports provision, the Council bears the risk of cost inflation on utilities over and above the Consumer Price Index. This has amounted to £92,800 for 2013/14 and was provided for within the Risk Fund. There has also been savings of £26,500 due to the early implementation of the Leisure restructure.

## **EDL 5 – Leisure Events (favourable variance £60,100)**

### **Increase in income received for events and cost savings associated with the Visitor Information Centre.**

A larger number of small events than anticipated have been held in the City and spend on computer equipment at the Visitor Information Centre has been reduced by £21,000. It is proposed that the additional income of £25,100 generated along with £17,000 of funding for the Southampton Festival is carried forward into 2014/15 to fund work associated with the celebrations for the 50th anniversary of Southampton attaining city status.

## **ENVIRONMENT & TRANSPORT PORTFOLIO**

The Portfolio has an under spend of **£716,000** at year-end, which represents a percentage under spend against budget of **2.6%**.

### **E&T 1 – Off Street Car Parking (adverse variance £57,400)**

#### **Parking income lower than planned by £202,000 which was partially offset by reduced operating costs**

There was an overall adverse variance of £202,000 for off-street car parking income, primarily due to the delayed introduction of evening charges, which resulted in a shortfall of £153,000 compared to the level originally anticipated. In addition, there was an underlying reduction in parking across the whole city which affected both Council and privately run car parks and led to income falling short of the level anticipated during the budget setting process by £49,000. However, business rates were lower than originally estimated by £39,000; other operating costs were lower by £66,000 and external contributions were £39,000 greater.

### **E&T 2 – Regulatory Services - Commercial (favourable variance £585,700)**

#### **Additional income and reduced spend on supplies and services**

There was additional port health income from BIP Port Fees of £233,000 and other specialist income relating to imports from China and Japan of £106,000. There were additional external contributions received to fund Trading Standards work of £188,000 and a saving on supplies and services expenditure of £55,000.

### **E&T 3 – Travel & Transport (favourable variance £557,300)**

#### **Under spend on the Concessionary Fares scheme along with savings in senior management salaries and other costs**

The cost of the Concessionary Fares scheme was lower than anticipated as the total number of journeys and the average fare were both lower than originally estimated, resulting in a favourable variance of £397,000.

In addition, there was a favourable variance of £78,000 for employee costs, mainly due to savings in senior management and there were savings on the Real Time maintenance costs of £45,000 and on the Local Transport Policy budget of £35,000.

### **E&T 4 – Waste Collection (adverse variance £307,000)**

#### **Commercial Waste Service income below budgeted level.**

The final position for the Commercial Waste Service was £382,000 adverse, due to continuing adverse trading conditions and the cessation of the external skip hire service. This position has been regularly reviewed by City Services management team and improvements to billing and debt recovery were introduced during the year to help the position.

The service had a successful phased introduction of 27 refuse freighter replacement vehicles during the year and as they were not all replaced at the start of the year, a budgeted cost of approximately £226,000 was not incurred by Fleet Transport. However, there were unbudgeted vehicle damage and repairs costs of £153,000. There were also additional costs for employees of £87,000, due to previous year savings proposals not being fully implemented.

There was additional income of £23,000 from charging for green waste collections and £37,000 from additional sales of glass. There were also savings of £22,000 on Bartec annual costs.

#### **E&T 5 – Waste Disposal (adverse variance £253,300)**

**There were a number of variances with an overall adverse position. The above position reflects an allocation from the Risk Fund to meet contractual cost increases for Waste Disposal.**

There were additional disposal costs of £208,000 at the Civic Amenity Waste Centres and £43,000 on general collected household waste, due to increased volumes. In addition, the proposal to charge for school waste disposal could not be implemented due to legislative reasons, at a cost of £100,000. However, there was an additional £98,000 income from the profit share at the Energy Recovery Facility (Marchwood incinerator) for 2012 and additional disposal income of £38,000 from Housing, both of which offset this position.

The Waste Disposal Contract has seen rate rises, effective from January 2014, which increased overall costs and £43,000 of the funding set aside in the Risk Fund to cover this eventuality has been allocated to offset this.

#### **E&T 6 – E&T Contracts Management (favourable variance £141,100)**

**Savings on street lighting energy costs and additional third party income share**

Street lighting energy costs were £82,000 below budget, due to lower power consumption. There was also an additional Third Party Income share from the Highways Service Partnership for the prior year of £26,000 and one-off savings following the set-up of the Citywatch Service of £29,000.

#### **E&T 7 – Development Control (favourable variance £121,500)**

**There were a number of variances with an overall favourable position**

There was lower than anticipated expenditure on the Local Development Framework Plan of £57,000 and a favourable variance on employees of £84,000. There was additional planning application income of £54,000. However, pre-application income was £32,000 adverse and there was a net shortfall on administrative fees from Section 106 and Community Infrastructure Levy developer contributions of £47,000.

### **HEALTH & ADULT SOCIAL CARE PORTFOLIO**

The Portfolio has an under spend of **£1,197,000** at year-end, which represents a percentage under spend against budget of **1.9%**. Significantly the position on core Adult services is £364,000 overspend, however the portfolio position includes the impact of £1,561,000 Public Health funding utilised on Public Health services accounted for within other Portfolios as shown in the table below.

	Outturn Variance £
Core Adult services	£364,000
Impact of Public Health funding services within other portfolios across the Council	(£1,561,000)
Total Portfolio outturn variance	(£1,197,000)

### **H&ASC 1 – Learning Disability (adverse variance £483,500)**

**There has been an increase in new clients / changes in client costs.**

A potential budget pressure arising from the impact of an aging population and new transitional clients was identified as part of setting the 2013/14 budgets. A sum of £1.0M was allowed for within the Risk Fund for this and has been fully allocated to the Portfolio in the year as this pressure has been evidenced by increasing activity. During 2013/14 there has been an increase in residential care activity of £797,300 which has been partially offset by a reduction in domiciliary care of £358,700.

### **H&ASC 2 – Adult Disability Care Services (adverse variance £687,500)**

**There has been an increase in new clients/changes in client costs.**

There is an over spend of £1,168,900 on domiciliary care and under spends of £346,600 and £110,200 on nursing and residential care respectively.

The over spend on domiciliary care of £1,168,900 is due to a greater volume of clients than were assumed when the budget was set for 2013/14. The provision made within the Risk Fund of £630,000 has been allocated to the Portfolio.

There was an under spend within nursing care of £346,600. This position includes an outstanding claim of £500,000 with a block contract provider for care that was not provided during the year due to a voluntary suspension. Negotiations are ongoing with the provider to seek recompense for the vacant beds unavailable for use since August 2012 and any additional costs associated with purchasing alternative provision.

There was an under spend on residential care of £110,000 as although the average number of clients has been consistent throughout the year, the average cost per placement has increased due to more placements being made at a rate above the standard rates.

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

	Net Budget £000's	Unit Prices	Budgeted Units	Outturn £000's	Outturn Units	Difference (Units)	Variance to Budget £000's
Day Care	59.9	59.59 PD	1,005	52.7	884	(121)	(7.2)
Direct Payments	2817.7	11.62 PH	242,487	2,800.3	240,993	(1,494)	(17.4)
Domiciliary	5690.7	13.96 PH	407,643	6,859.6	491,375	83,732	1,168.9
Nursing	2165.4	67.44 PD	32,109	1,818.8	26,969	(5,140)	(346.6)

Residential	5285.9	51.13 PD	103,382	5,175.7	101,226	(2,156)	(110.2)
<b>Total</b>	<b>16019.6</b>			<b>16,707.1</b>			<b>687.5</b>

(PD – per day PH – per hour)

### **H&ASC 3 – Complex Care (adverse variance £403,100)**

#### **Additional cost of covering permanent posts with agency staff and non achievement of vacancy factor.**

A full review of the Adults Service was undertaken during 2013/14 to transform the way the existing service is delivered and whilst this review was underway all permanent posts were recruited to on a fixed term basis only. However the service experienced difficulties in filling the posts on this basis and therefore, to meet service requirements, managers used agency staff at an additional premium.

### **H&ASC 5 – Mental Health Commissioning (favourable variance £250,800)**

#### **Savings on contracts and transition funding within Mental Health.**

There have been various under spends in the year, totalling £250,800, on contracts. These under spends have resulted from both slippage in the award of new tenders and under utilisation of existing contracted service. In particular the delay in awarding the new peer support contract has led to an under spend of £100,000.

### **H&ASC 6 – Administration and Business Support (favourable variance £139,900)**

#### **Salary savings resulting from vacant posts.**

There has been an average of 6 FTE vacant posts within business support, although this has been offset in part due to the use of temporary staff.

### **H&ASC 7 – Provider Services Management (favourable variance £210,600)**

#### **Salary savings resulting from vacant posts.**

A delay in the recruitment of the level of carers required within the care closer to home service has resulted in an under spend and there were also staffing savings due to a reduction in hours of senior staff within provider services.

### **H&ASC 8 – Provider Services Internal Provision (adverse variance £186,900)**

#### **Additional costs incurred on agency and sickness cover to maintain the Council's Residential Home's staffing levels within Commission for Social Care Inspectorate guidelines.**

Agency costs in relation to sickness, annual leave and training cover across the Residential Units have exceeded budget by £321,000, although this has been offset in part by a saving on the staffing establishment of £231,000. Other non salary budgets have exceeded budget by £96,000, this includes a reduction in income from the CCG as a result of a change in contract. This income reduction is a recurring problem which will need to be addressed during 2014/15.

### **H&ASC 9 – Commissioning Management (favourable variance £222,700)**



## **Social Care Transfer grant not fully allocated in year**

This was the last year that the Social Care Transfer grant was to be used for specific projects and from 2014/15 the grant is being used to offset pressures arising from demographic changes and to safeguard the current level of social care services before being rolled into the Better care fund from 2015/16 onwards. As a result several schemes have ended leaving a saving balance of £222,700 which has been used to offset other pressures within the Portfolio in 2013/14.

## **H&ASC 9 – Substance Misuse (favourable variance £100,000)**

### **There has been a lower than expected take up of Service**

There have been various client under spends due to a low take up of the service, which is the result of clients utilising the Southern Health funded detox service.

## **H&ASC 10 – Other Commissioned Services (favourable variance £346,000)**

### **There have been various minor under spends across the Commissioned services that together contribute a significant favourable variance.**

This under spend stems from over thirty contracts and some staffing budgets for services that are aimed at Carers, clients with a Learning Disability and Adults with a physical disability.

## **H&ASC 11 – Impact of Public Health Transfer (favourable cross council variance £1,561,000)**

### **Release of funding resulting from the introduction of the Public Health programme.**

From 1 April 2013 the Council has a statutory responsibility to secure services to prevent disease, prolong life and promote health. To meet these responsibilities, the Council received funding of £14.3M in 2013/14 which has been fully spent supporting activities across the Council to improve Public Health in the city, with the exception of £355k which has been set aside in a Public Health reserve.. The activities the Council had previously chosen to undertake in support of Public Health improvements prior to the transfer of Public Health have now been incorporated within the Public Health programme, resulting in the release of £1.561M previously used to support these activities across the Council during this transitional year.

## **HOUSING & SUSTAINABILITY PORTFOLIO**

The Portfolio has an under spend of **£23,100** at year-end, which represents a percentage under spend against budget of **1.2%**.

## **H&S 1 – Sustainability (favourable variance £300)**

### **Cost of purchasing Carbon Reduction Certificates (CRCs) of £101,200 met from the Risk Fund.**

The cost of purchasing CRCs for the authority in 2013/14 will be £101,200 and funding to meet this has been allocated from the Risk Fund.

## **LEADER'S PORTFOLIO**

The Portfolio has under spent by **£441,300** at year-end, which represents a percentage variance against budget of **12.5%**.

### **LEAD 1 – Legal & Democratic (favourable variance £378,900)**

#### **Salaries and supplies and services savings**

A detailed review of all budgets has been undertaken across the Division resulting in the identification of salary savings from vacant posts, together with savings within supplies and services as a result of the in-year moratorium on spend. Where possible any ongoing reductions identified form part of approved budget savings for 2014/15 or new savings proposals currently under consideration as part of the development of the budget for 2015/16.

### **LEAD 2 – Corporate Communications (favourable variance £110,700)**

#### **Salary savings**

The favourable variance has arisen from salary savings of £72,400 resulting from the in-year restructure of the Division, together with higher than anticipated Design income of £38,300.

## **RESOURCES PORTFOLIO**

The Portfolio has under spent by **£2,302,400** at year-end, which represents a percentage under spend against the budget of **5.3%**.

### **RES 1 – Contract Management (favourable variance £300,600)**

#### **Capita contract savings achieved**

The favourable variance reflects the benefit of ongoing changes made to the Capita contract through agreed contract amendments and savings achieved over and above the risk adjusted amount approved by Council in February. This forms part of an approved budget saving for 2014/15 and future years.

### **RES 2 – Central Repairs & Maintenance (favourable variance £528,100)**

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

A small number of planned schemes to the value of £528,100 will need to be deferred to the next financial year due to the seasonal nature of the works. Full Council has agreed to automatically carry forward any funding for such schemes at year-end subject to the overall financial position of the Authority. It is therefore requested that £528,100 be carried forward to enable these works to be carried out during the summer months to avoid disruption and increased costs.

### **RES 3 – Portfolio General (favourable variance £588,600)**

#### **Salaries and supplies and services spend reduced**

A detailed review of all budgets has been undertaken across the Portfolio resulting in the identification of salary under spends from vacant posts, together with under spends within supplies and services as a result of the in-year moratorium on spend. Where possible any ongoing savings identified form part of approved budget savings for 2014/15 or new savings proposals currently under consideration as part of the development of the budget for 2015/16.

### **RES 4 – Property Portfolio Management (favourable variance £551,000)**

#### **Additional Investment Property income and reduced professional fees**

A favourable variance has arisen within the Investment Portfolio account of £297,000 due to higher than estimated income achieved through new lettings, together with a delayed disposal. In addition, the rationalisation of the property portfolio has led to lower overall management costs and a reduction in the management fees payable to Capita of £254,000. The ongoing reduction is the subject of an approved budget saving for 2014/15 and future years.

### **RES 5 – Property Services (favourable variance £208,700)**

#### **Savings on rates and utilities**

There is a favourable variance due to an anticipated one-off under spend on rates as a result of the planned vacation of the Civic Centre to enable essential building works to be undertaken as part of the Accommodation Strategy. In addition, there have been associated savings on utilities. The re-occupation of the North Block is now in progress and full occupation will now be achieved early in 2014/15.

### **RES 6 – IT Services (favourable variance £150,000)**

#### **Rationalisation of PCs**

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

### **RES 7 – Grants to Voluntary Organisations (adverse variance £24,600)**

#### **Payment of Transitional Relief**

The adverse variance reflects the payment of transitional relief to organisations affected by the impact of the grants programme approved by Cabinet in February. As detailed in the Cabinet report, the Council was liable in some cases to provide this relief where the Council has either ceased or reduced funding to organisations that the Council has had a prior funding relationship with. The transitional relief scheme is now closed and this cost has been managed within the overall Portfolio budgets.



### APPENDIX 3

#### CARRY FORWARD REQUESTS

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

The carry forward requests received, relating to the 2013/14 outturn position total £2,067,100 and are as follows:

##### Families Matter £895,100

The carry forward to the next financial year is to sustain the programme and related costs, including 32 Full Time Equivalents Families Matter Lead Practitioners (family workers) to the end of the programme without risks associated with full reliance on future Payment-By-Results. The underspend from last year is a combination of carry forward attachment fees and positive results claims that will enable the final third year of the programme to be delivered.

##### Social Fund £462,100

A Government Grant of £654,000 was received for 2013/14 as funding for the transition of Social Fund to Local Welfare Provision. At year-end an under spend of £333,300 exists for which a carry forward request has been submitted of which part relates to the £100,000 set aside for contingency, the provision for which was agreed by Council on 13<sup>th</sup> February 2013 to enable a response to unpredicted gaps in provision. The remainder of the under spend relates to money set aside for fulfilment and relates to the phased approach and roll out of the referral hub. Demand is now increasing significantly, and the carry forward request is to ensure we can continue to meet this demand as the full impact of the welfare reforms is starting to take effect. In addition £128,800 was allocated by Cabinet from the General Fund revenue budget contingency in response to the Overview and Scrutiny Management Welfare Reforms Inquiry. Detailed work is underway to develop and implement the recommendations made and this work is being overseen by the Welfare Reforms Monitoring Group. An under spend of £128,800 has arisen as implementation is now expected to commence during 2014/15 with the work to run over a 2-year transition period.

##### Skills (Apprenticeship Programme) £45,000

The original pre-apprenticeship scheme was due to end 31 March 2014 but activity volumes were reduced pending the outcome of the Apprenticeship Scrutiny Inquiry. Following the inquiry, the scheme has been extended until 2016 and a carry forward of £45,000 is proposed in the Apprenticeship Action Plan (AAP) budget approved by Cabinet in January 2014. The scheme will provide 26-week supported work placements for NEET young people.

##### SNAC £94,700

Audience Development jointly funded by the Council and Arts Council England (ACE) was due to transfer to the operating company of the new arts complex this financial year. This element of the project has been delayed resulting in an underspend, £94,700 of which is Council funding. It is proposed that funding should be carried forward into 2014/15 for the purpose of establishing a sound basis for the business operation of the arts complex, ensuring the best possible preparation for future financial viability. If this funding is not carried forward, it is highly likely that ACE will reduce its grant funding in line with the Council's.

50<sup>th</sup> Anniversary £42,100

A larger number of small events than anticipated have been held in the city. It is proposed that the resulting surplus of £25,100 along with £17,000 of funding for the Southampton Festival is carried forward into 2014/15 to fund work associated with the celebrations for the 50th anniversary of Southampton attaining city status.

Central Repairs and Maintenance £528,100

A small number of planned schemes to the value of £528,100 will need to be deferred to the next financial year due to the seasonal nature of the works. Full Council has agreed to automatically carry forward any funding for such schemes at year-end subject to the overall financial position of the Authority. It is therefore requested that £528,100 be carried forward to enable these works to be carried out during the summer months to avoid disruption and increased costs.

# Agenda Item 11

by virtue of paragraph number 3 of the Council's Access to information Procedure Rules

Appendix 4

Document is Confidential

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND CAPITAL OUTTURN 2013/14		
<b>DATE OF DECISION:</b>	16 JULY 2014		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Stephen Fitzgerald	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:Stephen.Fitzgerald@southampton.gov.uk">Stephen.Fitzgerald@southampton.gov.uk</a>	
<b>Chief Financial Officer</b>	<b>Name:</b>	Andrew Lowe	<b>Tel:</b> 023 8083 2049
	<b>E-mail:</b>	<a href="mailto:Andrew.Lowe@southampton.gov.uk">Andrew.Lowe@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
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NOT APPLICABLE
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### **BRIEF SUMMARY**

The purpose of this report is to outline the General Fund capital outturn position for 2013/14 and seek approval for the proposed financing of the expenditure in the year. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2014/15 which take account of slippage and re-phasing.

### **RECOMMENDATIONS:**

- (i) Notes the actual capital spending in 2013/14 as shown in paragraphs 4 and 5 and notes the major variances detailed in Appendix 1 and Appendix 2.
- (ii) Notes the revised estimates for 2014/15, adjusted for slippage and re-phasing as shown in Appendix 3.
- (iii) Approves the proposed capital financing in 2013/14 as shown in paragraph 12.
- (iv) Notes that the capital programme remains fully funded up to 2016/17 based on the latest forecast of capital receipts although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts.
- (v) Notes that a part repayment of £5,750,000 against outstanding prior years temporary borrowing, which stands at £9,400,000, has been made in 2013/14.
- (vi) Notes that it is currently anticipated that the remaining temporary borrowing of £3,650,000 will be repaid by the end 2014/15 when anticipated capital receipts are finally forecast to be received,

following the planned sale of a number of property assets.

- (vii) Approve the addition of £152,000 to the Education and Change portfolio capital programme (£107,000 in 2013/14 and £45,000 in 2014/15) to fund the overspend on the refurbishment of 315 Coxford Road scheme to be funded by council resources (capital receipts).

## REASONS FOR REPORT RECOMMENDATIONS

1. The reporting of the outturn position for 2013/14 forms part of the approval of the statutory accounts.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None as the outturn and financing for 2013/14 have been prepared in accordance with statutory accounting principles.

## DETAIL (Including consultation carried out)

### CONSULTATION

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

### CAPITAL OUTTURN 2013/14

4. Total General Fund capital expenditure in 2013/14 was £46.8M compared to an estimate of £56.2M, giving an under spend of £9.4M or 16.6% of the programme.
5. The Capital Board for each Portfolio will have received a report at an appropriate level of detail setting out the outturn position. The performance of individual capital programmes in 2013/14 is summarised in the following table.

### SUMMARY OF GF CAPITAL OUTTURN 2013/14

Portfolio	Approved £000's	Actual £000's	Variance £000's	Variance %
Education & Change	21,748	17,926	(3,822)	17.6
Economic Development & Leisure:				
- Economic Development	5,594	4,174	(1,420)	25.4
- Leisure	1,001	618	(383)	38.3
Environment & Transport:				
- Environment & Transport	19,636	17,036	(2,600)	13.2
- City Services	2,541	2,623	82	3.2
Health & Adult Social Care	859	892	33	3.8

Housing & Sustainability	2,051	1,835	(216)	10.5
Resources	2,762	1,740	(1,022)	37.0
<b>Total GF Capital Programme</b>	<b>56,192</b>	<b>46,844</b>	<b>(9,348)</b>	<b>16.6</b>

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.
7. Appendix 2 shows the 2013/14 actual and 2013/14 latest approved estimate, together with the total spend for all years for each scheme to date, compared to the total scheme budget. Slippage accounted for £9.3M of the under spend offset by re-phasing of £1.0M on some schemes to bring expenditure forward, the remaining £1.0M being true under spends.
8. As part of the processes surrounding Sharepoint, the Council's project management system, slippage and re-phasing is automatically approved and processed at the year-end. The details of this are shown in Appendix 3.
9. Any over spends on individual schemes are financed from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them and this may result in reduced outputs where an over spend results in cuts being made elsewhere in the programme.
10. A number of major forecast under or over spends on schemes completed or nearing completion have been identified at this stage (as detailed in Appendix 1) including:
  - Sea City Museum - £358k over spend
  - 315 Coxford Road - £152k over spend (see section 21)
  - Various Environment & Transport variances with a net underspend

In addition there is a forecast overspend on the New Arts Centre, which is at an early stage (amount yet to be confirmed) as detailed further in Appendix 1.

11. The impact of scheme variances for 2013/14 on future years' capital expenditure will be covered by the September update to the capital programme to be presented to Council on 17 September 2014.
12. The table below shows the proposed basis of financing the General Fund capital programme. Council is asked to approve this financing.

#### **GENERAL FUND CAPITAL FINANCING 2013/14**

	<b>£000's</b>
Total Financing Required	46,844
<b>Financed By: -</b>	
Unsupported Borrowing	3,376
Capital Receipts	5,784
Capital Grants	29,894

Capital Contributions	2,827
Direct Revenue Financing	4,963
<b>Total</b>	<b>46,844</b>

## PRUDENTIAL INDICATORS

13. The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown below are those reported to Council as part of the February 2014 Annual Treasury Management Strategy and Prudential Limits report.

	<b>Estimate</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>2013/14</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
General Fund	55,501	46,844	56,141	20,308	568
HRA	36,969	30,587	53,399	37,018	42,355
<b>Total</b>	<b>92,470</b>	<b>77,431</b>	<b>109,540</b>	<b>57,326</b>	<b>42,923</b>

15. This indicator for 2014/15 to 2016/17 will be updated as part of the Capital Programme Update report to Council in September 2014. The Treasury Management Outturn 2013/14 report, elsewhere on the Council Agenda, contains details of the other Prudential Indicators.

## CAPITAL PROGRAMME FUNDING

16. Funding for the capital programme is heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area.
17. This was recognised in 2008 and in the event therefore that there was a temporary deficit in the funding of the capital programme due to delays in receiving capital receipts, delegated authority was given by Council to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, to undertake additional borrowing in order to provide cover for any delays in the timing of capital receipts.
18. During 2010/11 and 2011/12 it was necessary to take out additional temporary borrowing to finance capital spend which was in line with delegated powers approved in September 2008. This totalled £11.96M. £2.56M was repaid in 2012/13 and It has been possible to repay £5.75M in 2013/14. It is currently anticipated that the remaining temporary borrowing of £3.65M can be repaid in 2014/15. The revenue costs associated with undertaking this prudential borrowing have been built into future budget forecasts.

19. Despite the ongoing economic difficulties, which have reduced and delayed capital receipts from the sales of land and property, the Council's capital programme is fully funded based on the latest forecast of capital receipts. As reported to Council on 12 February 2014 the capital programme remains fully funded up to 2016/17. The availability of additional capital receipts to fund new schemes will be dependant upon the disposal strategy adopted and the medium-term financial strategy both of which are due to be considered later in 2014.
20. Currently, due to the limited level of capital resources available additions to the programme are only considered in very exceptional circumstances and clear prioritisation is required.
21. There is a recommendation in this report to approve additional funding of £152,000 from Council Resources (capital receipts) for the refurbishment of 315 Coxford Road. Re-opening premises at Coxford Road has enabled the People Directorate to bring a large building into use which will support and future proof accommodation for service direct provision. The project has enabled the closure of three service buildings for disposal and release of the capital receipt which was anticipated to be more than treble the initial cost of the refurbishment. However, works to refurbish office accommodation have overspent due to the requirement for additional health & safety works as noted in Appendix 1. In addition service delivery changes to future proof the building and support the transformation of Children's services were required along with some DDA adjustments. It is proposed to use Council Resources to cover the over spend in order to complete the project to support people transformation implications and support service delivery. The three vacant buildings have been handed back to Property Services.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

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

### **Property/Other**

23. None.

## **LEGAL IMPLICATIONS**

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

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

**Other Legal Implications:**

25. None.

**POLICY FRAMEWORK IMPLICATIONS**

26. The outturn for 2013/14 forms part of the overall statutory accounts.

**KEY DECISION?** No

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

**Appendices**

1.	Capital Outturn 2013/14 – Details of Significant Variances
2.	Scheme Budget Variances 2013/14
3.	Revised Estimates 2014/15

**Documents In Members' Rooms**

1.	
2.	

**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.		
2.		

## **CAPITAL OUTTURN 2013/14 – DETAILS OF SIGNIFICANT VARIANCES**

### **EDUCATION & CHANGE PORTFOLIO**

The spend for the year is **£17,926,000**. This can be compared with the budgeted figure for 2013/14 of **£21,748,000** resulting in an under spend of **£3,822,000**, which represents a percentage under spend against budget of **17.6%**.

#### **SIGNIFICANT OVER OR UNDER SPEND**

##### **EC 1 – 315 Coxford Road refurbishment (adverse variance £152,000)**

###### **Additional health and safety works required**

Works to refurbish office accommodation are forecast to overspend due to the requirement for additional health & safety works, including the installation of fire stopping between walls, and the clearing and cleaning of asbestos. In addition service delivery changes to future proof the building and support the transformation of Children's services were required along with some DDA adjustments. A recommendation is included in the main report to approve additional funding for the total over spend of £152,000.

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

##### **EC 3 – Primary Review (Slippage £841,000)**

###### **Expansion of St Mary's Primary School**

The expansion of St Mary's Primary school has been delivered in several phases. It has been determined that best value for money can be secured by delivering the current (and final) phase of the project via the Diocese. The intention is therefore to transfer the remainder of the budget to the Diocese within this financial year, with a view to them delivering the additional classroom space by September 2014. This will happen just prior to the sealing of the works contract, which is scheduled for June/July 2014.

##### **EC 2 – Academies Programme (slippage £785,000)**

###### **Release of retentions later than anticipated.**

The spend profile for this scheme originally anticipated that the retentions on the contract would be released in 2012/13. Reprofiting of the scheme, coupled with subsequent delays in achieving full rectification of the defects has resulted in this slipping to 2014/15.

Part of the slippage is associated with the offsite works required to facilitate the development of the two new academies in the city (i.e. Oasis Academy: Mayfield and Oasis Academy: Lord's Hill). The initial budget was provided on the basis of high-level estimates of the potential works that would be required as part of the planning process. In the event, the Project Team was able to devise and negotiate more cost effective solutions than had originally been envisaged, resulting in a £228,000 saving that has been used to offset overspends else where on the programme.

### **EC 3 – School Capital Maintenance (slippage £730,000)**

#### **Slippage within the overall programme**

SCC Planning effectively placed nil capital-related conditions on the Council in respect of Cedar School, meaning that £200,000 remains unspent.

Of the programme-level contingency budget associated with the Education Capital Programme, £148,000 remains unspent. However, in line with its intended purpose, this has been allocated to cover overspends elsewhere in the programme.

The Renewable Heat Incentive project at Millbrook has been delivered within the overarching budget. £10,000 remains to be spent on this project, leaving an effective remaining budget of £150,000 for further schemes. A feasibility report has been written and a further proposal is being developed, which should mean the spending of this funding in 2015/16.

### **EC 4 – Schools Devolved Capital (slippage £599,000)**

#### **School Devolved Formula Capital grant expenditure**

Schools are allocated an amount of Devolved Formula Grant each year by the Department for Education. They can roll forward any unspent grant for up to three years. The slippage figure reflects the amount of unspent grant rolled forward to 2014/15.

### **EC 5 – Early Years Expansion Programme (slippage £350,000)**

#### **Expansion of nursery places for two year olds is progressing slower than anticipated.**

The programme to expand the number of two year old nursery places across the city has been altered slightly, to account for the need for in depth consultation with landowners, as well as the undertaking of additional survey work. This does not affect the ultimate programme delivery date (September 2014) although it has resulted in a minor spend slippage.

### **EC 4 – Secondary School Capital Maintenance (slippage £311,000)**

#### **Reprofiling of works at Chamberlayne School**

The window replacement and boiler control rectification works at Chamberlayne were delayed, due to the need to obtain more competitive quotes for these elements of the work package. The procurement of this work is now complete, although its completion has to wait until the 2014 summer holidays, due to the nature of the works and the need to avoid disruption to the operation of the school.

### **EC 3 – Bitterne Park 6<sup>th</sup> Form (slippage £306,000)**

#### **Dispute on final account.**



The contractor has submitted a final account which included a claim for extension of time. The Council issued the final account in December 2012 and is awaiting the contractor's response as to whether it is likely to go to adjudication. Until such time as the decision to go to adjudication is made, this matter will remain outstanding and the remaining funds will have to be retained. Under the Memorandum of Understanding agreed with Bitterne Park School, the responsibility for any over spend rests with the school.

### **EC 6 – Newlands Primary Rebuild Project (Rephasing £173,000)**

#### **Additional costs for approved extension of time.**

An approved extension of time claim arising from the discovery of a buried electricity main under the old school building by the demolition contractor has resulted in an elongation of the project. The final account remains to be concluded and agreed, although the matter should be settled in 2014/15.

## **ECONOMIC DEVELOPMENT & LEISURE PORTFOLIO**

### **ECONOMIC DEVELOPMENT**

The spend for the year is **£4,174,000**. This can be compared with the budgeted figure for 2013/14 of **£5,594,000** resulting in an under spend of **£1,420,000**, which represents a percentage under spend against budget of **25.4%**.

### **SIGNIFICANT OVER OR UNDER SPEND**

#### **LD 1 Southampton New Arts Centre (SNAC) (forecast overspend TBC)**

##### **Delays with Developer's Final Programme and increased arts complex inflationary and design costs.**

Grosvenor is reporting a five week delay on their contractors programme due to unforeseen obstacles underground. This combined with significant inflation in the construction sector, alongside the impact of more detailed design work, means there is currently a significant discrepancy between projected costs and budget. Work is underway as to the options on how to deal with this

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

#### **LD 2 Southampton New Arts Centre (SNAC) (slippage £943,000)**

##### **Delays with Developer's Final Programme**

The delay to Grosvenor signing the Variation to the Development Agreement and starting on site has led to a delayed arts complex RIBA Stage F. Therefore more work than anticipated will be undertaken in 2014/15.

### **LD 3 Northern Above Bar (Guildhall Square) (slippage £162,000)**

#### **Delay caused by site access and lighting design issues**

The Guildhall lighting element of the project is being reviewed and it is anticipated that any necessary work will be completed in 2014/15.

### **LD 4 Royal Pier (Guildhall Square) (slippage £106,000)**

#### **Budget not required to cover developer's contribution**

The legal agreements with the developer, ABP, the Crown Estate and the Council were signed on 28<sup>th</sup> February 2014. On signing, under the terms of the Development Agreement, the developer was required to pay the Council £102,000. At the time budgets were set, it could not be anticipated whether this contribution would be received in 2013/14 and therefore the Council had to allocate sufficient budget to cover the cost in case the developer contribution did not come in until 2014/15. The contribution will be spent in 2014/15.

## **LEISURE**

The spend for the year is **£618,000**. This can be compared with the budgeted figure for 2013/14 of **£1,001,000** resulting in an under spend of **£383,000**, which represents a percentage under spend against budget of **38.3%**.

### **SIGNIFICANT OVER OR UNDER SPEND**

#### **LS1 SeaCity Phase 2 (forecast over spend £358,000)**

##### **Difficulties finalising contractor accounts**

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 and the associated additional work and delays that this caused. Every effort is being made to identify whether it is still possible to deliver the scheme on budget and it is anticipated that after much delay this will be finalised in the coming months. Council approved provision in July 2012 for potential additional DRF funding as a prudent response towards this likely pressure.

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

#### **LS2 SeaCity Phase 2 (slippage £208,000)**

##### **Difficulties finalising contractor accounts**

Whilst negotiations take place with the contractor to settle any claims, the final account is yet to be paid.

## **ENVIRONMENT & TRANSPORT PORTFOLIO**

### **- ENVIRONMENT & TRANSPORT**

The spend for the year is **£17,036,000**. This can be compared with the budgeted figure for 2013/14 of **£19,636,000** resulting in an under spend of **£2,600,000**, which represents a percentage under spend against budget of **13.2%**.

## **SIGNIFICANT OVER SPEND OR UNDER SPEND**

### **E&T 1 – Highways Maintenance Risk Fund (favourable variance £240,000)**

**The contingency budget for the Highways Partnership was not required in full.**

The Highways Maintenance Risk Fund is a contingency to meet a share of any additional project costs within the roads and other programmes above the target cost agreed with the Highways Partner. The contingency is sufficient to meet the Council's maximum liability as part of the 'share mechanism'. This contingency was not required in full, resulting in a saving of £240,000 in 2013/14.

### **E&T 2 - Classified Roads (favourable variance £205,000)**

**There is a net under spend on this scheme.**

The Classified Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 12 projects being delivered. There is a net under spend of £205,000 on the scheme.

### **E&T 3 - Highways Improvements - Developers (adverse variance £159,000)**

**There is a net over spend on this scheme.**

The Highways Improvements - Developers scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there were over 50 minor works delivered. There is a net over spend of £159,000 on the scheme.

### **E&T 4 - Redbridge Roundabout Scheme (favourable variance £172,000)**

**There have been savings on the drainage element of this scheme.**

There are savings on the Redbridge Roundabout scheme that were realised during the construction process. Allowance was made for more extensive drainage works than were required once the project had commenced.

### **E&T 5 - Principal Roads (favourable variance £209,000)**

**There is a net under spend and slippage on this scheme.**

The Principal Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 5 projects being delivered. There is a net favourable variance of £209,000, which is made up of a net under spend £140,000 and slippage of £69,000.

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

### **E&T 6 - MSCP 10 Year Maintenance Programme (favourable variance £132,000)**

## **There is slippage and a saving on multi storey car park (MSCP) maintenance works.**

There is slippage of £74,000 on the Eastgate MSCP column strengthening project, which will now complete in 2014/15. In addition, the conclusion of negotiations with the contractor on the Grosvenor Square Lifts project has given rise to an under spend of £58,000.

### **E&T 7 - Other Highways (slippage £110,000)**

#### **There is slippage on this scheme following a re-prioritisation exercise.**

The budget has been re-phased into 2014/15 in order to better deliver Council priorities. The Highways Partner now uses a Council agreed prioritisation matrix for scheduling ad-hoc requests. As a consequence, there have been a lower number of successful requests being implemented.

### **E&T 8 - Road Improvements (slippage £123,000)**

#### **There is slippage on this scheme due to severe inclement weather.**

There is slippage on both the Roads Restraints project (£89,000) and the Highways Drainage project (£34,000) as a result of the severe inclement weather experienced between December 2013 and February 2014 preventing these works from taking place. They have now been re-programmed for 2014/15.

### **E&T 9 - Public Transport (slippage £386,000)**

#### **There is slippage on this scheme due to equipment installation delays.**

The Transport for South Hampshire & Isle of Wight smart ticketing project has continued to progress throughout 2013/14. However, there is slippage due to delays by bus and ferry operators in installing phases 1 & 2 of the equipment. It has also taken longer than expected to complete the marketing of the project and the website.

### **E&T 10 - Cycling Improvements (favourable variance £110,000)**

#### **There is slippage on a number of projects within this scheme.**

A number of projects within the Cycling Improvements scheme have slipped. These include:

- Lovers Walk - Slippage of £32,000 due to consultation issues with residents and the University, combined with planning and ecology issues, which have delayed the design work.
- Cycling Network Improvements – Slippage of £31,000 at Winchester Road as cycling works had to be rescheduled after notice was given by utility companies to undertake their work.
- Cycle Missing Links – Slippage of £20,000 at Winn Road and The Avenue, due to the prioritisation of remedial works at Brookvale Road.
- Cycle Parking – Slippage of £18,000 at Shirley and Millbrook car parks to align the installation of cycle hangers with housing refurbishment works.

### **E&T 11 - Accessibility (slippage £227,000)**

#### **There is slippage on a number of projects within this scheme.**

Staff changes within Estate Regeneration have meant that the Travel and Transport Plan element (£100,000) within the City Wide Framework Project has slipped into 2014/15. There is also slippage on Legible Cities Phase 4 of £41,000, due to delays in the procurement process for a new manufacturer for the 'wayfinding signs'. Both the Athelston Road project (£29,000) and the Minor Schemes Programme (£36,000) have slipped into 2014/15 as the design of the schemes by the Highways Partner has taken longer than anticipated.

#### **E&T 12 - Improved Safety (slippage £108,000)**

**There is slippage on this scheme due to delays in confirming the safety budget.**

The slippage is due to a significant delay in the approval of the capital expenditure budget for safety engineering in 2013/14. As a consequence, there was insufficient time for the contractor to implement the full programme. This has had a beneficial impact as work can now be combined with an adjacent scheme, saving costs and reducing the congestion effects of road space use.

#### **E&T 13 - North of Station (forward re-phasing £139,000)**

**Work on this scheme was brought forward from 2014/15.**

The phase 1 public realm works at Station Quarter North started in February 2014, as the contractor had progressed well ahead of the original schedule. The budget for 2014/15 has been reduced accordingly.

#### **E&T 14 - Platform for Prosperity (slippage £287,000)**

**There is minor slippage on this scheme due to delays in design work.**

Over the financial year capital works to the value of £4.9M have been delivered on this scheme. Both the Town Quay and Platform Road construction phases have progressed well and certain aspects of the Town Quay preliminary works were completed earlier than anticipated. Despite this, project expenditure is slightly behind profile, as some of the design work was not completed as soon as was expected. Overall the project is progressing well and is expected to be completed on time and within the approved budget.

**The rest of the programme variance (£657,000) is slippage or under spend of minor amounts over various schemes.**

### **- CITY SERVICES**

The spend for the year is **£2,623,000**. This can be compared with the budgeted figure for 2013/14 of **£2,541,000** resulting in an over spend of **£82,000**, which represents a percentage over spend against budget of **3.2%**

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

There are no CORPORATE key issues for the Portfolio.

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

### **CS 1 - Weekly Collection Support Scheme (forward re-phasing £222,000)**

**There was re-phasing of £222,000 from 2014/15, due to the early introduction of the HIAB glass recycling banks.**

It was originally intended to introduce the new HIAB glass recycling banks in two equal phases in 2013/14 and 2014/15. Following the decision to cease the Trade Waste Skip Collection Service, which also emptied the existing skip glass banks, the new HIAB service was introduced in a single phase in 2013/14. This necessitated the re-phasing of spend originally planned for 2014/15. Early introduction will help improve recycling across the city.

**The rest of the programme variance (£140,000) is slippage of minor amounts over various Parks Improvement schemes mainly due to ongoing consultation with local Friends groups.**

### **HEALTH & ADULT SOCIAL CARE PORTFOLIO**

The spend for the year is **£892,000**. This can be compared with the budgeted figure for 2013/14 of **£859,000** resulting in an over spend of **£33,000**, which represents a percentage over spend against budget of **3.8%**.

#### **SIGNIFICANT OVER OR UNDER SPEND**

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

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

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

### **HOUSING AND SUSTAINABILITY PORTFOLIO**

The spend for the year is **£1,835,000**. This can be compared with the budgeted figure for 2013/14 of **£2,051,000** resulting in an under spend of **£216,000**, which represents a percentage under spend against budget of **10.5%**.

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

There are no CORPORATE key issues for the Portfolio.

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

### **HOUS 1 Salix Energy Efficiency Measures (slippage £126,000)**

**There have been delays in a number of small projects within the Salix scheme.**

Delays in implementation of a number of small Salix projects (notably LED lighting upgrades and IT Server room air-handling upgrades) has led to slippage of the approved Salix budget.

**The rest of the programme variance (£90,000) is slippage or under spend of minor amounts over various schemes.**

## **RESOURCES PORTFOLIO**

The spend for the year is **£1,740,000**. This can be compared with the budgeted figure for 2013/14 of **£2,762,000** resulting in an under spend of **£1,022,000**, which represents a percentage under spend against budget of **37.0%**.

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

Following careful management of the two office accommodation related schemes (Office Accommodation and Works to enable Marland House Vacation) an under spend is anticipated against the budgets for both schemes. These schemes form part of the wider Accommodation Strategy and given the impact of future organisational change it is anticipated that the remaining funds will still be required to enable further office accommodation changes, details of which will be reported as part of a separate report to Cabinet on 15<sup>th</sup> July.

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

**The major items of slippage are:**

### **RES 1 – Office Accommodation (slippage £869,000)**

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

Key work to complete the re-occupation of the Civic Centre North Block is ongoing with phase 2 now due for completion by the end of July. As a result a number of planned activities will now take place in the next financial year and this is reflected in the slippage of spend on this scheme. These timescales have been affected by the volume, complexity and timing of the works to tie in with

service needs for the People's Directorate Transformation together with the need for listed building consent.

These works will include IT, electrical, additional toilet facilities, storage facilities and provision of a back-up generator for the IT suite, all of which will need to be completed within the timescales necessary to enable the vacation of Marland House.

## **RES 2 – Oaklands School Site Demolition (slippage £90,000)**

### **Slippage pending agreement of final account**

The demolition works on site are now complete with the final position on the scheme subject to payment of retention and fees. As a result the remaining balance on the scheme will slip into 2014/15 and a final position will be reported as part of the next update of the capital programme.



**SCHEME BUDGET VARIANCES 2013/14**

**APPENDIX 2**

Portfolio	Parent Scheme	Scheme	Description	Budget	Actual	Variance	Total	Total
				2013/14	2013/14		Scheme	Scheme
				£000's	£000's	£000's	£000's	£000's
<b>Education &amp; Change</b>								
ECAP	E0ACA	Various	Academies - Capital Works	898	63	(835)	35,298	34,463
ECAP	E0BPS	E9058	Bitterne Park 6Th Form	336	30	(306)	6,108	5,802
ECAP	E0CSL	Various	C,S & L Other	1,543	944	(599)	14,443	13,415
ECAP	E0EYP	E7220	Early Years Expansion Programme	491	141	(350)	1,341	141
ECAP	E0ICT	E8160	Ict Harnessing Technology Grant	263	234	(29)	1,513	1,484
ECAP	E0OLD	Various	Completed Schemes	20	8	(12)	616	604
ECAP	E0PR2	Various	Primary Review Phase 2	9,137	9,178	41	25,676	22,488
ECAP	E0PRH	E9050	Harefield Primary Rebuild Project	66	0	(66)	4,624	4,558
ECAP	E0PRN	E8060	Newlands Primary Rebuild Project	0	173	173	7,521	7,694
ECAP	E0PRW	Various	Primary Review	857	16	(841)	4,391	3,550
ECAP	E0SAF	Various	Safeguarding	387	447	60	517	547
ECAP	E0SCM	Various	School Capital Maintenance	4,493	3,763	(730)	10,426	7,208
ECAP	E0SEN	E6921	SEN Review - Great Oaks Phase 2	29	0	(29)	1,668	1,639
ECAP	E0SSM	Various	Secondary School Capital Maintenance	3,216	2,905	(311)	4,132	3,592

**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2**

ECAP	E0YPS	E9118	Newtown Adventure Playground	12	24	12	593	577
<b>Portfolio Total</b>				<b>21,748</b>	<b>17,926</b>	<b>(3,822)</b>	<b>118,867</b>	<b>107,762</b>

**Economic Development & Leisure (Economic Development)**

MCAP	M0CQR	L8200	Southampton New Arts Centre (Snac)	4,784	591	(4,193)	20,850	3,288
MCAP	M0CQR	L8201	Southampton New Arts Centre - Developer	0	3,250	3,250	0	3,250
MCAP	M0CQR	M9430	Northern Above Bar Fees	63	36	(27)	451	424
MCAP	M0CQR	M9500	Northern Above Bar (Guildhall Square)	200	38	(162)	5,239	5,038
MCAP	M0CQR	M9870	Tyrrell & Green Building - Demolition	3	0	(3)	995	992
MCAP	M0CQR		Cultural Quarter	5,050	3,915	(1,135)	27,535	12,992
MCAP	M0HOC	C620Y	Qe2 Mile - Bargate Square	25	8	(17)	1,090	130
MCAP	M0HOC	M9420	West Quay Phase 3 M9420	75	9	(66)	1,999	1,504
MCAP	M0HOC	M942B	West Quay Site B	10	1	(9)	137	71
MCAP	M0HOC		Heart of the City	110	18	(92)	3,226	1,705
MCAP	M0HQP	M9480	Fruit & Veg (Disposal)	5	3	(2)	25	8
MCAP	M0IRF	M9370	Town Depot (M9370)	35	3	(32)	218	102
MCAP	M0OTH	M9830	Major Site Devlpmnt-Feasibility Studies	20	1	(19)	60	1
MCAP	M0RPW	M9390	Royal Pier	306	200	(106)	812	365
MCAP	M0SQR	M8000	Station Quarter Southside	68	34	(34)	415	40
<b>Portfolio Total</b>				<b>5,594</b>	<b>4,174</b>	<b>(1,420)</b>	<b>32,291</b>	<b>15,213</b>

**Economic Development & Leisure (Leisure)**

LCAP	LOGHR	L7000	Guildhall Refurbishment	120	64	(56)	594	66
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**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2**

LCAP	L0OLD	L674E	Sports Centre Athlectics Track	17	14	(3)	178	175
LCAP	LC101	Various	Tudor House	76	8	(68)	7,290	7,222
LCAP	LC102	Various	Seacity	336	128	(208)	15,785	15,577
LCAP	LC201	L810U	Art In Public Places - Millbrook	2	2	0	74	57
LCAP	LC401	Various	Section 106 Playing Field Improvements	45	38	(7)	360	98
LCAP	LC601	L1000	Oaklands Swimming Pool Feasibility	242	303	61	1,670	303
LCAP	LC602	Various	Woolston Library	163	61	(102)	1,032	72
<b>Portfolio Total</b>				<b>1,001</b>	<b>618</b>	<b>(383)</b>	<b>26,983</b>	<b>23,570</b>

**Environment & Transport (Environment & Transport)****Accessibility**

CCAP	C7171	Various	Accessibility	408	181	(227)	877	514
			Accessibility	408	181	(227)	877	514

**Active Travel**

CCAP	C7131	Various	Active Travel	1,290	1,180	(110)	2,908	1,743
			Active Travel	1,290	1,180	(110)	2,908	1,743

**Bridges**

CCAP	C7770	Various	B2P Bridge Scheme	760	474	(286)	4,190	474
CCAP	C7911	C791H	Other Bridge Works	221	212	(9)	908	899

**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2**

			Bridges	981	686	(295)	5,098	1,373
<b>Environment &amp; Sustainability</b>								
CCAP	C2300	C230A	Digital Radio Service Procurement	132	80	(52)	132	80
CCAP	C2400	Various	Planning	97	1	(96)	111	15
CCAP	C2410	C2410	Mobile Working	48	0	(48)	50	2
			Environment & Sustainability	<u>277</u>	<u>81</u>	<u>(196)</u>	<u>293</u>	<u>97</u>
<b>General Environment</b>								
CCAP	C2100	C2100	Purchase Of Vehicles	775	775	0	4,075	4,075
CCAP	C2690	Various	Dock Gate 20	32	25	(7)	9,294	9,287
CCAP	C2730	Various	Itchen Bridge Toll Automation	213	124	(89)	992	863
CCAP	C2740	C2720	Replacement Of The Cremators	232	232	0	1,758	1,716
			General Environment	<u>1,252</u>	<u>1,156</u>	<u>(96)</u>	<u>16,119</u>	<u>15,941</u>
<b>Highways Other</b>								
CCAP	C7191	C719B	Essential Highways Minor Works	201	91	(110)	533	323
CCAP	C8200	Various	Swmp Implementation Works	235	174	(61)	560	439
CCAP	C7151	Various	Improved Safety	255	146	(109)	799	480
			Highways Other	<u>691</u>	<u>411</u>	<u>(280)</u>	<u>1,892</u>	<u>1,242</u>
<b>Network Management</b>								
CCAP	C7181	Various	Intelligent Transport Systems	<u>294</u>	<u>224</u>	<u>(70)</u>	<u>1,487</u>	<u>1,252</u>

**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2**

			Network Management	294	224	(70)	1,487	1,252
<b>Parking</b>								
CCAP	C9471	Various	MSCP 10 Year Maint. Programme	152	78	(74)	421	289
			Parking	<u>152</u>	<u>78</u>	<u>(74)</u>	<u>421</u>	<u>289</u>
<b>Public Realm</b>								
CCAP	C7360	C736E	Local & District Centre - Bitterne	3	0	(3)	69	66
CCAP	C8900	Various	City Centre Improvements	261	266	5	1,706	1,376
CCAP	C8911	Various	Platform for Prosperity	4,939	4,899	(40)	11,879	5,940
CCAP	C8922	Various	Centenary Quay	94	90	(4)	177	154
CCAP	C8933	Various	North of Station	725	865	140	2,361	938
			Public Realm	<u>6,022</u>	<u>6,120</u>	<u>98</u>	<u>16,192</u>	<u>8,474</u>
<b>Public Transport</b>								
CCAP	C7141	Various	Public Transport	1,863	1,477	(386)	5,995	3,962
			Public Transport	<u>1,863</u>	<u>1,477</u>	<u>(386)</u>	<u>0</u>	<u>5,995</u>
<b>Roads</b>								
CCAP	C7921	Various	Principal Roads	1,287	1,079	(208)	2,718	2,510
CCAP	C7922	C792R	Redbridge Roundabout Resurfacing	1,400	1,228	(172)	1,824	1,652
CCAP	C8000	Various	Classified Roads	935	731	(204)	1,145	828
CCAP	C8100	Various	Unclassified Roads	1,592	1,616	24	2,337	2,161

**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2**

CCAP	C8400	Various	Road Improvements	141	18	(123)	356	173
CCAP	C9120	C9120	Highways Improvements (Developer)	394	553	159	2,617	2,156
CCAP	C9200	C920A	Highways Maintenance Risk Fund	229	(11)	(240)	312	12
			Roads	<u>5,978</u>	<u>5,214</u>	<u>(764)</u>	<u>11,309</u>	<u>9,492</u>

**Street Furniture**

CCAP	C8800	Various	Street Furniture	89	20	(69)	1,058	989
			Street Furniture	<u>89</u>	<u>20</u>	<u>(69)</u>	<u>1,058</u>	<u>989</u>

**Street Lighting**

CCAP	C8300	C8300	Street Lighting	82	7	(75)	82	7
			Street Lighting	<u>82</u>	<u>7</u>	<u>(75)</u>	<u>82</u>	<u>7</u>

**Travel Planning**

CCAP	C7161	Various	Travel to School	257	201	(56)	664	366
			Travel Planning	<u>257</u>	<u>201</u>	<u>(56)</u>	<u>664</u>	<u>366</u>

**Portfolio Total**

<u>19,636</u>	<u>17,036</u>	<u>(2,600)</u>	<u>64,395</u>	<u>45,741</u>
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**Environment & Transport (City Services)**

JCAP	C2921	Various	Weekly Collection Support Scheme	1,765	1,987	222	2,165	2,077
JCAP	NS002	Various	Portswold Rec Improvments	20	15	(5)	91	36
JCAP	NS003	Various	Green flag Improvements	61	51	(10)	156	146
JCAP	NS004	Various	Deep Dene Improvements	22	3	(19)	47	13

**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2**

JCAP	NS007	J8260	Community Led Local Improvement Initiati	12	12	0	200	47
JCAP	NS011	J426L	Southampton Common	16	2	(14)	52	38
JCAP	NS015	J8190	Daisy Dip Improvements	7	7	0	93	93
JCAP	NS018	J426H	Peartree Green	5	0	(5)	10	5
JCAP	NS024	J427H	Freemantle Lake Park Imp Yr 2009-11	14	8	(6)	20	14
JCAP	NS026	J8200	Redbridge Wharf	9	8	(1)	20	19
JCAP	NS027	Various	Minor Parks Development Works	58	18	(40)	136	61
JCAP	NS029	J814B	St James Park - Implementation	57	36	(21)	1,702	1,671
JCAP	NS030	J8100	Mobile Working For P & C Frontline	7	0	(7)	30	23
JCAP	NS031	J8240	Park Safety Imp Yrs 2009-11	2	0	(2)	25	23
JCAP	NS035	Various	Play Area Improvements	486	476	(10)	735	721
<b>Portfolio Total</b>				<b>2,541</b>	<b>2,623</b>	<b>82</b>	<b>5,482</b>	<b>4,987</b>

**Health & Adult Social Care**

RCAP	R9265	R9265	Sds Modernisation Woolston Comm Centre	55	64	9	1,179	1,093
RCAP	R9330	R9330	National Care Standards And H&S Work	221	245	24	1,491	1,229
RCAP	R9340	R9340	Replacement Of Appliances And Equipment	53	66	13	450	395
RCAP	R9500	R9500	It Infrastructure Grant	(5)	(5)	0	205	205
RCAP	R9700	R9700	Common Assessment Framework	75	95	20	1,278	991
RCAP	R9720	R9720	Residential Homes Fabric Furnishing Cqc	125	83	(42)	390	348
RCAP	R9730	R9730	Sembal House Refurbishment	335	344	9	418	415
<b>Portfolio Total</b>				<b>859</b>	<b>892</b>	<b>33</b>	<b>5,411</b>	<b>4,676</b>

**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2****Housing & Sustainability**

GCAP	GF001	G6550	Estate Regeneration Cumbrian Way	16	16	0	405	317
GCAP	GF001	G6580	Estate Parking Improvements	14	0	(14)	300	0
GCAP	GF001		Support to RSLs	30	16	(14)	705	317
GCAP	GF100	G4110	Home Improvement Loans Approved In 2010/	2	0	(2)	1,442	1,440
GCAP	GF100	G4620	Handyperson Service	40	40	0	152	112
GCAP	GF100	G4630	Woolston Group Repair Scheme	98	66	(32)	105	73
GCAP	GF100		Home Improvement Loans	140	106	(34)	1,699	1,625
GCAP	GF800	G4490	Insulation And Fuel Poverty Initiatives	43	31	(12)	200	138
GCAP	GF900	G4330	Support For Vulnerable Dfg Customers	22	21	(1)	108	63
GCAP	GF900	G4640	Disabled Facilities Grants Approved In 2	437	416	(21)	1,204	1,183
GCAP	GF900	G4650	Disabled Facilities Grants Approved In 2	900	901	1	1,200	901
GCAP	GF900	G4660	Disabled Facilities Grants Support Costs	141	140	(1)	141	140
GCAP	GF900		Disabled Facilities Grants	1,500	1,478	(22)	2,653	2,287
GCAP	C2420	C242A	National Flood Forum	26	27	1	52	27
GCAP	C2420	C242B	Understanding Flood Risk	40	36	(4)	40	36
GCAP	C2420	C242C	Awareness Raising/Developing Community R	5	5	0	18	5
GCAP	C2420	C242D	Property Level Surveys	4	4	0	12	4
GCAP	C2420	C242E	Implementation Of Property Level Measure	0	6	6	293	6
GCAP	C2420	C242G	Project Management	19	8	(11)	37	8
GCAP	C2420		Flood Risk Management	94	86	(8)	452	86
GCAP	C2520	C257A	Woodside Lodge Salix Works	5	0	(5)	5	0
GCAP	C2520	C257B	Glen Lee Salix Works	5	0	(5)	5	0
GCAP	C2520	C257C	Brownhill Salix Works	5	0	(5)	11	0



**SCHEME BUDGET VARIANCES 2013/14****APPENDIX 2**

GCAP	C2520	C257D	Holcroft House Salix Works	37	32	(5)	37	32
GCAP	C2520	C257F	Civic Centre It Server Room	50	0	(50)	50	0
GCAP	C2520	C257G	Lighting Upgrades Salix Works	5	0	(5)	45	0
GCAP	C2520	C257H	Civic Centre North Block	20	0	(20)	20	0
GCAP	C2520	C257I	Insulation Salix Works	29	7	(22)	36	14
GCAP	C2520	C257J	Car Parks Salix Works	53	52	(1)	153	152
GCAP	C2520	C257K	Wyndham Court Offices Salix Works	7	0	(7)	7	0
GCAP	C2520	C257L	Civic Centre Salix Works	28	27	(1)	69	68
GCAP	C2520		Salix Energy Efficiency Measures	244	118	(126)	438	266

**Portfolio Total**

<b>2,051</b>	<b>1,835</b>	<b>(216)</b>
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<b>6,147</b>	<b>4,719</b>
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**Resources**

PCAP	M9710	Various	Accommodation Strategy Action Programme	2,122	1,254	(868)	24,001	21,884
PCAP	P5020	P5020	Art Gallery - Roof Repairs And Ahu Repla	13	18	5	1,936	1,391
PCAP	P5050	P5050	2011 Mobile Working	42	33	(9)	145	136
PCAP	P5070	P5070	Town Depot Demolition	0	8	8	430	438
PCAP	P5080	P5080	Oaklands School Site - Demolition	480	390	(90)	480	390
PCAP	P5090	P5090	Works To Enable Marland House Vacation	105	37	(68)	1,200	37

**Portfolio Total**

<b>2,762</b>	<b>1,740</b>	<b>(1,022)</b>
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<b>28,192</b>	<b>24,276</b>
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**General Fund Capital Programme Total**

<b>56,192</b>	<b>46,844</b>	<b>(9,348)</b>
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<b>287,768</b>	<b>230,944</b>
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Scheme	Description	Original Budget 2014/15	Slippage from 2013/14	Rephasing Appendix 3	Revised Budget 2014/15
		£000's	£000's	£000's	£000's
<b>Education &amp; Change Portfolio</b>					
E5026	Expansion of Bevois Town Primary	0	281	0	281
E5028	Expansion of Springwell School	0	16	0	16
E5029	Primary Review - F & E	50	0	(80)	0
E7203	Health and Safety Capital	300	0	(33)	267
E7215	Sholing Technology College Access	0	40	0	40
E7216	R&M Planned Programme	1,165	78	0	1,243
E7220	Early Years Expansion Programme	850	350	0	1,200
E7304	St. Johns Primary – Mission Hall repairs	60	15	0	75
E7306	Cedar School Unilateral Undertaking	0	200	0	200
E7307	Swaythling Primary Drainage	0	40	0	40
E8134	Middlecroft Lane Loft Extension	0	3	0	3
E8139	Static Home For The Adolescent Resource Centre	0	4	0	4
E9089	Mods - Valentine Infants Roof	145	66	0	211
E9022	Schools Access Initiative	9	19	0	28
E9050	Harefield Primary Rebuild Project	0	66	0	66
E9088	Increased Places at Fairisle Junior	0	30	0	30
E9093	Increased Places at St Mary's Primary - Phase 2	0	705	0	705
E9094	Increased Places at Mount Pleasant Junior	0	79	0	79
E9099	Increased Places at Foundry Lane Primary	0	28	0	28
E6921	SEN Review - Great Oaks Phase 2	0	29	0	29
E8135	Childrens Social Service Capital	30	40	0	70
E8136	Loft Extension to Carers Home	0	12	0	12
E8160	ICT Harnessing Technology Grant	0	29	0	29
E9031	Schools Devolved Capital	0	576	0	576
E9058	Bitterne Park 6th Form	0	306	0	306
E9117	Asbestos Removal	14	14	0	28
E9061	Mayfield Academy	0	122	0	122
E9062	Lordshill Academy	0	332	0	332
E9118	Newtown Adventure Playground	28	0	(12)	16
E5003	Primary Review P2 - Mansel Park Primary School	0	3	0	3
E5004	Primary Review P2 - Kanes Hill Primary School	0	9	0	9
E5005	Primary Review P2 - Shirley Warren Primary	273	0	(34)	239
E5007	Primary Review P2 - Moorlands Primary School	0	1	0	1
E5010	Primary Review P2 - Sholing Infant School	0	10	0	10
E5015	Primary Review P2 - Banister Infant School	0	3	0	3
E9054	Academies Management	0	99	0	99
E9056	Mayfield Academy Site Access	0	3	0	3
E9057	Academies - Capital Works	0	279	0	279
E7205	Solar PV Resources Project	130	0	(1)	129
E7204	School Capital Maintenance	0	148	0	148
E7206	Renewable Heat Incentive	177	160	0	337
E8185	Civil Service Sports Ground	429	28	0	457
E7301	Bitterne Park Infant School Roof	0	2	0	2
E7209	Chamberlayne Capital Maintenance	63	307	0	370
E7300	Fairisle Infant & Nursery School Lobby	115	7	0	122
E7303	Glenfield Infant School Windows & Ventilation	0	21	0	21
E7210	Regents Park Secondary Capital Maintenance	46	0	(31)	15
E7200	Secondary School Estates Capital	50	13	0	63
E7211	Sholing Tech Capital Maintenance	33	45	0	78
E7212	St Anne's Capital Maintenance	0	15	0	15
E5027	Expansion of St Johns Primary & Nursery	1,000	0	(118)	882
<b>Education &amp; Change Total</b>		<b>4,967</b>	<b>4,633</b>	<b>(309)</b>	<b>9,321</b>
<b>Economic Development &amp; Leisure Portfolio (Leisure)</b>					
L6791	Lordshill Playing Field Drainage	175	7	0	182

**REVISED ESTIMATES 2014/15**

**APPENDIX 3**

Scheme	Description	Original Budget	Slippage	Rephasing	Revised
		2014/15	from 2013/14	into 2013/14	Budget
		£000's	£000's	£000's	£000's
L1440	Tudor House Museum Phase 1	0	5	0	5
L8260	Tudor House Museum Phase 2 Implementation	0	63	0	63
L8285	SeaCity Phase 2	0	165	0	165
L8286	SeaCity Public Realm Improvements	0	43	0	43
L674E	Sports Centre Athletics Track	0	3	0	3
L8230	Potential TIC Relocation	15	15	0	30
L8370	Woolston Library	804	87	0	891
L7000	Guildhall Refurbishment	255	56	0	311
L1000	Oaklands Swimming Pool Feasibility	1,423	0	(61)	1,362
<b>Economic Development &amp; Leisure (Leisure) Total</b>		<b>2,672</b>	<b>444</b>	<b>(61)</b>	<b>3,055</b>

**Economic Development & Leisure Portfolio (Economic Development)**

M8000	Station Quarter Southside	114	34	0	148
M9480	Fruit & Veg (Disposal)	10	2	0	12
M9430	Northern Above Bar Fees - T&G Marketing Fees	0	27	0	27
M9500	Northern Above Bar - Guildhall Square	39	162	0	201
M9870	Northern Above Bar - Tyrrell & Green Building Demolition	0	3	0	3
M9370	Town Depot	42	32	0	74
M9390	Royal Pier	175	106	0	281
M9420	West Quay Phase 3 WWQ	134	66	0	200
M942B	West Quay Phase 3 Site B	40	10	0	50
M9830	Feasibility - Major Site Devlpmnt	40	20	0	60
C620Y	QE2 Mile - Bargate Square	943	17	0	960
<b>Economic Development &amp; Leisure (Economic Development) Total</b>		<b>1,537</b>	<b>479</b>	<b>0</b>	<b>2,016</b>

**Environment & Transport Portfolio (Environment & Transport)**

C230A	Digital Radio Service	0	52	0	52
C240E	Itchen Masterplan	0	32	0	32
C7141	Public Transport	186	1	0	187
C717K	Legible Cities Phase 4	36	41	0	77
C717N	Estate Regeneration - Transport Policy Contribution	0	100	0	100
C7181	ITS	0	20	0	20
C947J	Emergency Repairs to MSCPs	58	74	0	132
C269M	Dock Gate 20 - Contingency	0	7	0	7
C791H	Other Bridge Works	0	9	0	9
C881F	Road Restraint Systems	0	58	0	58
C822J	Decent Neighbourhoods	0	23	0	23
C9120	Highways Improvements (Developer)	620	17	0	637
C716N	School Travel Incentives	50	34	0	84
C3820	Bus Stop Imps (Developers)	0	5	0	5
C713D	Cycle Parking	30	19	0	49
C2410	Mobile Working	0	48	0	48
C881B	St Nameplates	0	10	0	10
C713X	Cycle Missing Links	0	20	0	20
C717C	LTP3 Low Cost Minor Works	25	38	0	63
C890A	Civic Centre Place (C890A)	325	0	(11)	314
C716M	Travel Planning Site Specific Advice	30	4	0	34
C240C	Civica Storage for Scanned Documents	0	49	0	49
C820A	Highways Drainage Investigations	60	74	0	134
C273B	Itchen Bridge Toll Automation Construction Stage	40	19	0	59
C273C	Itchen Bridge Toll Automation Delivery Supervision	0	70	0	70
C240D	Scanning the property Register/Accessibility	0	15	0	15
C718J	Real Time Information Systems	0	5	0	5
C796N	Principal Roads Drainage Improvements	0	42	0	42
C719B	Essential Highways Minor Works	100	142	0	242

**REVISED ESTIMATES 2014/15**

**APPENDIX 3**

Scheme	Description	Original Budget 2014/15	Slippage from 2013/14	Rephasing into 2013/14	Revised Budget 2014/15
		£000's	£000's	£000's	£000's
C796W	Structural Repairs (Various)	0	27	0	27
C840A	Road Restraint Systems 2012/13	60	89	0	149
C840B	Highways Drainage 2012/13	0	34	0	34
C721C	LSTF - Legible Bus Networks (Capital)	0	5	0	5
C721A	LSTF - Rail Station Travel Plans (Capital)	162	14	0	176
C714Z	Southampton Strategic Bus Partnership	180	0	(5)	175
C718K	RTI Upgrade Phase 3 (S106)	40	28	0	68
C892A	Centenary Quay - Client Management	0	8	0	8
C892B	Centenary Quay - Design & Assessment	19	0	(4)	15
C550E	Improved Safety 2013/14 - Engineering	150	102	0	252
C890D	Platform Road and Gyrotories Advanced Design	118	0	(76)	42
C890G	Platform Road – Town Quay Design	104	40	0	144
C890H	Platform for Prosperity Queens Terrace	657	1	0	658
C890K	Platform Road Detailed Design	23	75	0	98
C713U	Lovers Walk Design	0	37	0	37
C717L	20mph Limit Pilot	0	8	0	8
C717M	Church Street Improvement	75	9	0	84
C764B	LSTF - Smart Ticketing Grant Funding	356	361	0	717
C713Y	LSTF - Super Cycle Highway	1,025	3	0	1,028
C713S	Cycle Network Improvements	0	31	0	31
C724C	PTP LTP Minor Works	0	24	0	24
C718Z	Motor Cycle Parking	30	9	0	39
C764C	LSTF - Smart Ticketing Project Improvements	733	43	0	776
C777A	B2P Central Bridge	850	291	0	1,141
C777B	B2P Western Approach Rail	440	0	(96)	344
C777C	B2P Northam River Bridge	1,100	74	0	1,174
C777D	B2P - Western Approach Flyover	490	22	0	512
C777E	b2P - Vicarage Bridge	140	0	(5)	135
C717Q	Athelston Road	0	29	0	29
C893A	North of Station - Construction Phase 1	1,563	0	(139)	1,424
<b>Environment &amp; Transport (Environment &amp; Transport) Total</b>		<b>9,875</b>	<b>2,392</b>	<b>(336)</b>	<b>11,931</b>

**Environment & Transport Portfolio (City Services)**

J426L	Southampton Common	0	14	0	14
J427H	Freemantle Lake Park Improvements Yr 2009-11	0	6	0	6
J426H	Peartree Green	0	5	0	5
J8200	Redbridge Wharf	0	1	0	1
J814B	St James Park - Implementation	10	21	0	31
J8250	Bitterne Manor/Clausentum Wood Improvements Yrs 2010-1	0	2	0	2
J8240	Parks Safety Improvements Yrs 2009-11	0	2	0	2
J8100	Mobile Working for P & C Frontline	0	7	0	7
J4310	Deep Dene Improvements	0	12	0	12
J4340	Hinkler Green Green Flag Improvements Yr 2010/11	0	4	0	4
J4370	Park Code for Green Space	15	7	0	22
E3001	Houndwell Park Play Area	4	1	0	5
J4430	Weston Shore Improvements Phase 2	50	5	0	55
J4380	Bassett Wood Greenway Improvements	0	3	0	3
E3020	Sullivan Road Play Area	0	2	0	2
J4470	Freshfield Road Open Space	0	2	0	2
J4480	Green Park	0	5	0	5
J4500	Lordsdale Greenway	0	14	0	14
J4510	Mansbridge Open Space	0	2	0	2
J4520	Riverside Park	35	6	0	41
J4540	Sullivan Recreation Ground	0	4	0	4
J4550	Veracity Recreation Ground	0	2	0	2
J4560	Westwood Greenway	0	3	0	3
C2921	Weekly Collection Support Scheme	310	0	(222)	88

**REVISED ESTIMATES 2014/15**

**APPENDIX 3**

Scheme	Description	Original Budget 2014/15 £000's	Slippage from 2013/14 £000's	Rephasing into 2013/14 £000's	Revised Budget 2014/15 £000's
<b>Environment &amp; Transport (City Services)</b>		<b>424</b>	<b>130</b>	<b>(222)</b>	<b>332</b>
<b>Housing &amp; Sustainability Portfolio</b>					
G6580	Estate Parking Improvements	186	14	0	200
G4490	Insulation and Fuel Poverty Initiatives	50	12	0	62
C257A	Woodside Lodge Salix Works	0	5	0	5
C257B	Glen Lee Salix Works	0	5	0	5
C257C	Brownhill Salix Works	6	5	0	11
C257D	Holcroft House Salix Works	0	4	0	4
C257F	Civic Centre IT server room	0	50	0	50
C257G	Lighting Upgrades Salix Works	40	5	0	45
C257H	Civic Centre North Block	0	20	0	20
C257I	Insulation Salix Works	0	22	0	22
C257J	Car Parks Salix Works	0	1	0	1
C257K	Wyndham Court Offices Salix Works	0	7	0	7
C257L	Civic Centre Salix Works	0	1	0	1
C242A	National Flood Forum	26	0	(1)	25
C242B	Understanding Flood Risk	0	4	0	4
C242E	Implementation of Property Level Measures	293	0	(6)	287
C242G	Project Management	18	11	0	29
G4650	Disabled Facilities Grants approved in 2013/14	300	0	(1)	299
<b>Housing &amp; Sustainability Total</b>		<b>919</b>	<b>166</b>	<b>(8)</b>	<b>1,077</b>
<b>Resources Portfolio</b>					
P5090	Works to Enable Marland House Vacation	1,095	68	0	1,163
M9710	Accommodation Strategy Action Programme (ASAP)	1,249	869	0	2,118
P5020	Art Gallery - Roof Repairs and AHU Replacement	0	0	(5)	0
P5050	2011 Mobile Working	0	9	0	9
P5080	Oaklands School Site - Demolition	0	90	0	90
R9265	SDS Modernisation Woolston Comm Centre	95	0	(9)	86
R9330	National Care Standards and H&S Work	286	0	(24)	262
R9340	Replacement of Appliances and Equipment	68	0	(13)	55
R9700	Common Assessment Framework	307	0	(20)	287
R9730	Sembal House Refurbishment	12	0	(9)	3
R9720	Residential Homes fabric furnishing CQC	0	42	0	42
<b>Resources Total</b>		<b>3,112</b>	<b>1,078</b>	<b>(80)</b>	<b>4,115</b>
<b>Total Programme Slippage and Re-phasing</b>		<b>23,506</b>	<b>9,322</b>	<b>(1,016)</b>	<b>31,847</b>

<b>DECISION-MAKER:</b>	GOVERNANCE COMMITTEE COUNCIL		
<b>SUBJECT:</b>	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2013/14		
<b>DATE OF DECISION:</b>	15 JULY 2014 17 JULY 2014		
<b>REPORT OF:</b>	HEAD OF FINANCE & IT (CHIEF FINANCIAL OFFICER)		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Andrew Lowe</b>	<b>Tel:</b> 023 8083 4049
	<b>E-mail:</b>	<a href="mailto:Andrew.Lowe@southampton.gov.uk">Andrew.Lowe@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	<b>Mark Heath</b>	<b>Tel:</b> 023 8083 2371
	<b>E-mail:</b>	<a href="mailto:Mark.Heath@southampton.gov.uk">Mark.Heath@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
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NOT APPLICABLE
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### **BRIEF SUMMARY**

The purpose of this report is to inform the Governance Committee and Council of the Treasury Management activities and performance for 2013/14 against the approved Prudential Indicators for External Debt and Treasury Management.

This report specifically highlights that:

- i. Borrowing activities have been undertaken within the borrowing limits approved by Council on 13 February 2014.
- ii. Investment returns during 2013/14 continued to remain low as a result of low interest rates, returning £0.65M. However, the average rate achieved for fixed term deals (0.78%) exceeded the performance indicator of the average 7 day LIBID rate (0.41%), mainly due to the rolling programme of yearly investments which was reintroduced in November 2012, following recommendations from our Treasury Management advisors, Arlingclose.
- iii. The Council's strategy was to minimise borrowing to below its Capital Financing Requirement (CFR), the difference representing balances, reserves, provisions and working capital. This approach lowers interest costs, reduces credit risk and relieves pressure on the Council's counterparty list. Throughout the year, capital expenditure levels, market conditions and interest rate levels were monitored to minimise borrowing costs over the medium to longer term and to maintain stability. The differential between debt costs and investment earnings continued to be acute, resulting in the use of internal resources in lieu of borrowing often being the most cost effective means of financing capital expenditure. As a result the average rate for repayment of debt, (the Consolidated Loans & Investment Account Rate – CLIA), at 3.32%, is lower than that budgeted for and slightly lower than last year (3.35%) as no new loans were taken due to slippage in the capital programme and higher than expected balances. The predicted forecast for longer term debt is a steady increase in

the longer term and so new long term borrowing is likely to be taken out above this rate, leading to an anticipated increase in the CLIA. A Public Works Loan Board (PWLB) 25 year fixed rate maturity loan is currently around 4%.

- iv. In achieving interest rate savings the Council has exposed itself to interest rate risk by taking out variable debt. This was and continues to be very financially favourable in current markets but does mean that close monitoring of the markets is required to ensure that the Council can act quickly should the situation begin to change. During 2014/15 the Council will continue to review the position and take action as necessary to lessen this risk through a balanced combination of:
  - longer term fixed maturity loans,
  - medium term Equal Instalment of Principle (EIP) loans which are currently cheaper than longer term fixed,
  - longer term PWLB variable loans which have the option to be fixed at very short notice for a small fee, and
  - variable rate investments to take advantage of increasing interest rates, mainly through the use of call accounts and money market funds (MMF).
- v. Net loan debt decreased during 2013/14 from £315M to £283M as detailed in paragraph 16.
- vi. The Council can confirm that it has complied with the Prudential Indicators approved by Full Council on 13 February 2013.
- vii. Action has been taken in response to the continued uncertainties and difficulties of the Authority's Bankers, (the Co-operative Bank), as set out in paragraphs 45 to 48.

## **RECOMMENDATIONS:**

### **GOVERNANCE COMMITTEE**

#### **It is recommended that Governance Committee:**

- (i) Notes the Treasury Management (TM) activities for 2013/14 and the outturn on the Prudential Indicators
- (ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
- (iii) Notes the continued action taken in response to the down rating of the Authority's current Bankers, (the Co-operative Bank).
- (iv) Notes the proposed extended scope of the Interest Equalisation Reserve to include the risk associated with 'bail – in' following the banking regulation reform which in future would force losses on investors before taxpayers are asked to support failing banks, and the subsequent change of name of this reserve to the Treasury Risk Reserve.



## **COUNCIL**

### **It is recommended that Council:**

- i) Notes the Treasury Management (TM) activities for 2013/14 and the outturn on the Prudential Indicators
- ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
- iii) Notes the immediate action taken in response to down rating of the Authority's current Bankers, (the Co-operative Bank).
- iv) Approves the extended scope of the Interest Equalisation Reserve to include the risk associated with 'bail – in' following the banking regulation reform which in future would force losses on investors before taxpayers are asked to support failing banks (see paragraphs 23 and 31- 32 for more details), and the subsequent change of name of this reserve to the Treasury Risk Reserve.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn position for 2013/14 forms part of the approval of the statutory accounts. The Treasury Management (TM) Strategy and Prudential Indicators are approved by Council in February each year in accordance with legislation and the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice.
2. The Treasury Management Code requires public sector authorities to determine an annual TM Strategy and now, as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility/governance of the TM function to scrutinise and assess its effectiveness and compliance with policies and objectives.

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

3. No alternative options are relevant to this report

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

#### **CONSULTATION**

4. Not applicable

#### **BACKGROUND**

5. The Local Government Act 2003 introduced a system for borrowing based largely on self-regulation by local authorities themselves. The basic principle of the new system is that local authorities will be free to borrow as long as their capital spending plans are affordable, prudent and sustainable.
6. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services, (the "CIPFA TM Code"), and the Prudential Code require local authorities to determine a

Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also incorporates the Annual Investment Strategy (AIS), which is a requirement of the Department for Communities and Local Government's (CLG) Investment Guidance.

7. In summary the core elements of the Treasury Management (TM) strategy for 2013/14 were:
  - To make use of short term variable rate debt to take advantage of the continuing market conditions of low interest rates.
  - To constantly review longer term forecasts and to lock in to longer term rates through a variety of instruments as appropriate during the year, in order to provide a balanced portfolio against interest rate risk.
  - To secure the best short term rates for borrowing and investments consistent with maintaining flexibility and liquidity within the portfolio.
  - To invest surplus funds prudently, the Council's priorities being:
    - Security of invested capital
    - Liquidity of invested capital
    - An optimum yield which is commensurate with security and liquidity.
  - To approve borrowing limits that provide for debt restructuring opportunities and to pursue debt restructuring where appropriate and within the Council's risk boundaries
8. In essence TM can always be seen in the context of the classic 'risk and reward' scenario and following this strategy will contribute to the Council's wider TM objective which is to minimise net borrowing cost short term without exposing the Council to undue risk either now or in the longer term.
9. Treasury management is defined as *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
10. Overall responsibility for treasury management remains with the Council. No TM activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.
11. This report:
  - a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code,
  - b) presents details of capital financing, borrowing, debt rescheduling and investment transactions,
  - c) reports on the risk implications of treasury decisions and transactions,
  - d) gives details of the outturn position on treasury management transactions in 2013/14, and
  - e) confirms compliance with treasury limits and Prudential Indicators.
12. Appendix 1 summarises our Treasury advisors view of the economic outlook and events in the context of which the Council operated its treasury function

during 2013/14.

## BORROWING REQUIREMENT AND DEBT MANAGEMENT

13. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with balances and useable reserves, are the core drivers of TM Activity.
14. The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2016/17. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing is actually required.
15. The forecast movement in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years and is shown in the tables below together with activity in the year.

16.

	31-Mar-13 Actual £M	31-Mar-14 Actual £M	31-Mar-15 Current Estimate £M	31-Mar-16 Current Estimate £M	31-Mar-17 Current Estimate £M
<b>External Borrowing:</b>					
Fixed Rate – PWLB Maturity	139	139	183	207	222
Fixed Rate – PWLB EIP	93	81	69	58	46
Variable Rate – PWLB	35	35	35	35	35
Variable Rate – Market	9	9	9	9	9
<b>Long Term Borrowing</b>	<b>276</b>	<b>264</b>	<b>296</b>	<b>309</b>	<b>312</b>
<b>Short Term Borrowing</b>					
Fixed Rate – Market	34	10	20	30	30
<b>Other Long Term Liabilities</b>					
PFI / Finance leases	57	62	67	65	62
Deferred Debt Charges	17	16	16	15	14
<b>Total Gross External Debt</b>	<b>384</b>	<b>352</b>	<b>399</b>	<b>419</b>	<b>418</b>
<b>Investments:</b>					
Deposits and monies on call and Money Market Funds	(66)	(66)	(50)	(50)	(50)
Supranational bonds	(3)	(3)	(3)	(3)	(3)
<b>Total Investments</b>	<b>(69)</b>	<b>(69)</b>	<b>(53)</b>	<b>(53)</b>	<b>(53)</b>
<b>Net Borrowing Position</b>	<b>315</b>	<b>283</b>	<b>346</b>	<b>366</b>	<b>365</b>

17.

	Balance on 01/04/2013 £M	Debt Maturing or Repaid £M	New Borrowing £M	Balance as at 31/3/2014 £M	Increase/ (Decrease) in Borrowing for Year £M
Short Term Borrowing	34	(44)	20	10	(24)
Long Term Borrowing	276	(12)	0	264	(12)
<b>Total Borrowing</b>	<b>310</b>	<b>(56)</b>	<b>20</b>	<b>274</b>	<b>(36)</b>

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

18. The Council's underlying need to borrow as measured by the CFR as at 31/3/2014 was estimated at £430M in February 2014 when the strategy was last updated, (see Table 1, Appendix 3). The Council's actual CFR at the end of the year was £425M.
19. The PWLB remains the Council's preferred source of long term borrowing given the transparency and control that its facilities continue to provide. However due to the continued depressed markets and the 'cost of carry' associated with long term debt, the Council deferred long term borrowing and raised £20M of new loans (including the replacement of maturing debt) from other Local Authorities through the short term market at an average rate of 0.54%.

### **Loans at Variable Rates**

20. The 'cost of carry' has resulted in an increased reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review by reference to the difference or spread between variable rate and longer term borrowing costs. A significant narrowing in the spread (e.g. by 0.5%) between the variable rate and the 30 year fixed maturity will result in an immediate and formal review of the borrowing strategy to determine whether the exposure to shorter dated and variable rates is maintained or altered.
21. The Council has exposed itself to interest rate risk by taking out variable debt. This was and continues to be very financially favourable in current markets but does mean that the Council must monitor markets to ensure it is not caught out by rising interest rates. During 2014/15 the Council will continue to review and take action as necessary to lessen this risk through a balanced combination of:
  - longer term fixed maturity loans,
  - medium term Equal Instalment of Principle (EIP) loans which are currently cheaper than longer term fixed,
  - longer term PWLB variable loans which have the option to be fixed at very short notice for a small fee and
  - variable rate investments to take advantage of increasing interest rates, mainly through the use of money market funds (MMF).
22. In order to mitigate these risks further, the Council approved the creation of an Interest Equalisation Reserve in 2009. At that point a major debt restructuring exercise was undertaken in order to take advantage of market conditions and produce net revenue savings. In achieving this, the Council exposed itself to short term variable interest rate risk and whilst in the current climate of low interest rates this remains a sound strategy, at some point when the market starts to move, the Council will need to act quickly to lock

into fixed long term rates which may be at similar levels to the debt it restructured. It was therefore recommended that an Interest Equalisation Reserve be created to help to manage volatility in the future and ensure that there was minimal impact on annual budget decisions or council tax in any single year. The Reserve will be maintained at an appropriate level to protect the Council from future increase in debt charges where it is prudent to do so. In a speech given by Mark Carney, Governor of the Bank of England on the 12 June 2014, he indicated that the official interest rate could move earlier than the markets expect. Markets have priced the first rise in official interest rates for February/ March 2015.

23. In addition to interest rise risk, the Authority now has to cover the risk associated with 'bail – in' (following the banking regulation reform, see paragraph 32) which in future would force losses on investors before taxpayers are asked to support failing banks. It is recommended that the 'Interest Equalisation Reserve' be renamed 'Treasury Risk Reserve' to recognise this wider risk and the level is reviewed on a regular basis.

#### **Internal Borrowing**

24. Given the significant reductions in local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term debt (3.18% average rate for a 20 year PWLB fixed rate maturity) and the return generated on the Council's temporary investment returns was significant (2.4%).
25. As at the 31 March 2014 the Council used £73M of internal resources in lieu of borrowing which has been the most cost effective means of funding past capital expenditure to date. This has lowered overall treasury risk by reducing both external debt and temporary investments. However, this position will not be sustainable over the medium term and the Council will need to borrow to cover this amount as balances fall. Following the latest update of the Capital Programme, approved by Council in February 2014, the Council is expected to borrow up to £83M between 2014/15 and 2016/17. Of this £51M relates to new capital spend (£6M GF and £45M HRA) and the remainder to the refinancing of existing debt and externalising internal debt to cover the expected fall in balances and also the need to lock back into longer term debt prior to interest rises.

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

26. The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date. All of our LOBOs are in their call period so are treated as due within the year for analysis purposes (see Table in paragraph 38). We do not however expect them to be called during the year, but if they were it is likely that they would be replaced by a PWLB loan.

#### **INVESTMENT ACTIVITY**

27. Both the CIPFA and DCLG's Investment Guidance requires the authority to invest prudently and have regard to the security and liquidity of investments

before seeking the optimum yield.

28. Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its TM Strategy Statement for 2013/14 which defined "high credit quality" organisations as those having a long-term credit rating of A- or higher, that domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. Investments during the year included:

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

29. The table below summarises activity during the year:

	Balance on	Investments	New	Balance as	Increase/	Average Life / Average	
	01/04/2013	Repaid	Investments	at	(Decrease) in	Life	Rate %
	£M	£M	£M	31/3/2014	Investment		
				£M	for Year		
					£M		
Short Term Investments	26	(34)	26	18	(8)	3 Months	0.78
Money Market Funds & Call Accounts	40	(409)	417	48	8	1 Day	0.59
EIB Bonds	3	0	0	3	0	8 Years	5.40
Long Term Investments	0	0	0	0	0		
<b>Total Investments</b>	<b>69</b>	<b>(443)</b>	<b>443</b>	<b>69</b>	<b>0</b>		

### Credit Developments and Credit Risk Management

30. The Authority assessed and monitored counterparty credit quality with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP and share price. The minimum long-term counterparty credit rating determined by the Authority for the 2013/14 treasury strategy was A- across rating agencies Fitch, S&P and Moody's.

31. The debt crisis in Cyprus was resolved by its government enforcing a 'haircut' on unsecured investments and bank deposits over €100,000. This resolution mechanism, in stark contrast to the bail-outs during the 2008/2009 financial crisis, sent shockwaves through Europe but allowed banking regulators to progress reform which would in future force losses on investors through a 'bail-in' before taxpayers were asked to support failing banks.

32. The Financial Services (Banking Reform) Act 2013 gained Royal Assent in December, legislating for the separation of retail and investment banks and for the introduction of mandatory bail-in in the UK to wind up or restructure failing financial institutions. EU finance ministers agreed further steps towards banking union, and the Single Resolution Mechanism (SRM) for resolving problems with troubled large banks which will shift the burden of future restructurings/rescues to the institution's shareholders, bondholders and unsecured investors. This means that if 'Bail In' was applied to an institution with which the Council has deposits, the Council would be required to part fund the losses from its investments held (the amount lost in a default

is usually about 50% of the sum lent). This is commonly referred to as a 'Hair Cut'.

33. Proposals were also announced for EU regulatory reforms to Money Market Funds which may result in these funds moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper in the future.
34. The material changes to UK banks' creditworthiness were (a) the strong progress made by the Lloyds Banking Group in strengthening its balance sheet, profitability and funding positions and the government reducing its shareholding in the Group to under 25%, (b) the announcement by Royal Bank of Scotland of the creation of an internal bad bank to house its riskiest assets (this amounted to a material extension of RBS' long-running restructuring, further delaying the bank's return to profitability) and (c) substantial losses at Co-op Bank which forced the bank to undertake a liability management exercise to raise further capital and a debt restructure which entailed junior bondholders being bailed-in as part of the restructuring.
35. In July Moody's placed the A3 long-term ratings of Royal Bank of Scotland and NatWest Bank and the D+ standalone financial strength rating of RBS on review for downgrade amid concerns about the impact of any potential breakup of the bank on creditors. As a precautionary measure the Authority reduced its duration to overnight for new investments with these banks. In March Moody's downgraded the long-term ratings of both banks to Baa1. As this rating is below the Authority's minimum credit criterion of A-, the banks were withdrawn from the counterparty list for further investment.
36. As reported previously along with many other authorities the Council uses the Co-operative Bank as its banker which no longer meets the minimum credit criteria of A- (or equivalent) long term. The Co-op's long-term ratings were downgraded by Moody's and Fitch to Caa1 and B respectively, both sub-investment grade ratings. The Co-op Bank's capital raising plans to plug a capital shortfall include a contribution from the Co-op Group which is committed to injecting £313m in 2014. However, in order to cover future expected losses and to meet the Prudential Regulation Authority's capital targets, a further £400m is being sought from shareholders, of which Co-operative Group's share is approximately £120m. Given the Co-op Group's own financial position, payment of these sums is by no means certain, leaving the bank with a precarious capital position. Further information is set out in paragraphs 45-48.
37. The table below summarises the nominal value of the Council's investment portfolio at 31 March 2014, and confirms that all investments were made in line with the Council's approved credit rating criteria:

<b>Outstanding Investments as at 31 March 2014</b>									
Counterparty	<u>Credit Rating</u> <u>Criteria Met When</u> <u>Investment</u> <u>Placed</u>	<u>Credit Rating</u> <u>Criteria Met</u> <u>on 31 March</u> <u>2014</u>	<u>Under 1</u> <u>Month</u>	<u>1-3</u> <u>Months</u>	<u>3-6</u> <u>Months</u>	<u>6-9</u> <u>Months</u>	<u>9-12</u> <u>Months</u>	<u>Over 12</u> <u>Months</u>	<u>Total</u>
	YES/NO	YES/NO	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>UK</b>									
Bank Deposits	YES	YES	30,929	7,000	4,000	3,000			44,929
Building Societies	YES	YES	1,000		2,000				3,000
Government & Local Authority Deposits	YES	YES							0
Money Market Funds	YES	YES	18,122						18,122
Bonds							0	3,036	3,036
<b>Total Investments</b>			<b>50,051</b>	<b>7,000</b>	<b>6,000</b>	<b>3,000</b>	<b>0</b>	<b>3,036</b>	<b>69,087</b>

## Liquidity Management

38. In keeping with the DCLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and call accounts. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The maturity analysis of the nominal value of the Council's debt at 31 March 2014 was as follows:

<u>Outstanding</u> <u>31 March 2013</u>	<u>% of Total</u> <u>Debt</u> <u>Portfolio</u>	<u>Total Borrowing</u>	<u>Outstanding</u> <u>31 March 2014</u>	<u>% of Total</u> <u>Debt</u> <u>Portfolio</u>
£000's	%	Source of Loan	£000's	%
267,320	86	Public Works Loan Board	254,815	93
42,673	14	Other Financial Institutions	19,376	7
<b>309,993</b>	<b>100</b>		<b>274,191</b>	<b>100</b>
<b>Analysis of Loans by Maturity</b>				
55,178	18	Less than 1 Year *	30,881	11
11,505	4	Between 1 and 2 years	11,505	4
34,515	11	Between 2 and 5 years	34,515	13
69,948	23	Between 5 and 10 years	58,443	21
0	0	Between 10 and 15 years		0
0	0	Between 20 and 25 years		0
5,000	2	Between 25 and 30 years	10,000	4
10,000	3	Between 30 and 35 years	5,000	2
42,000	13	Between 35 and 40 years	42,000	15
50,600	16	Between 40 and 45 years	54,850	20
31,247	10	Over 45 years	26,997	10
<b>309,993</b>	<b>100</b>		<b>274,191</b>	<b>100</b>

## Yield

39. The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate has been maintained at 0.5% since



March 2009 and short-term money market rates have remained at very low levels, which continued to have a significant impact on investment income. The average 3-month LIBID rate during 2013/14 was 0.45%, the 6-month LIBID rate averaged 0.53% and the 1-year LIBID rate averaged 0.78%, (See Appendix 2 Table 1). The low rates of return on the Authority's short-dated money market investments reflect prevailing market conditions and the Authority's objective of optimising returns commensurate with the principles of security and liquidity.

40. The Council's investment income for the year was £0.65M and new fixed term deposits for periods up to one year have been made at an average rate of 0.78%. This was mainly as a result of the reintroduction of the rolling programme of yearly deals which was restarted in November 2012 following advice from our Treasury Advisors.
41. Income earned on longer-dated investments (£3M) made in 2007/08 at an average rate of 5.4% provided some cushion against the low interest rate environment.
42. The Authority has estimated it will have sufficient cash balances over the medium term to consider using property funds which offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term. These funds, which are managed by professional fund managers, will allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. The Council subsequently invested £5M in a Property fund on the 1 April 2014; further details will be reported as part of the Mid Year Treasury report.

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

43. The Council can confirm that it has complied with its Prudential Indicators for 2013/14, approved by Full Council on 13 February 2013. The 2013/14 Treasury Strategy can be found as Item 100 on the Council Meetings Agenda found via the following web link:

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

These were subsequently revised as part of the Council's Treasury Management Strategy Statement for 2014 on 12 February 2014, item 87.

<http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=122&MIId=2469&Ver=4>

44. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of TM activity during 2013/14. None of the Prudential Indicators has been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Details can be found in Appendix 3.

## OTHER ITEMS

### Authority Banking Arrangements:

45. The Authority banks with the Co-operative Bank which does not currently meet the Authority's minimum credit criteria of A- (or equivalent) long term and, as reported previously, has been subject to financial difficulties in recent months.

A rescue package for the Co-operative Bank was agreed in December 2013, and the bank also announced its withdrawal from the local authority market. As the Authority's contract with the Co-operative Bank is due to end in September 2014, a project to tender jointly for banking services was already underway with five other Local Authorities also with the Co-operative Bank, led by the Authority. Following the successful conclusion of the joint tender exercise, the Authority is now in the process of moving its banking arrangements to the successful bidder, Lloyds Bank. This exercise will be complete by September 2014, when the contract with the Co-operative Bank ends.

46. Until the transfer of our banking arrangements to Lloyds Bank is complete, the Authority will continue to take the following actions to mitigate our exposure to credit risk:

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

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

- **Cleared and Ledger Balances** – Overdraft interest charges are calculated in reference to the "cleared balance" and previously staff who manage the TM activity on a daily basis aim for this balance to be close to our current 'free' overdraft limit of £50,000. However, the total sum of money held in the current account is the ledger balance which is normally higher than the cleared balance. Arlingclose have advised that in the event of insolvency or other banking resolution procedure the "ledger balance" at the date of failure represents our exposure. Therefore, we now use the "ledger balance" to calculate our position and inform the action required. We currently aim to have an overdrawn

ledger balance of £300,000.

- **Intraday Exposure** – Arlingclose advice is that although any action by resolution authorities is likely to take place outside banking hours to prevent a disorderly impact on the UK banking system, it cannot be ruled out that a bank will halt operations during the business day. Therefore we aim to reduce our daylight exposure by making outgoing payments at the beginning of the day. In addition, where it is known in advance that a large receipt is expected, (for example, the first day of the month when council tax is collected), we now set up payments to leave the Council's bank account at the commencement of business. Furthermore, arrangements have been made to change the automatic sweep on the pay-point account from weekly to daily, although the balance on this account will still be subject to timing differences.
  - **Government Grants and Capital Receipts** - large sums of money such as government grants and capital receipts are channelled through a Barclays current account which was set up to act as a 'parachute' account until the new banking contract had been awarded. These monies are transferred to the Co-op once appropriate Treasury action for the day has taken place so that the account is never in credit.
  - **Imprest Accounts** – A review of Imprest Accounts (which are held locally to manage small transactions) was undertaken to ensure that the levels held are minimised and we sweep any balances over £5,000 out over the weekend.
  - **Advice to Schools** – Advice has been sent to schools updating them on action that it is appropriate for them to take in respect of any locally held accounts.
47. These changes impact on the level of staff resource required to manage TM activity and is resulting in increased bank charges but this is seen as an acceptable trade off in light of the priority given to security. Staff resource is being redirected to TM activity and priorities have been reassessed in order that this can be managed within existing employee budgets. Additional bank charges can be met from within the current TM estimates. For 2013/14 bank charges totalled £4,100 an increase of £3,800 over the previous year.
48. These actions minimise credit risk but cannot eliminate it entirely.

#### **Investment Training**

49. The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. During 2013/14 staff attended training courses, seminars and conferences provided by Arlingclose and CIPFA

### **RESOURCE IMPLICATIONS**

#### **Capital/Revenue**

50. The report is a requirement of the TM Strategy, which was approved at Council on 13 February 2014.
51. The interest cost of financing the Authority's long term and short term loan

debt is charged corporately to the Income and Expenditure account. The interest cost of financing the Authority's loan debt amounted to £9.7M in 2013/14 compared with an approved estimate of £11.7M, a saving of £2M. This is mainly due to variable interest rates being lower than those estimated and the use of temporary borrowing in place of long term debt.

52. In addition interest earned on temporary balances invested externally is credited to the Income and Expenditure account. In 2013/14 £0.65M was earned against a budget of £0.3M, an increase of £0.36M and was mainly due to the use of Money Market Funds and call accounts which currently pay a higher rate than short term fixed rates and the reintroduction of the rolling yearly investment programme from November 2012.
53. The expenses of managing the Authority's loan debt consist of brokerage and internal administration charges. These are pooled and borne by the HRA and General Fund proportionately to the related loan debt. Debt management expenses amounted to £127,400 in 2013/14 compared to an estimate of £161,400. This decrease was mainly due a reduction in brokerage costs due to fewer treasury deals being undertaken and deferring PWLB borrowing to 2014/15 resulting in a saving on commission paid in year.

**Property/Other**

54. None

**LEGAL IMPLICATIONS**

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

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

**Other Legal Implications:**

56. None

**POLICY FRAMEWORK IMPLICATIONS**

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

**KEY DECISION?** Yes/No

**WARDS/COMMUNITIES AFFECTED:**

## SUPPORTING DOCUMENTATION

### Appendices

1.	2013/14 Economic Background
2.	Summary of Interest Rates Movement During 2013/14
3.	Compliance with Prudential Indicators During 2013/14
4.	Glossary of Treasury Terms

### 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.	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)

1.	None	
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## 2013/14 ECONOMIC BACKGROUND

At the beginning of the 2013-14 financial year markets were concerned about lacklustre growth in the Eurozone, the UK and Japan. Lack of growth in the UK economy, the threat of a 'triple-dip' alongside falling real wages (i.e. after inflation) and the paucity of business investment were a concern for the Bank of England's Monetary Policy Committee. Only two major economies – the US and Germany – had growth above pre financial crisis levels, albeit these were still below trend. The Eurozone had navigated through a turbulent period for its disparate sovereigns and the likelihood of a near-term disorderly collapse had significantly diminished. The US government had just managed to avoid the fiscal cliff and a technical default in early 2013, only for the problem to re-emerge later in the year.

With new Governor Mark Carney at the helm, the Bank of England unveiled forward guidance in August pledging to not consider raising interest rates until the ILO unemployment rate fell below the 7% threshold. In the Bank's initial forecast, this level was only expected to be reached in 2016. Although the Bank stressed that this level was a threshold for consideration of rate increase rather an automatic trigger, markets began pricing in a much earlier rise than was warranted and, as a result, gilt yields rose aggressively.

The recovery in the UK surprised with strong economic activity and growth. Q4 2014 GDP showed year-on-year growth of 2.7%. Much of the improvement was down to the dominant service sector, and an increase in household consumption buoyed by the pick-up in housing transactions which were driven by higher consumer confidence, greater availability of credit and strengthening house prices which were partly boosted by government initiatives such as Help-to-Buy. However, business investment had yet to recover convincingly and the recovery was not accompanied by meaningful productivity growth. Worries of a housing bubble were tempered by evidence that net mortgage lending was up by only around 1% annually.

CPI fell from 2.8% in March 2013 to 1.7% in February 2014, the lowest rate since October 2009, helped largely by the easing commodity prices and discounting by retailers, reducing the pressure on the Bank to raise rates. Although the fall in unemployment (down from 7.8% in March 2013 to 7.2% in January 2014) was faster than the Bank of England or indeed many analysts had forecast, it hid a stubbornly high level of underemployment. Importantly, average earnings growth remained muted and real wage growth (i.e. after inflation) was negative. In February the Bank stepped back from forward guidance relying on a single indicator – the unemployment rate – to more complex measures which included spare capacity within the economy. The Bank also implied that when official interest rates were raised, the increases would be gradual – this helped underpin the 'low for longer' interest rate outlook despite the momentum in the economy.

The Office of Budget Responsibility's 2.7% forecast for economic growth in 2014 forecast a quicker fall in public borrowing over the next few years. However, the Chancellor resisted the temptation to spend some of the proceeds of higher economic growth. In his 2013 Autumn Statement and the 2014 Budget, apart from the rise in the personal tax allowance and pension changes, there were no significant giveaways and the coalition's austerity measures remained on track.

The Federal Reserve's then Chairman Ben Bernanke's announcement in May that the Fed's quantitative easing (QE) programme may be 'tapered' caught markets by surprise. Investors began to factor in not just an end to QE but also rapid rises in interest rates. 'Tapering' (a slowing in the rate of QE) began in December 2013. By March 2014, asset purchases had been cut from \$75bn to \$55bn per month with expectation that QE would end by October 2014. This had particular implications for global markets which had hitherto benefited from, and got very accustomed to, the high levels of global liquidity afforded by QE. The impact went further than a rise in the dollar and higher US treasury bond yields. Gilt yields also rose as a consequence and emerging markets, which had previously benefited as investors searched for yield through riskier asset, suffered large capital outflows in December and January.

With the Eurozone struggling to show sustainable growth, the European Central Bank cut main policy interest rates by 0.25% to 0.25% and the deposit rate to zero. Markets were disappointed by the lack of action by the ECB despite CPI inflation below 1% and a looming threat of deflation. Data pointed to an economic slowdown in China which, alongside a weakening property market and a highly leveraged shadow banking sector, could prove challenging for its authorities.

Russia's annexation of the Ukraine in March heightened geopolitical tensions and risk. The response from the West which began with sanctions against Russia which is the second largest gas producer in the world and which supplies nearly 30% of European natural gas needs and is also a significant supplier of crude oil – any major disruption to their supply would have serious ramifications for energy prices.

**Gilt Yields and Money Market Rates:** Gilt yields ended the year higher than the start in April. The peak in yields was during autumn 2013. The biggest increase was in 5-year gilt yields which increased by nearly 1.3% from 0.70% to 1.97%. 10-year gilt yields rose by nearly 1% ending the year at 2.73%. The increase was less pronounced for longer dated gilts; 20-year yields rose from 2.74% to 3.37% and 50-year yields rose from 3.23% to 3.44%.

3-month, 6-month and 12-month Libid rates remained at levels below 1% through the year.



## SUMMARY OF INTEREST RATES MOVEMENT DURING 2013

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

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

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2013	0.50	0.40	0.50	0.40	0.44	0.51	0.75	0.59	0.68	0.97
30/04/2013	0.50	0.50	0.47	0.40	0.44	0.51	0.75	0.57	0.64	0.91
31/05/2013	0.50	0.38	0.42	0.40	0.44	0.51	0.75	0.68	0.82	1.15
30/06/2013	0.50	0.43	0.38	0.40	0.44	0.51	0.75	0.78	0.99	1.52
31/07/2013	0.50	0.42	0.50	0.40	0.44	0.51	0.75	0.68	0.86	1.39
31/08/2013	0.50	0.43	0.41	0.41	0.44	0.51	0.76	0.81	1.10	1.71
30/09/2013	0.50	0.38	0.38	0.41	0.44	0.51	0.76	0.83	1.12	1.73
31/10/2013	0.50	0.38	0.38	0.42	0.45	0.53	0.80	0.79	1.07	1.66
30/11/2013	0.50	0.38	0.36	0.42	0.45	0.54	0.81	0.80	1.11	1.76
31/12/2013	0.50	0.35	0.35	0.42	0.45	0.54	0.81	1.00	1.43	2.13
31/01/2014	0.50	0.36	0.41	0.42	0.45	0.55	0.82	0.94	1.34	1.95
28/02/2014	0.50	0.36	0.40	0.42	0.45	0.60	0.83	0.98	1.34	1.95
31/03/2014	0.50	0.35	0.39	0.42	0.46	0.56	0.84	1.05	1.45	2.03
Minimum	0.50	0.30	0.35	0.40	0.44	0.51	0.75	0.55	0.62	0.87
Average	0.50	0.40	0.41	0.41	0.45	0.53	0.78	0.81	1.08	1.63
Maximum	0.50	0.50	0.50	0.45	0.53	0.65	0.84	1.05	1.47	2.17
Spread	--	0.20	0.15	0.05	0.09	0.14	0.09	0.5	0.85	1.29

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

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2013	125/13	1.11	1.74	2.83	3.87	4.18	4.25	4.22
30/04/2013	166/13	1.16	1.72	2.72	3.74	4.06	4.13	4.08
31/05/2013	208/13	1.26	1.97	3.03	3.99	4.29	4.36	4.33
30/06/2013	248/13	1.22	2.34	3.49	4.30	4.52	4.56	4.54
31/07/2013	293/13	1.21	2.22	3.43	4.29	4.50	4.52	4.50
31/08/2013	335/13	1.28	2.53	3.74	4.43	4.54	4.54	4.53
30/09/2013	377/13	1.30	2.50	3.66	4.36	4.49	4.50	4.48
31/10/2013	423/13	1.29	2.43	3.55	4.27	4.42	4.42	4.40
30/11/2013	465/13	1.34	2.60	3.78	4.47	4.57	4.55	4.53
31/12/2013	503/13	1.38	2.96	4.08	4.60	4.64	4.61	4.59
31/01/2014	044/14	1.36	2.75	3.77	4.39	4.49	4.45	4.43
28/02/2014	084/14	1.37	2.76	3.78	4.39	4.49	4.47	4.45
31/03/2014	126/14	1.46	2.87	3.84	4.43	4.53	4.51	4.49
	Low	1.11	1.70	2.71	3.71	4.02	4.08	4.04
	Average	1.30	2.46	3.58	4.32	4.48	4.49	4.46
	High	1.46	3.00	4.11	4.63	4.71	4.72	4.71

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

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2013	125/13	0.02	0.51	1.62	2.72	3.05	3.13	3.09
30/04/2013	166/13	0.04	0.49	1.52	2.59	2.94	3.01	2.96
31/05/2013	208/13	0.14	0.73	1.82	2.84	3.16	3.24	3.21
30/06/2013	248/13	0.10	1.07	2.29	3.16	3.39	3.44	3.42
31/07/2013	293/12	0.09	0.95	2.22	3.16	3.37	3.40	3.38
31/08/2013	335/12	0.16	1.25	2.53	3.30	3.42	3.42	3.41
30/09/2013	377/12	0.18	1.23	2.46	3.23	3.37	3.38	3.36
31/10/2013	423/13	0.17	1.16	2.36	3.14	3.30	3.30	3.28
30/11/2013	465/13	0.22	1.31	2.58	3.34	3.45	3.43	3.41
31/12/2013	503/13	0.26	1.67	2.89	3.47	3.52	3.49	3.47
31/01/2014	044/13	0.24	1.47	2.58	3.26	3.37	3.33	3.31
28/02/2014	084/14	0.25	1.49	2.60	3.26	3.37	3.35	3.33
31/03/2014	126/13	0.34	1.60	2.65	3.29	3.41	3.39	3.37
	Low	0.02	0.48	1.51	2.56	2.89	2.96	2.92
	<b>Average</b>	0.18	1.19	2.38	3.18	3.35	3.36	3.34
	High	0.34	1.70	2.92	3.50	3.59	3.60	3.59

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

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2013	125/13	1.30	1.80	2.87	3.52	3.88	4.08
30/04/2013	166/13	1.31	1.77	2.76	3.39	3.75	3.96
31/05/2013	208/13	1.49	2.02	3.07	3.67	4.00	4.19
30/06/2013	248/13	1.66	2.41	3.53	4.05	4.30	4.45
31/07/2013	293/13	1.58	2.29	3.47	4.04	4.30	4.44
31/08/2013	335/13	1.78	2.61	3.77	4.26	4.44	4.51
30/09/2013	377/13	1.79	2.58	3.69	4.17	4.37	4.45
31/10/2013	423/13	1.74	2.51	3.59	4.07	4.28	4.38
30/11/2013	465/13	1.84	2.67	3.81	4.29	4.48	4.55
31/12/2013	503/13	2.10	3.04	4.11	4.48	4.60	4.64
31/01/2014	044/14	1.98	2.82	3.80	4.21	4.40	4.47
28/02/2014	084/14	2.00	2.84	3.81	4.21	4.40	4.47
31/03/2014	126/14	2.11	2.94	3.87	4.26	4.43	4.51
	Low	1.29	1.76	2.75	3.37	3.72	3.91
	<b>Average</b>	1.77	2.53	3.61	4.10	4.32	4.43
	High	2.13	3.08	4.14	4.51	4.63	4.69

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

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
02/04/2013	125/13	0.14	0.62	1.71	2.38	2.75	2.95
30/04/2013	166/13	0.16	0.60	1.60	2.25	2.62	2.83
31/05/2013	208/13	0.33	0.85	1.91	2.53	2.87	3.06
30/06/2013	248/13	0.47	1.22	2.37	2.91	3.18	3.32
31/07/2013	293/13	0.39	1.10	2.31	2.90	3.17	3.31
31/08/2013	335/13	0.58	1.41	2.62	3.12	3.31	3.39
30/09/2013	377/13	0.59	1.38	2.54	3.04	3.24	3.33
31/10/2013	423/13	0.55	1.31	2.43	2.94	3.15	3.26
30/11/2013	465/13	0.64	1.48	2.66	3.15	3.35	3.43
31/12/2013	503/13	0.87	1.84	2.96	3.35	3.48	3.52
31/01/2014	044/14	0.77	1.63	2.65	3.08	3.27	3.35
28/02/2014	084/14	0.78	1.64	2.66	3.08	3.27	3.35
31/03/2014	126/14	0.90	1.75	2.72	3.12	3.31	3.39
	Low	0.13	0.58	1.59	2.23	2.59	2.79
	Average	0.58	1.34	2.46	2.97	3.20	3.31
	High	0.90	1.88	2.99	3.38	3.51	3.56

**Table 6: PWLB Variable Rates**

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR			Post-CSR (Standard Rate)		
02/04/2013	0.5700	0.5600	0.5500	1.4700	1.4600	1.4500
28/06/2013	0.5600	0.5600	0.5600	1.4600	1.4600	1.4600
30/09/2013	0.5700	0.5700	0.5700	1.4700	1.4700	1.4700
31/12/2013	0.5700	0.5700	0.5700	1.4700	1.4700	1.4700
31/03/2014	0.5500	0.5600	0.5700	1.4500	1.4600	1.4700
Low	0.5500	0.5500	0.5400	1.4500	1.4500	1.4400
Average	0.5653	0.5641	0.5630	1.4653	1.4641	1.4630
High	0.5800	0.5700	0.5800	1.4700	1.4700	1.4800

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## COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2013/14

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

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

### **1. Gross Debt and the Capital Financing Requirement**

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. If in any of these years there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for comparison with gross external debt. The CFO reports that the Authority had no difficulty meeting this requirement in 2013/14, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

There is a significant difference between the gross external borrowing requirement and the net external borrowing requirement represented by the Council's level of balances, reserves, provisions and working capital. The Council's current strategy is only to borrow to the level of its net borrowing requirement. The reasons for this are to reduce credit risk, take pressure off the Council's lending list and also to avoid the cost of carry existing in the current interest rate environment. The tables below details our expected debt position and the year-on-year change to the CFR:

	2013/14 Approved	2013/14 Actual	2014/15 Current Estimate	2015/16 Current Estimate	2016/17 Current Estimate
	£M	£M	£M	£M	£M
Borrowing	184.9	188.2	182.5	179.2	172.9
Finance leases and Private Finance Initiative	61.9	61.9	66.9	64.7	62.0
Transferred debt	16.3	16.3	15.6	15.0	14.4
<b>Total General Fund Debt</b>	<b>263.1</b>	<b>266.4</b>	<b>265.0</b>	<b>258.9</b>	<b>249.3</b>
HRA	167.1	158.6	182.3	182.7	187.6
<b>Total</b>	<b>430.2</b>	<b>425.0</b>	<b>447.3</b>	<b>441.6</b>	<b>436.9</b>

Capital Financing Requirement	2013/14 Approved £M	2013/14 Actual £M	2014/15 Current Estimate £M	2015/16 Current Estimate £M	2016/17 Current Estimate £M
<b>Balance B/F</b>	<b>433.2</b>	<b>433.2</b>	<b>425.0</b>	<b>447.3</b>	<b>441.6</b>
Capital expenditure financed from borrowing (inc PFI)					
<i>General Fund (GF)</i>	11.7	10.8	11.7	3.8	1.1
<i>HRA</i>	8.9	0.0	29.0	5.7	10.2
GF Temporary Funding (Repayment)	(5.9)	(5.8)	(3.7)	0.0	0.0
HRA Voluntary Repayment of Debt	(5.6)	(5.6)	(5.3)	(5.3)	(5.3)
GF Revenue provision for debt Redemption.	(9.0)	(4.5)	(6.9)	(7.1)	(7.4)
Movement in Other Long Term Liabilities	(3.1)	(3.1)	(2.5)	(2.8)	(3.3)
<b>Cumulative Maximum External Borrowing Requirement</b>	<b>430.2</b>	<b>425.0</b>	<b>447.3</b>	<b>441.6</b>	<b>436.9</b>

## 2. Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The Chief Financial Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2013/14; borrowing at its peak was £310M.

## 3. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate

### Exposure

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

	Limits for 2013/14 (%)	Maximum during 2013/14 (%)
Upper Limit for Fixed Rate Exposure	100	84
Compliance with Limits:	Yes	Yes
Upper Limit for Variable Rate Exposure	50	16
Compliance with Limits:	Yes	Yes

#### 4. Total Principal Sums Invested for Periods Longer Than 364 days

This indicator allows the Council to manage the risk inherent in investments longer than 364 days and the limit is set at £30M. In 2013/14 the actual principal sum invested for periods longer than 364 days peaked at £25M, (compared to £13M in 2012/13). This was higher than the previous year due to the reintroduction of the rolling yearly programme of investments.

#### 5. Maturity Structure of Fixed Rate Borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period. This table is not directly comparable to the information shown in paragraph 38 of the main report which for accounting conventions splits out EIP loans in the early period and not the maturity date.

	Lower Limit	Upper Limit	Actual Fixed Debt as at 31/3/2014	Average Fixed Rate as at 31/3/2014	% of Fixed Rate as at 31/3/2014	Compliance with set Limits?
	%	%	£M	%		
Under 12 months	0	45	10	0.95	4.51	Yes
12 months and within 24	0	45	0	0.00	0.00	Yes
24 months and within 5 years	0	50	0	0.00	0.00	Yes
5 years and within 10 years	0	75	81	3.23	35.17	Yes
10 years and within 15 years	0	75	0	0.00	0.00	Yes
15 years and within 20 years	0	75	0	0.00	0.00	Yes
20 years and within 25 years	0	75	0	0.00	0.00	Yes
25 years and within 30 years	0	75	10	4.68	4.34	Yes
30 years and within 35 years	0	75	5	4.60	2.17	Yes
35 years and within 40 years	0	75	42	3.99	18.25	Yes
40 years and within 45 years	0	75	51	3.62	21.98	Yes
45 years and within 50 years	0	75	31	3.56	13.57	Yes
50 years and above	0	100	0	0.00	0.00	Yes
			<b>230</b>	<b>3.32</b>	<b>100.00</b>	

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

#### 6. Capital Expenditure

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

Capital Expenditure	2013/14 Approved £000's	2013/14 Actual £000's	2014/15 Approved £000's	2015/16 Approved £000's
General Fund	47,034	41,094	56,141	20,308
HRA	31,196	30,587	53,399	37,018
<b>Total</b>	<b>78,230</b>	<b>71,681</b>	<b>109,540</b>	<b>57,326</b>

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

Capital Financing	2013/14 Approved £000's	2013/14 Actual £000's	2014/15 Approved £000's	2015/16 Approved £000's
Capital receipts	17,758	11,485	12,277	9,675
Government Grants	30,946	30,033	33,388	11,481
Contributions	3,519	2,827	13,574	1,895
Major Repairs Allowance	17,172	18,261	17,931	18,317
Revenue	8,471	11,449	12,339	9,758
<b>Total Financing</b>	<b>77,866</b>	<b>74,055</b>	<b>89,509</b>	<b>51,126</b>
Unsupported borrowing	6,224	3,376	23,431	6,200
<b>Total Funding</b>	<b>84,090</b>	<b>77,431</b>	<b>112,940</b>	<b>57,326</b>
Temporary Financing (Repayment)	(5,860)	(5,750)	(3,400)	0
<b>Total Financing &amp; Funding</b>	<b>78,230</b>	<b>71,681</b>	<b>109,540</b>	<b>57,326</b>

## 7. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 87 of the Prudential Code. The ratio is based on costs net of investment income. The upper limit for this ratio is currently set at 10% for the General Fund to allow for known borrowing decision in the next two years and to allow for additional borrowing affecting major schemes. The table below shows the likely position based on the approved capital programme adjusted for actual borrowing made in year.

This indicator is not so relevant for the HRA, especially since the introduction of self financing, as financing costs have been built into their 30 year business plan, including the voluntary payment of MRP. No problem is seen with the affordability but if problems were to arise then the HRA would have the option not to make principle repayments in the early years.

Ratio of Financing Costs to Net Revenue Stream	2013/14 Approved %	2013/14 Revised %	2013/14 Actual %	2014/15 Estimate %	2015/16 Estimate %
General Fund	6.78	6.98	6.77	6.77	8.20
HRA	17.51	17.51	16.81	15.68	16.48
<b>Total</b>	<b>10.43</b>	<b>10.32</b>	<b>10.27</b>	<b>10.07</b>	<b>11.73</b>

## 8. Adoption of the CIPFA Treasury Management Code

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

<p>The Authority adopted the Chartered Institute of Public Finance and Accountancy's <i>Treasury Management Code</i> on 19 February 2003 and has subsequently agreed further updates.</p>
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## 9. HRA Limit on Indebtedness

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

HRA Summary of Borrowing	2013/14 Revised £M	2013/14 Actual £M	2014/15 Approved £M	2015/16 Approved £M
Brought Forward	163.8	163.8	167.1	191
Maturing Debt	(5.6)	(5.6)	(5.1)	(5.1)
New borrowing and transfer from General Fund	8.9	0.4	29.0	5.0
<b>Carried forward</b>	<b>167.1</b>	<b>158.6</b>	<b>191.0</b>	<b>190.9</b>
HRA Debt Cap (as prescribed by CLG)	199.6	199.6	199.6	199.6
<b>Headroom</b>	<b>32.5</b>	<b>41.0</b>	<b>8.6</b>	<b>8.7</b>

## 10. Summary

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

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## GLOSSARY OF TREASURY TERMS

**Authorised Limit (Also known as the Affordable Limit):**

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

**Balances and Reserves:**

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

**Bank Rate:**

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

**Basis Point:**

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

**Bond:**

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

**Capital Expenditure:**

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

**Capital Financing Requirement (CFR):**

The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

**Capital Receipts:**

Money obtained on the sale of a capital asset.

**CD's:**

Certificates of Deposits with banks and building societies

**Comprehensive Spending Review (CSR):**

Comprehensive Spending Review is a governmental process in the United Kingdom carried out by **HM Treasury** to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources. Spending Reviews typically focus upon one or several aspects of public spending while the CSR focuses upon each government department's spending requirements from a zero base (i.e. without reference to past plans or, initially, current expenditure).

**Constant Net Asset Value (CNAV)**

These are Money Market Funds which maintain a stable price of £1 per share when investors redeem or purchase shares which mean that that any investment will not fluctuate in value.

**Corporate Bonds:**

Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

**Cost of Carry:**

The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

**Counterparty List:**

List of approved financial institutions with which the Council can place investments with.

**CPI :**

Consumer Price Index – the UK's main measure of inflation.

**Credit Rating:**

Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

**Department for Communities and Local Government (DCLG) :**

The DCLG is the UK Government department for Communities and Local Government in England. It was established in May 2006 and is the successor to the Office of the Deputy Prime Minister, established in 2001.

**Debt Management Office (DMO):**

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

**Diversification /diversified exposure:**

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

**Federal Reserve:**

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

**FTSE 100 Index:**

The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK company law. The index is maintained by the FTSE Group, a subsidiary of the London Stock Exchange Group.

**General Fund:**

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

**Gilts:**

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

**Gross Domestic Product (GDP):**

Gross Domestic Product measures the value of goods and services produced within a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy.

**The G7:**

The G7, is a group consisting of the finance ministers of seven industrialised nations: namely the US, UK, France, Germany, Italy, Canada and Japan. They are seven of the eight (China excluded) wealthiest nations on Earth, not by GDP but by global net wealth. The G7 represents more than the 66% of net global wealth (\$223 trillion), according to Credit Suisse Global Wealth Report September 2012.

**IFRS:**

International Financial Reporting Standards.

**International Labour Organisation (ILO):**

The ILO Unemployment Rate refers to the percentage of economically active people who are unemployed by ILO standard and replaced the Claimant Unemployment Rate as the international standard for unemployment measurement in the UK. Under the ILO approach, those who are considered as unemployed are either out of work but are actively looking for a job or out of work and are waiting to start a new job in the next two weeks. ILO Unemployment Rate is measured by a monthly survey, which is called the Labour Force Survey in United Kingdom. Approximately 40,000 individuals are interviewed each month, and the unemployment figure reported is the average data for the previous three months.

**LIBID:**

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

**LIBOR:**

The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The

banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

**LOBO:**

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

**Maturity:**

The date when an investment or borrowing is repaid.

**Maturity Structure / Profile:**

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

**Minimum Revenue Provision (MRP):**

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

**Money Market Funds (MMF):**

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

**Multilateral Development Banks:**

See Supranational Bonds below.

**Non Specified Investment:**

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

**Operational Boundary:**

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

**Premiums and Discounts:**

In the context of local authority borrowing,

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

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

If on a £1 million loan, it is calculated that a £150,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,150,000 plus

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

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

**Prudential Code:**

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

**Prudential Indicators:**

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

**Public Works Loans Board (PWLB):**

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

**Quantitative Easing (QE):**

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

**Repo Rate:**

The interest rate at which the central bank in a country repurchases government securities (such as Treasury securities) from commercial banks. The central bank raises the repo rate when it wishes to reduce the money supply in the short term, while it lowers the rate when it wishes to increase the money supply and stimulate growth.

**Revenue Expenditure:**

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

**RPI:**

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

**(Short) Term Deposits:**

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

**Specified Investments:**

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

**Supported Borrowing:**

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

**Supranational Bonds:**

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

**T-Bills:**

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

**Temporary Borrowing:**

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

**Treasury Management Code:**

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

**Treasury Management Practices (TMP):**

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

**Unsupported Borrowing:**

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

**Variable Net Asset Value (VNAV):**

Redemptions and investments in Money Market Funds (MMF's) are on the basis of the fund's Net Asset Value (NAV) per share. The NAV of any money market fund is the market value of the fund's assets minus its liabilities and is stated on a per share basis. The net value of the assets held by an MMF can fluctuate, and the market value of a share may not always be exactly the amount that has been invested.

**Yield:**

The measure of the return on an investment instrument.



<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	COLLECTION FUND OUTTURN 2013/14		
<b>DATE OF DECISION:</b>	16 JULY 2014		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES AND LEISURE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	David Wilkes	<b>Tel:</b> 023 8083 2357
	<b>E-mail:</b>	<a href="mailto:David.wilkes@southampton.gov.uk">David.wilkes@southampton.gov.uk</a>	
<b>CFO:</b>	<b>Name:</b>	Andrew Lowe	<b>Tel:</b> 023 8083 2049
	<b>E-mail:</b>	<a href="mailto:Andrew.Lowe@southampton.gov.uk">Andrew.Lowe@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
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NOT APPLICABLE
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### BRIEF SUMMARY

The purpose of this report is to inform Council of the actual payments that have been made to and from the Collection Fund during the financial year 2013/14, explaining any variations that affect the overall surplus or deficit on the account.

From 1 April 2013 the arrangements in respect of NNDR changed from a position where the Authority purely collects business rates on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major precepting bodies, (Hampshire Fire and Rescue Authority (HFRA)).

This change requires the Collection Fund (Surplus)/ Deficit to be split between that arising from Council Tax ratepayers and that arising from NNDR ratepayers.

The Collection Fund was in deficit by £16.7M in 2013/14 which was made up as follows:

	<b>£'000</b>
Council Tax Ratepayers – (Surplus)	(1,076)
NNDR Deficit	17,801
<b>Net Deficit on the Collection Fund</b>	<b>16,725</b>

The impact of any surplus or deficit on future Council Tax calculations is outlined in paragraphs 25 and 26.

The Collection Fund was in deficit by £16.7M in 2013/14. This is a difference of £376,100 when compared to the revised estimate which anticipated a deficit of £17,101 (see Appendix 1). The reduction in the deficit compared to the estimate is due to a decrease in the Council Tax bad debt provision (£141,800), increased income from Council Tax Payers (£388,600), decreased income from NNDR Ratepayers £1,838,700, and a decrease in both the NNDR bad debt provision and the appeals provision of (£330,500) and (£1,353,900) respectively. A complete variance analysis is included in paragraphs 17 to 24.

## **RECOMMENDATIONS:**

### **It is recommended that council:**

- (i) Notes the accounts for the Collection Fund in 2013/14 as shown in Appendix 1.

## **REASONS FOR REPORT RECOMMENDATIONS**

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

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. No alternative options are relevant to this report

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

#### **CONSULTATION**

3. Not Applicable.

#### **FINANCIAL SUMMARY**

4. Income received into the Collection Fund comes from two sources, NNDR and Council Tax. Until 2013/14 income received from NNDR payers was paid in full to the Central Government NNDR Pool after a contribution had been made to the City Council's General Fund to meet the costs of collection. The net effect of NNDR on the Collection Fund was therefore neutral. However, from 2013/14, due to the localisation of Business Rates under the Business Rate Retention (BRR) Scheme, NNDR variances now have an impact on the Collection Fund Outturn.
5. The remainder of the income received by the Collection Fund is the income due from Council Tax Payers. Some households are entitled to various allowances to the standard rate including the Single Person Discount and Council Tax Benefit that reduce the amount that they are required to pay. Until 2013/14 the cost of Council Tax Benefit was met in full by Government subsidy. However, from 2013/14 onwards this is no longer the position due to ending of Council Tax Benefit and the introduction of a Local Council Tax reduction scheme.
6. No local Council Tax discounts have applied in 2013/14.
7. The income due from Council Tax Payers is intended to match the expenditure on the Collection Fund. Expenditure consists of the amounts that are paid to those bodies that are entitled to make a demand (precept) on the Fund, together with a provision for bad debts. For Southampton, the City Council, the Hampshire Police Authority and the Hampshire Fire and Rescue Authority (HFRA) levied a precept on the Fund in 2013/14.

## **OUTTURN POSITION 2013/14**

8. The overall position on the Council Tax Collection Fund at 31 March 2014 is illustrated in Appendix 1. This shows that a deficit of £16.7M has been made in the year. After adjusting for the surplus brought forward from 2012/13 of £1.5M, a deficit of approximately £15.2M is to be carried forward i.e. a Council Tax Surplus of £2.6M and an NNDR Deficit of £17.8M.

### **Council Tax**

9. When setting the Council Tax for 2014/15 in February 2014, it was estimated that there would be a Council Tax surplus of £2.1M to be carried forward. This estimated surplus was taken into account in setting the 2014/15 Council Tax and was shared by the City Council, the Police & Crime Commissioner for Hampshire and the HFRA in proportion to the precepts levied by each authority in 2013/14, the Council's share was £1.78M.
10. This leaves a surplus of £530,400 that will be carried forward to 2014/15 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2015/16 is set

### **NNDR**

11. From 1 April 2013 the arrangements in respect of NNDR changed from a position where the Authority purely collected business rates on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major precepting bodies, (Hampshire Fire and Rescue Authority (HFRA) in Southampton's case). This change affects the retention of that income collected and also carries a risk to the Council for failure to collect rates in comparison with a predetermined "Start-Up" funding assessment. Risks of non-collection include rates billed from 1 April, those not yet collected from prior years and appeals that were not resolved before that date.
12. The Council, in preparing the 2013/14 NNDR 1 return to Government of the estimate of the projected income for the year, significantly underestimated, along with a large number of councils across the country, the impact of potential losses for prior years' appeals as at 31 March 2013 at £5.8M
13. A detailed analysis of refunds made over a number of years, and appeals yet to be settled, indicated that the starting appeals provision for 2013/14 should have been approximately £21.4M, of which £14.1M related to prior years' appeals.
14. This underestimate of the starting appeals provision, along with a substantial reduction to Southampton's rateable value, has resulted in an NNDR Collection Fund deficit in 2013/14 of approximately £17.8M of which Southampton's share is £8.7M (49%). The Council has opted not to spread the impact of the appeals provision over five years, as allowed under the recently laid regulations, resulting in a safety net payment to the Council of approximately £1.6M.
15. When setting the Council Tax for 2014/15 in February 2014, it was estimated that there would be an NNDR deficit of £17.6 M of which the Council's share is £8.6M to be carried forward. This estimated deficit was taken into account in

setting the 2014/15 Council Tax.

16. This leaves a deficit of £154,300 that will be carried forward and taken into account when setting the 2015/16 Council Tax.

## EXPLANATION OF VARIANCES

### Council Tax

17. Income due from Council Tax payers has increased slightly by £388,600 (0.45%) compared to the revised estimate of £85.4M which is not material.
18. The other variance on Council Tax is the Bad Debt Provision. All authorities are required to make provision for Council Tax bills that may have to be written off if full payment is not received. The level of provision required is reviewed each year based on the total level of arrears outstanding. An analysis of the status of the arrears as at 31 March 2014 suggests that the following provisions are required:

Year	£000's
Prior Years	329
2007/08	358
2008/09	573
2009/10	687
2010/11	923
2011/12	1,201
2012/13	1,558
2013/14	1,470
<b>Total</b>	<b>7,099</b>

19. The bad debt provision available at the end of the year was £5.4M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £7.1M a contribution of £1.7M needs to be made to the Provision for Bad Debts in the year, a decrease of £141,800 compared to the revised estimate. When setting the estimate a prudent assessment was made of the impact of the economic climate on the arrears position and the resulting bad debt provision required has been more favourable.
20. The bad debt provision of £7.1M compares to a total arrears figure of £10.0M which represents 71% of the total amount outstanding. The total level of arrears also needs to be seen in the context that over the last eight years total debts of £740.6M have been raised.

### NNDR

21. Income due from NNDR Ratepayers has decreased by £1,837,800 (1.8%)

compared to the revised estimate of £101.6M, £1,381,200 of this decrease is due to a reduction in the Rateable value, the balance being a net increase in reliefs granted.

22. There was also a variance on the NNDR Bad Debt Provision. All authorities are required to make provision for NNDR ratepayers bills that may have to be written off if full payment is not received. The level of provision required is reviewed each year based on the total level of arrears outstanding. An analysis of the status of the arrears as at 31 March 2014 suggests that the following provisions are required:

<b>Year</b>	<b>£000's</b>
Prior Years	99
2010/11	71
2011/12	178
2012/13	379
2013/14	522
<b>Total</b>	<b>1,249</b>

23. The bad debt provision available at the end of the year was £0.3M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £1.3M a contribution of £1.0M needs to be made to the Provision for Bad Debts in the year, a decrease of £330,500 compared to the revised estimate. When setting the estimate a prudent assessment was made of the impact of the economic climate on the arrears position and the resulting bad debt provision required has been more favourable.
24. As noted in paragraphs 12 and 13 the initial Appeals provision of £5.8m at the NNDR1 stage was significantly under estimated and based on a detailed analysis of refunds and appeals outcomes should have been approximately £21.4M. Although, the total appeals provision has not changed it was estimated that the year end appeals provision would be £16.5M instead of £15.1M required giving rise to an increase in income of £1,353,900.

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

25. The surplus of £530,400 on the Council Tax element of the Collection Fund, as explained in paragraphs 9 to 10 will be shared between Southampton City Council the Police & Crime Commissioner for Hampshire and the HFRA, based on the precepts levied on the Fund in 2014/15. Southampton's share of this surplus which amounts to £454,400 will be taken into account when setting the 2015/16 Council Tax.
26. The deficit of £154,300 on the NNDR element of the Collection Fund, as explained in paragraphs 11 to 16 will be shared between Southampton (49%), Central Government (50%) and Hampshire Fire and Rescue Authority (1%).

Southampton's share £75,600 of this deficit will be taken into account when setting the 2015/16 Council Tax.

## RESOURCE IMPLICATIONS

### Capital/Revenue

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

### Property/Other

28. None.

## LEGAL IMPLICATIONS

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

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

### Other Legal Implications:

30. None

## POLICY FRAMEWORK IMPLICATIONS

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

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	
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## SUPPORTING DOCUMENTATION

### Appendices

1.	Collection Fund 2013/14
2.	

### Documents In Members' Rooms

1.	
2.	

### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact	Yes/No
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Assessment (EIA) to be carried out.	
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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.		
2.		

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# Agenda Item 14

Appendix 1  
APPENDIX 1

## COUNCIL TAX COLLECTION FUND REVENUE ACCOUNT FOR YEAR ENDED 31ST MARCH 2014

Original Estimate 2013/14 £000	Council Tax	Revised Estimate 2013/14 £000	Actual 2013/14 £000	Variance Adverse / 2013/14 £000
	<u>Income</u>			
(83,685)	Income due from Council Tax Payers	(85,405)	(85,793)	(388)
(83,685)		(85,405)	(85,793)	(388)
	<u>Expenditure</u>			
70,049	Southampton City Council Precept	70,049	70,049	0
8,390	Hampshire Police Authority Precept	8,390	8,390	0
3,405	Fire & Rescue Services Precept	3,405	3,405	0
1,216	Distribution of previous year's surplus	1,216	1,216	0
1,841	Provision for Bad Debts CT	1,799	1,657	(142)
84,901		84,859	84,717	(142)
1,216	CT - Deficit / (Surplus) for the Year	(546)	(1,076)	(530)
(1,216)				
	CT - Deficit / (Surplus) Brought Forward	(1,536)	(1,536)	0
<b>0</b>	<b>CT Deficit / (Surplus) Carried Forward</b>	<b>(2,082)</b>	<b>(2,612)</b>	<b>(530)</b>
	<b>NNDR</b>			
	<u>Income</u>			
(108,659)	Income from NDR Payers	(101,571)	(99,732)	1,839
	<u>Expenditure</u>			
50,545	Payments to DCLG	50,545	50,545	0
49,534	SCC - NNDR Dist to General Fund	49,534	49,534	0
1,011	Fire & Rescue Services NNDR Distrib.	1,011	1,011	0
322	Allowance to General Fund for NNDR Collection	322	322	0
1,414	Provision for Bad Debts NNDR	1,307	976	(331)
5,833	Appeals Provision	16,499	15,145	(1,354)
108,659		119,218	117,533	(1,685)
0	NNDR Deficit / (Surplus) for the Year	17,647	17,801	154
0	NNDR - Deficit / (Surplus) Brought Forward	0	0	0
<b>0</b>	<b>NNDR Deficit / (Surplus) Carried Forward</b>	<b>17,647</b>	<b>17,801</b>	<b>154</b>
<b>0</b>	<b>Total Deficit / (Surplus) Carried Forward</b>	<b>15,565</b>	<b>15,189</b>	<b>(376)</b>

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2013/14		
<b>DATE OF DECISION:</b>	16 JULY 2014		
<b>REPORT OF:</b>	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHORS:</b>	<b>Name:</b>	Alan Denford Nick Cross	<b>Tel:</b> 023 8083 3159 023 8083 2241
	<b>E-mail:</b>	<a href="mailto:Alan.Denford@southampton.gov.uk">Alan.Denford@southampton.gov.uk</a> <a href="mailto:Nick.Cross@southampton.gov.uk">Nick.Cross@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	Alison Elliott	<b>Tel:</b> 023 8083 2371
	<b>E-mail:</b>	<a href="mailto:Alison.Elliott@southampton.gov.uk">Alison.Elliott@southampton.gov.uk</a>	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			

## BRIEF SUMMARY

This is the Housing Revenue Account (HRA) revenue and capital outturn report for the financial year 2013/14.

The actual level of net revenue spending in 2013/14 was £48,800 higher than budgeted. This variation represents less than 0.1% of the total turnover of over £72.2M. The final outturn shows a deficit for the year of £1,011,000 compared to a budgeted deficit of £962,200.

The budgeted deficit of £962,200 was to be funded from available balances. However, the outturn for day to day service expenditure and income items (excluding depreciation and direct revenue financing of capital) was a deficit for the year of only £14,400. Rather than continue to carry forward a working balance of over £3.2M, an additional £996,600 of revenue was allocated to fund the capital programme to reduce the need for borrowing.

The revised HRA working balance at 31 March 2013 of £2,278,000 meets the minimum requirement of £2M after allowing for the specific revenue carry forward requests detailed in this report.

Total capital expenditure in 2013/14 was £30,587,000 compared to the February 2014 approved budget of £37,029,000, which represents an 82.6% spend level. Capital financing that was not used during the year, mainly due to scheme slippage, will be available to fund expenditure in 2014/15.

The expenditure has made significant improvements to the condition of the Council's housing stock, which include replacing lifts, providing new heating systems and boilers, installing new communal door entry systems, refurbishing supported housing schemes and completing significant numbers of new kitchens and bathrooms.

Capital expenditure has also been focused on carrying out works within our estates and neighbourhoods. This includes the decent neighbourhoods' programme and estate regeneration.

## **RECOMMENDATIONS:**

It is recommended that Council:

- (i) Notes the HRA revenue outturn for the financial year 2013/14, as set out in Appendix 1, and the working balance at the end of the year of £2,278,000.
- (ii) Approves the carry forward requests, totalling £278,000, for the specific revenue items set out in paragraph 11 of this report, which can be funded from the working balance.
- (iii) Notes the HRA capital outturn for the financial year 2013/14, as summarised in paragraph 13 of this report.
- (iv) Approves the amendments to schemes in the HRA Capital Programme for 2014/15, as set out in Appendix 3, to take account of the slippage and re-phasing in 2013/14.
- (v) Notes the 2013/14 capital financing, as set out in paragraph 18 of this report, and that the use of available resources will be reviewed as part of the next full update of the HRA Business Plan later in 2014.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The HRA revenue and capital outturn for 2013/14 forms part of the Council's statutory accounts.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. This report outlines the actual level of spend on the HRA for the financial year 2013/14. The figures have been prepared in accordance with statutory accounting principles. There are, therefore, no other options relating to the HRA outturn position for Members to consider. However, Members could decide not to approve the revenue carry forward requests or decide not to amend the 2014/15 Capital Programme to reflect the 2013/14 outturn. However, such decisions could result in revenue projects and approved capital schemes either not being completed, or overspending due to contractual commitments.

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

### **Background**

3. The Housing Revenue Account records all the income and expenditure associated with the provision and management of Council owned homes in the City. This account funds a significant range of services to over 19,000 Southampton tenants and leaseholders and their families. This provides for the allocation, management, maintenance and improvement of Council homes in the City.
4. The HRA Capital Programme deals with all capital expenditure on Council Housing and related environmental works. The main focus is to continue the investment in the estate regeneration programme, as well as delivering safe, wind and weather tight homes, which are warm and energy efficient. There is also a focus on providing modern facilities and well maintained communal facilities.

5. This report sets out the actual level of revenue spending on day to day services provided to council tenants recorded in the HRA in 2013/14. The report compares the latest estimate for 2013/14 with the final expenditure for the year.
6. This report also summarises the HRA Capital Programme outturn for 2013/14 and recommends adjustments to the 2014/15 capital programme to take account of actual spending in 2013/14.
7. Local Authorities with a retained housing stock are required to publish the HRA revenue outturn in accordance with CIPFA's Service Reporting Code of Practice. The HRA outturn for 2013/14 can be found in this form in the authority's Annual Statement of Accounts.

### **Consultation**

8. The HRA revenue and capital outturn outlined in this report represents the actual level of spending in 2013/14. The financial information has been prepared in accordance with statutory accounting principles. The adjustments to the capital programme for 2014/15 are directly related to performance in 2013/14. Although there is no statutory duty to consult, the information in this report has been discussed at meetings of the Tenant Resources Group, which comprises tenants from across the city.

### **Revenue Outturn**

9. The actual level of net revenue spending in 2013/14 was £48,800 higher than budgeted. This variation represents less than 0.1% of the total turnover of over £72.2M. There was a budgeted deficit of £962,200 which was to be funded from available balances. However, the outturn for day to day service expenditure and income items (excluding depreciation and direct revenue financing of capital) was a deficit for the year of only £14,400. Rather than continue to carry forward a working balance of over £3.2M, an additional £996,600 of revenue was allocated to fund the capital programme to reduce the need for borrowing. After this adjustment the HRA Revenue Summary, attached at Appendix 1, shows a decrease in expenditure of £59,000 (0.1%) and a decrease in income of £107,800 (0.2%).
10. The net effect of changes in income and expenditure is a deficit on the HRA for the year of £1,011,000, which results in a reduction of £48,800 in working balances as at 31 March 2014. The working balance on the HRA, which will be carried forward into 2014/15, is therefore £2,278,000.
11. An explanation of the variances can be found at Appendix 2. It is noted that some of the under spend requires the carry forward of budget provision into 2014/15 so that specific projects can be completed. These are listed in the table below:

	£
Housing Investment - decorations (to address backlog)	165,000
District Energy Project - consultancy costs	43,000
Works at Maybush Housing Office to provide new desk space	40,000
Contribution to Estate Parking schemes	<u>30,000</u>
<b>Total carry-forward recommendations</b>	<b><u>278,000</u></b>

12. In the HRA Business Plan, agreed by Cabinet and Council in February 2012, it was agreed to set a minimum working balance for the HRA each year of £2M. This outturn supports this principle and delivers an additional surplus of £278,000, which would be used to fund the carry forward requests set out above, if they are taken forward.

### **Capital Outturn**

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

Section	Approved Estimate 2013/14 £'000	Actual Outturn 2013/14 £'000	Over/(Under spend) £'000	%
Safe Wind and Weather Tight	7,657	5,952	(1,705)	(22.3)
Modern Facilities	13,382	13,600	218	1.6
Well Maintained Communal Facilities	7,524	5,350	(2,174)	(28.9)
Warm & Energy Efficient	3,109	1,845	(1,264)	(40.7)
Estate Regeneration	4,188	3,645	(543)	(13.0)
New Build	1,169	195	(974)	(83.3)
<b>TOTAL</b>	<b>37,029</b>	<b>30,587</b>	<b>(6,442)</b>	<b>(17.4)</b>

14. Appendix 3 shows the variances in every scheme in the capital programme. Appendix 4 provides an explanation of all variances over £100,000.
15. The expenditure detailed above has made significant improvements to the condition of the Council's housing stock, which includes essential major repairs, various environmental / neighbourhood improvements and the provision of new kitchens and bathrooms.

16. Some amendments to the HRA Capital Programme, which take account of the variations in 2013/14, are recommended for approval in this report (see Appendix 3). The impact of these changes on the 2014/15 approved programme is shown in the following table:

	£000
February 2014 Approved Programme 2014/15	53,399
Previously Approved Changes	3,100
Current Programme 2014/15	56,499
Spending delayed into 2014/15 from 2013/14	3,864
Spending brought forward into 2013/14 from 2014/15	(597)
Proposed Programme 2014/15	59,766

*N.B. £36,000 of spending was brought forward into 2013/14 from 2015/16.*

17. In addition, Appendix 3 shows variations on completed capital schemes. There are under spends of £575,000 and over spends of £464,000, leading to a net saving of £111,000 on existing projects, which is available to fund other work in 2014/15.

### **Capital Financing**

18. The final financing of the capital spending in 2013/14 is shown below:

	Resources Used £'000
Grants/Contributions	139
Depreciation	18,261
Direct Revenue Financing	6,486
Capital Receipts	5,701
Borrowing	0
<b>TOTAL</b>	<b>30,587</b>

19. The main changes to the resources are explained below:
- As described in paragraph 9, the combined depreciation and direct revenue financing (DRF) contribution to the funding of capital expenditure has been increased to reduce the borrowing requirement and allow other capital resources to be carried forward to support the Capital Programme in 2014/15.
  - The use of capital receipts was reduced, due to the substitution of the available DRF and to reflect the level of expenditure in the programme being approximately 17% lower than anticipated.

20. The funding changes in 2013/14 mainly arise from timing issues. The HRA business plan assumes that part of the annual revenue income will be used to fund capital expenditure. The level of this revenue funding has been increased in 2013/14, which means that there will be more capital receipts available to fund the future HRA Programme. In overall terms, there has not been any material change in the resources needed to fund the Programme.

### **Overall position**

21. In summary:
- The HRA working balance has been reduced to the minimum value of £2m, after allowing for the carry forward of the £278,000 needed to fund outstanding projects. This is mainly due to an increase of £996,600 in the revenue contribution to the capital programme
  - The capital programme for 2014/15 will be increased by £3,267,000 due to the slippage and re-phasing from 2013/14.
  - There are net savings of £111,000 on completed capital schemes.
  - There was no material change in the overall level of resources needed to fund the HRA Capital Programme.
22. The effect of these and other changes will be considered as part of the next full update of the HRA Business Plan later in 2014.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

23. These are contained in the detail of the report.

### **Property/Other**

24. None.

## **LEGAL IMPLICATIONS**

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

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

### **Other Legal Implications:**

26. None

## **POLICY FRAMEWORK IMPLICATIONS**

27. The HRA revenue and capital outturn for 2013/14 forms part of the Council's overall Statutory Accounts. The details in this report reflect the actual level of



spending on day to day services that were provided to council tenants and the actual level of capital spending in 2013/14. This is compared to the approved budget for the year.

<b>KEY DECISION?</b>	Yes
<b>WARDS/COMMUNITIES AFFECTED:</b>	All

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	HRA Revenue Summary Outturn 2013/14	
2.	Revenue Variances	
3.	HRA Capital Programme Outturn 2013/14	
4.	Capital Variances	

**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)
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1.	None	
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# Agenda Item 15

## Appendix 1 APPENDIX 1

### HOUSING REVENUE ACCOUNT

Latest Agreed Budget 2013/14		Actual Outturn 2013/14	Variation	
£'000		£'000	£'000	%
<b><u>SUMMARY</u></b>				
<b><u>EXPENDITURE</u></b>				
10,399.8	Responsive Repairs	11,374.2	974.4	9.4%
5,864.6	Housing Investment	5,507.8	(356.8)	-6.1%
<u>16,264.4</u>	<b>Total Repairs</b>	<u>16,882.0</u>	<u>617.6</u>	<u>3.8%</u>
130.0	Rents Payable	190.0	60.0	46.2%
69.8	Debt Management	46.2	(23.6)	-33.8%
20,622.9	Supervision & Management	19,741.1	(881.8)	-4.3%
5,829.5	Interest Payments	5,001.7	(827.8)	-14.2%
5,551.0	Principal Repayments	5,551.0	0.0	0.0%
16,116.6	Depreciation	18,260.9	2,144.3	13.3%
7,634.0	Direct Revenue Financing of Capital	6,486.3	(1,147.7)	-15.0%
<u>72,218.2</u>	<b>TOTAL EXPENDITURE</b>	<u>72,159.2</u>	<u>(59.0)</u>	<u>-0.1%</u>
<b><u>INCOME</u></b>				
67,714.3	Dwelling Rents	67,663.2	51.1	0.1%
1,326.3	Other Rents	1,213.4	112.9	8.5%
<u>69,040.6</u>	<b>Total Rental Income</b>	<u>68,876.6</u>	<u>164.0</u>	<u>0.2%</u>
1,616.2	Service Charge Income	1,417.0	199.2	12.3%
572.3	Leaseholder Service Charges	820.9	(248.6)	-43.4%
26.9	Interest Received	33.7	(6.8)	-25.3%
<u>71,256.0</u>	<b>TOTAL INCOME</b>	<u>71,148.2</u>	<u>107.8</u>	<u>0.2%</u>
<u>(962.2)</u>	<b>SURPLUS/(DEFICIT) FOR YEAR</b>	<u>(1,011.0)</u>	<u>48.8</u>	
<b><u>BALANCES</u></b>				
3,289.0	Working Balance B/Fwd	3,289.0	0.0	
(962.2)	Surplus/(deficit) for year	(1,011.0)	48.8	
<u>2,326.8</u>	<b>WORKING BALANCE C/FWD</b>	<u>2,278.0</u>	<u>48.8</u>	

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## **HRA Outturn 2013/14 - Revenue Variances**

### **Responsive Repairs - £974,400 over spend (9.4%)**

The long spell of inclement weather greatly increased demand for responsive repairs, leading to an increase of 4% in the number of repairs required. In addition, labour rates were corrected during the year to reflect the actual cost of the work carried out by the Council's in-house team. This had the effect of increasing job costs for repairs and voids against the budgeted figure.

### **Housing Investment - £356,800 under spend (6.1%)**

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

#### **Decorations (under spend of £287,800)**

Due to the inclement weather it was not possible to complete the contracted external decorations programme to schedule. This under spend of £165,000 is the subject of a **carry forward recommendation** to allow the contractors to address the backlog of work. In addition, the special decorations budget has shown a second year of reduced demand, resulting in an under spend of £108,900. Investigations as to the reason for this are ongoing and will inform the estimates process for 2015/16, as appropriate.

#### **Gas Servicing (under spend of £132,500)**

Continuing investment in the replacement of gas boilers in the Capital Programme has led to a reduction in the expenditure on boiler servicing, due to the possession of new equipment warranties.

#### **Electrical Testing Works (under spend of £94,300)**

A change in legislation for electrical testing has relaxed the requirements for annual testing of some appliances and allowed for a reduction in staff time required.

#### **Health & Safety Works (over spend of £116,100)**

The adverse variance comprised fire signage for tower blocks (£47,800), replacement electric ovens for International Way (£12,700), inspection and water-sampling at Kingsland House (£19,500) and asbestos removal at Green Park Road (£38,100).

### **Supervision and Management - £881,800 under spend (4.3%)**

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

#### **Development of new Housing Initiatives (under spend of £96,200)**

A provision was set aside within the Business Plan for the development of new services and initiatives as part of Housing's expanding role in the city, which includes participation in a Council wide change programme. Due to challenges in recruitment and implementing these new initiatives, not all the funding allocated has been spent in the year.

#### District Heating Feasibility (under spend of £42,800)

Due to changes announced in the Chancellor's Autumn Statement, the ECO Funding which had been available for this project was altered and is still subject to Government consultation, leading to an unavoidable slippage in the project and the associated feasibility study. This under spend is the subject of a **carry forward recommendation** to allow the study to continue.

#### Block Utilities (under spend of £168,000)

As more accurate information regarding the communal heating and lighting electricity costs for housing blocks was obtained during the year, the prudent original estimate was found to be over stated.

#### Freehold / Leasehold Sales (under spend of £78,300)

The Government's changes to the right-to-buy scheme have resulted in significantly higher sales. As a result it was possible to capitalise a greater proportion of administration costs than anticipated.

#### Decent Neighbourhoods Project (under spend of £36,800)

This budget is for an HRA contribution to the General Fund's Estate Parking scheme where SCC tenants are resident in predominantly private housing areas. The scheme has been delayed and an under spend of £30,000 is the subject of a **carry forward recommendation**.

#### Policy Team (under spend of £48,900)

There is an under spend in the Policy Team budget as three approved posts have not yet been appointed to.

#### Neighbourhood & Elderly Persons Wardens (under spend of £161,800)

To ensure that a detailed and thorough review of the wardens' service was undertaken, there has been a delay in the implementation of a proposed restructure. This delay, along with savings on equipment and furniture purchase, have resulted in an under spend on the wardens' budget.

#### Housing Management (under spend of £165,900)

There have been a number of challenges in filling posts in 2013/14 and recruitment delays have led to a number of staff savings within the Housing Office teams. In addition, work ordered at Maybush Housing Office, to accommodate some additional staff, has been delayed. This has resulted in an under spend of £40,000, which is the subject of a **carry forward recommendation**.

## **Other budget variances**

### **Interest Repayments – £827,800 under spend (14.2%)**

Borrowing that was built into the capital financing estimates to fund the HRA Capital Programme in both 2012/13 and 2013/14 was not required, due to slippage in the profile of expenditure. This resulted in savings on interest payments of circa £350,000 in 2013/14. In addition, a one-off credit of £382,000 was transferred from a holding account relating to a debt restructure in 2008. This follows recognition that rules relating to housing subsidy no longer apply following the move to HRA self financing.

### **Total Income – £107,800 adverse variance (0.2%)**

There has been a loss of income from increased right-to-buy sales and from the delay in introducing the proposed new block cleaning charge as part of the warden review. This has been partially offset by increased major works in housing blocks, which are charged back to the Council's leaseholders.

### **Depreciation/Direct Revenue Financing of Capital - £996,600 increase (4.2%)**

This combined revenue contribution to the funding of capital expenditure has been increased by £996,600. This will allow other capital resources to be carried forward and reduce the borrowing requirement to support the ambitious HRA Capital Programme for 2014/15.

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## HCAP CAPITAL OUTTURN 2013/14

## Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend/ Saving	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	<b>Estate Regeneration</b>									
1257	Cumbrian Way	17	0	17	7	(10)	(10)			
1258	Exford Parade	98	0	98	64	(34)	(34)			
1259	Laxton Close	66	0	66	26	(40)	(40)			
1260	Meggeson Avenue	37	0	37	24	(13)	(13)			
1262	Hinkler Parade	226	0	226	226	0				
1514	Estate Regeneration City Wide Framework	103	0	103	96	(7)	(7)			
1600	Small Site Disposals	7	0	7	7	0				
1613	Weston Shopping Parade Redevelopment	740	65	805	803	(2)	(2)			
1764	Acquisition of Property at Northam	306	0	306	306	0				
1817	Estate Regeneration Framework Townhill Park	93	0	93	94	1		1		
1930	Townhill Park - Site Assembly	1,802	(400)	1,402	1,444	42		42		
2084	Townhill Park - Design & Contract P1, 2 and 3	0	150	150	129	(21)	(21)			
2064	Weston Shopping Parade Housing and Comm Facilities	693	(159)	534	419	(115)	(115)			
1599	Estate Wide	0	0	0	0	0				
	<b>Total Estate Regeneration</b>	<b>4,188</b>	<b>(344)</b>	<b>3,844</b>	<b>3,645</b>	<b>(199)</b>	<b>(242)</b>	<b>43</b>	<b>0</b>	<b>0</b>
	<b>New Build</b>									
2060	Erskine Court Rebuild	1,000	(500)	500	191	(309)	(309)			
1265	LA New Build - Borrowdale Road	11	0	11	1	(10)	(10)			
1266	LA New Build - Flamborough Close	13	0	13	1	(12)	(12)			
1267	LA New Build - Chiltern Green	11	0	11	0	(11)	(11)			
1268	LA New Build - Grately Close	16	0	16	1	(15)	(15)			
1269	LA New Build - Orpen Road	31	0	31	0	(31)	(31)			
1270	LA New Build - Keynsham Close	23	0	23	0	(23)	(23)			
1403	L.A. New Build - Leaside Way	13	0	13	0	(13)	(13)			
1404	L.A. New Build - Cumbrian Way	51	0	51	1	(50)	(50)			
	<b>Total New Build</b>	<b>1,169</b>	<b>(500)</b>	<b>669</b>	<b>195</b>	<b>(474)</b>	<b>(474)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## HCAP CAPITAL OUTTURN 2013/14

## Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend/ Saving	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	<b>Safe Wind &amp; Weather Tight</b>									
1955	CODEMAN Replacement	90	0	90	72	(18)	(18)			
1226	Mobile Working	382	0	382	230	(152)	(152)			
1469	Windows	1,787	0	1,787	1,688	(99)	(99)			
1842	Electrical Riser Upgrades	909	(450)	459	498	39		39		
1843	Roof Finish - Flat	1,265	(265)	1,000	752	(248)	(248)			
1844	Structural Works.	586	0	586	763	177		177		
1845	Roof Finish-Pitched/Structure/Gutter/Downpipes etc	250	0	250	115	(135)	(135)			
1846	Wall Structure & Finish	400	0	400	137	(263)	(263)			
1847	Chimney	18	0	18	7	(11)	(11)			
1848	External Doors - Flats	4	0	4	4	0				
1850	External Doors - Houses	323	(200)	123	31	(92)	(92)			
1408	Door Entry - Millbrook & Maybush	0	0	0	(2)	(2)			(2)	
1861	Supported Housing 2 Storey Walkway Repairs 12/13	250	0	250	369	119		119		
1855	CESP - International Way Energy Savings Initiative	1,371	0	1,371	1,288	(83)	(83)			
0001	Golden Grove Balconies	0	120	120	0	(120)	(120)			
1849	Garage Maintenance	22	0	22	0	(22)			(22)	
	<b>Total Safe Wind &amp; Weather Tight</b>	<b>7,657</b>	<b>(795)</b>	<b>6,862</b>	<b>5,952</b>	<b>(910)</b>	<b>(1,221)</b>	<b>335</b>	<b>(24)</b>	<b>0</b>

## HCAP CAPITAL OUTTURN 2013/14

## Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend/ Saving	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	<b>Modern Facilities</b>									
2063	Homeless Temporary Accommodation	270	0	270	299	29		29		
1474	Programme Management Fees 12/13 & 13/14	472	0	472	510	38				38
1477	Bathroom and Kitchen Refurbishment	0	0	0	0	0				
1714	DH - Central 11/12	9	0	9	81	72				72
1836	Disabled Adaptations	0	0	0	0	0				
1837	Central Heating Gas Boilers	2,149	0	2,149	2,126	(23)	(23)			
1838	Central Heating Distrib System Inc Elec Store Htrs	296	0	296	301	5		5		
1839	Supported Schemes Adapted Bathroom Programme	458	0	458	483	25		25		
1864	Housing Refurbishment 12/13 – West – Drew Smith	3,007	0	3,007	3,089	82				82
1865	Housing Refurbishment 12/13 – East – Mitie Property Services	3,007	0	3,007	3,169	162				162
1881	Supported Kitchen 13/14	1,980	0	1,980	1,815	(165)	(165)			
1888	Disabled Adaptations 13/14	1,106	0	1,106	1,107	1		1		
1889	Decent Homes Voids 13/14	188	0	188	192	4		4		
1934	Housing Refurbishment - Deferred Properties	50	0	50	50	0				
1472	Electrical System	315	0	315	335	20		20		
1476	Studio Conversions	75	(40)	35	43	8		8		
	<b>Total Modern Facilities</b>	<b>13,382</b>	<b>(40)</b>	<b>13,342</b>	<b>13,600</b>	<b>258</b>	<b>(188)</b>	<b>92</b>	<b>0</b>	<b>354</b>

# HCAP CAPITAL OUTTURN 2013/14

## Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend/Saving	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	<b>Well Maintained Communal Facilities</b>									
2079	Estate Parking Improvements	100	0	100	31	(69)	(69)			
0003	Lift Refurbishment - Canberra Towers	0	0	0	3	3		3		
0002	Lift Refurbishment - Rozel Court	0	0	0	92	92		92		
1473	Lift Refurbishment - Ventnor Court	204	0	204	272	68				68
1223	Lift Refurbishment - Itchen View Estate	988	0	988	1,024	36				36
1233	Supported Communal Improvements - Graylings 11/12	562	0	562	545	(17)	(17)			
1236	Supported Communal Improvements - Manston Court	0	0	0	(4)	(4)	(4)			
1239	Kingsland	5	0	5	0	(5)	(5)			
1242	DN: Vanguard and Wavell Road Improvements	39	0	39	0	(39)	(39)			
1256	DN: Millbrook Towers Improvements	10	0	10	1	(9)	(9)			
1271	DN: Holyrood Improvements	1,149	0	1,149	1,125	(24)	(24)			
1298	DN: Millbrook Verge Parking Improvements	2	0	2	2	0				
1463	Communal Areas Works	312	0	312	370	58		58		
1468	Door Entry System Replacement Programme	186	(26)	160	86	(74)	(74)			
2086	Bassett Green Community Facilities Refurbishment	150	(120)	30	10	(20)	(20)			
2093	Milner Cour Electric Scooter Storage	30	0	30	7	(23)	(23)			
0004	Floor Coverings to Communal Corridors	250	(150)	100	54	(46)	(46)			
2016	Lift Refurbishment - James Street Enabling Works	75	0	75	76	1		1		
2017	Lift Refurbishment - James Street (incl Scooter Storage)	525	(450)	75	19	(56)	(56)			
1494	DN: Northam Improvements	48	0	48	11	(37)	(37)			
1496	DN: Millbrook Block Improvements	219	0	219	117	(102)	(102)			
1503	DN: Harefield/Townhill Park	50	0	50	21	(29)	(29)			
1509	Supported Communal Improvements - Neptune Court.	6	0	6	6	0				
1552	Lift Refurbishment - Tanking Out	8	0	8	9	1				1
1602	Supported Communal Improvements - Rozel Court	1	0	1	1	0				
1604	Supported Communal Improvements - Neptune Court Central Cor	2	0	2	7	5				5
1606	Supported Communal Improvements - James Street	1	0	1	1	0				
1707	DN: Shirley	508	0	508	443	(65)	(65)			
2077	DN: Church Street	17	0	17	6	(11)	(11)			
1710	DN: Estate Improvement Programme 13/14	231	0	231	232	1		1		
1718	Old Town Humtun Street Mosaic	18	0	18	18	0				
1835	Roads/Paths/Hard Standing	137	0	137	32	(105)	(105)			
1860	Communal area works - Ventnor Court	2	0	2	1	(1)			(1)	
2062	Ventnor Court - Central Core Communal (incl Scooter Storage)	520	(200)	320	170	(150)	(150)			

## HCAP CAPITAL OUTTURN 2013/14

## Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend/Saving	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
1893	DN: Leaside Way Improvements	460	0	460	444	(16)	(16)			
1953	DN: Beechfield Court	50	0	50	17	(33)	(33)			
1954	DN: Wyndham Court	11	0	11	11	0				
2078	DN: St James Street Landscaping	19	0	19	18	(1)			(1)	
2068	Weston Court - Communal Area Works	125	0	125	76	(49)	(49)			
1833	Concierge Walkup Block Roll Out	273	0	273	9	(264)			(264)	
1834	Fire doors (communal)	231	0	231	0	(231)			(231)	
1215	Electronic Concierge	0	0	0	(13)	(13)			(13)	
	<b>Total Well Maintained Communal Facilities</b>	<b>7,524</b>	<b>(946)</b>	<b>6,578</b>	<b>5,350</b>	<b>(1,228)</b>	<b>(983)</b>	<b>155</b>	<b>(510)</b>	<b>110</b>
	<b>Warm &amp; Energy Efficient</b>									
1826	Loft Insulation + Pipe Lagging	75	0	75	35	(40)			(40)	
1827	International Way Independent Meters	283	0	283	282	(1)			(1)	
1829	External Wall Insulation - Kingsland Estate	981	0	981	301	(680)	(680)			
1832	Utility Supplies (Communal - Gas, Electric, Water etc.)	825	0	825	833	8		8		
1828	Cavity Wall Insulation	17	0	17	17	0				
0005	Introduce Renewable Energy Sources	100	0	100	100	0				
1933	External Cladding (PRC Houses) 12/13	300	0	300	230	(70)	(70)			
1831	External Cladding (Tower Blocks)	528	(475)	53	47	(6)	(6)			
	<b>Total Warm &amp; Energy Efficient</b>	<b>3,109</b>	<b>(475)</b>	<b>2,634</b>	<b>1,845</b>	<b>(789)</b>	<b>(756)</b>	<b>8</b>	<b>(41)</b>	<b>0</b>
	<b>TOTAL HRA Outturn</b>	<b>37,029</b>	<b>(3,100)</b>	<b>33,929</b>	<b>30,587</b>	<b>(3,342)</b>	<b>(3,864)</b>	<b>633</b>	<b>(575)</b>	<b>464</b>

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## HRA Outturn 2013/14 – Capital Variances

### Estate Regeneration

#### **SP 1930 – Townhill Park – Site Assembly - £358K slippage (19.8%)**

The budget for this project includes leaseholder purchases for all 3 phases. Four of the purchases could not be completed during 2013/14. At the Housing Capital Board in February, approval was given to slip £400K into 2014/15. Further cost information at year end has reduced the slippage to £358K.

#### **SP 2064 – Weston Shopping Parade Housing and Communal Facilities - £274K Slippage (39.5%)**

Delays with obtaining vacant possession of commercial properties postponed the start date of the demolition works for this project. At the Housing Capital Board in January, approval was given to slip £159K into 2014/15. Further cost information at year end has increased the slippage to £274K. These issues have now been resolved and demolition will be carried out in the 2014/15 financial year. The scheme is on track to complete by September 2015.

### New Build

#### **SP 2060 – Erskine Court Rebuild - £809K Slippage (80.9%)**

Due to delays in obtaining the Grant Funding Agreement from the HCA, the build contract was not signed until March 2014 and, therefore, demolition could not commence until June 2014. At the Housing Capital Board in February, approval was given to slip £500K into 2014/15. Further cost information at year end has increased the slippage to £809K.

### Safe, Wind and Weather Tight

#### **SP 1226 – Mobile Working - £152K Slippage (39.8%)**

There have been a number of issues with the interfaces between some of the key systems needed to provide a mobile working solution for Housing Operations. In addition, the programme of testing highlighted a number of issues that needed resolving before moving onto the comprehensive training programme being provided for all staff. As it is important that the system is working properly and users have been fully trained before implementation, the start date has been postponed until the end of September 2014.

#### **SP 1842 – Electrical Riser Upgrades - £411K Slippage (45.2%)**

To enable a full consultation with leaseholders and tenants the decision on the replacement heating system at Wyndham Court has been delayed. At the Capital Board in February, approval was given to slip £450K into 2014/15. Further cost information at year end has reduced the slippage to £411K.

#### **SP 1843 – Roof Finish - Flat - £513K Slippage (40.5%)**

Around 25% of the overall project budget for 2013/14 of £1.265M was earmarked for ECO works during the year. However, due to uncertainty over Government incentives for carbon reduction, it was decided to delay the work. It is anticipated that more information will be available later in 2014 to enable a programme of work to be planned. At the Housing Capital Board in February, approval was given to slip £265K into 2014/15. Further cost information at year end has increased the slippage to £513K.

#### **SP 1844 – Structural Works - £177K Forward Re-phasing (30.2%)**

This project mainly involves the use of concrete to strengthen and repair various structures across the city. As winter weather conditions adversely affect the ability of concrete to set, the budget profile anticipated that a significant part of the programmed work would not be completed until 2014/15. However, the year end estimate of work completed suggests that work is now running ahead of schedule.

#### **SP 1845 – Roof Finish – Pitched/Structure/Gutter/Downpipe etc - £135K Slippage (54.0%)**

Around half of the budget for this project in 2013/14 was earmarked for ECO works. Uncertainty over Government incentives for carbon reduction meant that these works were not able to be progressed during the year.

#### **SP 1846 – Wall Structure & Finish - £263K Slippage (65.7%)**

Expenditure on this budget was mainly focused on a sealant being applied to walkways on the balconies of numerous blocks on both the east and west side of the city. This work was not due to start until late in the year following other works on the balconies. The sealant has to be applied to a dry surface and, as a result of the very wet winter months, delays occurred to this process. The work is now scheduled to complete by the end of June 2014.

#### **SP 1850 – External Door – Houses - £292K Slippage (90.4%)**

There were procurement issues with the contract for this work which led to some delays. In addition, a significant amount of the budget was earmarked for ECO work and issues surrounding this funding meant that no spend was incurred during 2013/14. At the Housing Capital Board in February, approval was given to slip £200K into 2014/15. Further cost information at year end has increased the slippage to £292K.



**SP1861 – Supported Housing 2 Storey Walkway Repairs - £119K  
Forward Re-phasing (47.6%)**

There are two reasons for the additional spend on this project. Firstly, the final accounts were agreed for the previous contractor for this project earlier than anticipated. Secondly, there were additional costs for the precautionary propping of blocks across the city. The budget for the scheme will need to be reviewed once the new contractor has had a chance to consider the results of a structural surveyor's inspection.

**Modern Facilities**

**SP1881 – Supported Kitchens 13/14 - £165K Slippage (8.3%)**

Some of the planned work on this scheme was paid for by the Decent Homes Voids project, as the properties became vacant. The void work, which was identified late in the year, released budget which can now be utilised for additional kitchen replacement work in 2014/15.

**Well Maintained Communal Facilities**

**SP 1468 – Door Entry System Replacement Programme - £100K Slippage (53.7%)**

Additional leaseholder consultations delayed the start of this project from mid January until mid February, which resulted in a much lower spend at year end than anticipated. At the Housing Capital Board in February, approval was given to slip £26K into 2014/15. Further cost information at year end has increased the slippage to £100K.

**SP 2086 – Bassett Green Community Facilities Refurbishment - £140K Slippage (93.3%)**

Delays in the production of design and tender documents coupled with the need for the installation of new windows in the communal block before the main works could commence resulted in a shortfall in expenditure. At the Housing Capital Board in February, approval was given to slip £120K into 2014/15. Further cost information at year end has increased the slippage to £140K.

**SP reference awaited – Floor Coverings to Communal Corridors - £196K Slippage (78.4%)**

Due to the adverse winter weather Housing Operations had to transfer resources from this project to urgent weather related repairs. At the Housing Capital Board in February, approval was given to slip £150K into 2014/15. Further cost information at year end has increased the slippage to £196K.

**SP 2017 – Lift Refurbishment – James Street (incl Scooter Store) - £506K Slippage (96.4%)**

The start of this project was delayed due to tendering issues. At the Housing Capital Board in January, approval was given to slip £450K into 2014/15. Further cost information at year end has increased the slippage to £506K.

**SP 1496 – DN: Millbrook Block Improvements - £102K Slippage (46.5%)**

Contract formation was delayed to enable a number of legal queries to be addressed. In addition, advanced works to a number of properties came in well under the original estimates. This indicates that it may be possible to achieve a saving on the scheme when all work is completed.

**SP 1835 – Roads/Paths/Hard Standing - £105K Slippage (76.6%)**

The slippage was due to the late submission of an order for the works. Under the contractor's system of charging, orders cannot be forwarded until actual costs are known which in turn cannot be determined until works are completed. The Project Manager is working with the contractor to alleviate any similar issues in the future.

**SP 2062 – Ventnor Court – Central Core Communal Works (incl Scooter Store) - £350K Slippage (67.3%)**

The late placement of a sub contract order for curtain walling resulted in the progression of the main works for this project being delayed. At the Housing Capital Board in February, approval was given to slip £200K into 2014/15. Further cost information at year end has increased the slippage to £350K.

**Warm and Energy Efficient**

**SP 1829 – External Wall Insulation – Kingsland Estate - £680K Slippage (69.3%)**

As part of the CESP project at International Way, properties were fitted with new windows. Since installation there have been a number of issues with these windows which are in the process of being addressed. The rectification of these issues is the responsibility of the same contractor as for this project on the Kingsland Estate, which has not experienced similar issues. Following negotiations with the contractor, it has been agreed there will be a significant retention on the Kingsland Estate project until the issues with the windows at International Way have been fully resolved.

**SP 1831 – External Cladding (Tower Blocks) - £481K Slippage (91%)**

Works on this project are all ECO based and, due to the issue with the ECO funding, very little progress has been made on this project. At the Housing Capital Board in February, approval was given to slip £475K into 2014/15. Further cost information at year end has increased the slippage to £481K.

<b>DECISION-MAKER:</b>	CABINET COUNCIL		
<b>SUBJECT:</b>	BETTING SHOPS, PAY DAY LOAN PREMISES AND FAST FOOD OUTLETS		
<b>DATE OF DECISION:</b>	CABINET 17 JUNE 2014; COUNCIL 16 JULY 2014		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Chris Lyons</b>	<b>Tel:</b> 023 8083 2044
	<b>E-mail:</b>	chris.lyons@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	<b>Stuart Love</b>	<b>Tel:</b> 023 8091 7713
	<b>E-mail:</b>	stuart.love@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>
NOT APPLICABLE

### **BRIEF SUMMARY**

At Council on 17<sup>th</sup> July 2013 Cllr Vinson moved a motion that was subsequently amended. The final version stated:

“This Council deplores the unwelcome spread of betting shops, pay-day-loan premises, cheap off-licenses and seeks to bar the opening of fast food outlets near schools. This Council calls upon the Executive to undertake a thorough review of its planning policies (including the potential for additional Article 4 Directions and supplementary planning documentation), reporting back in six months, in order to minimise the harmful impact of these unchecked and unwelcome developments in the City’s district shopping centres, especially where they are likely to harm the health and wellbeing of our more vulnerable communities.”

The Executive considered the motion at Cabinet on 17<sup>th</sup> December 2013 and resolved:

- (i) That the Council assesses all new planning applications for hot food takeaways within 500m of schools and, if there is considered to be a overriding health implication, then opening hours are restricted during lunch times.
- (ii) That a cross departmental group is set up to explore whether there are opportunities to influence the spread of betting shops, pay-day-loan premises, and the opening of fast food outlets near schools over the longer term and reports back to Cabinet within six months. It is considered that cheap off-licences should not be considered further as it is not a planning issue.
- (iii) The report back to Cabinet should also consider whether an article 4 should be served to prevent the conversion of pubs to other use classes.

Recommendation (i) is already taking place, although it was accepted by Cabinet that in reality it would often prove difficult to conclude that a single proposed hot food takeaway would result in an overriding health implication with current planning policies. Therefore, this will be looked at in more detail as part of the new Local Plan adoption process, which is now underway, to assess whether more detailed policies are required and Planning will work with Public Health to assess this.

This report now feeds back on the findings of the cross departmental group that met and the consideration around using an article 4 direction to prevent the conversion of pubs to other uses.

## **RECOMMENDATIONS:**

### **CABINET:**

- (i) That the Planning & Development team assess the impact of betting shops, pay-day loan businesses, and takeaways near schools as part of the work on the new Local Plan to see if new policies are necessary to give more control.
- (ii) To delegate authority to the Director of Place to do anything necessary to progress new policies through the Local Plan process in line with recommendation (i) above if deemed to be appropriate to provide effective planning controls.
- (iii) To delegate authority to the Director of Place to progress work on an article 4 direction to prevent the conversion of pubs to other uses, giving one years notice before the article 4 will take effect. This will include guidance on how any subsequent planning applications will be determined for the conversion of a pub. This will require determination by a subsequent Cabinet and Full Council meeting to assess the evidence to support an article 4 direction before making a final decision.

### **COUNCIL:**

- (i) To note the content of the report.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. It is considered that many of the issues raised in this report are legitimate concerns and while the Council is working on many of the areas, there is insufficient evidence of significant harm or suitable policies in place, to justify the service of an article 4 direction relating to betting shops, pay-day loans, or takeaways near schools. However, there is sufficient evidence of harm and suitable policy support to support the service of an article 4 direction relating to the conversion of pubs, subject to undertaking due process to bring such a direction into force.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. Do nothing. This is possible in the current economic climate where further work may be considered to not be cost effective but, on balance, it is considered that the input of officer time to serve an article 4 direction to stop the loss of pubs without proper consideration is worth pursuing.

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

3. There are effectively three different issues covered by this report – betting shops and payday loans (these are considered together as they have considerable overlap in planning terms); fast food outlets near schools; and the conversion of pubs to other uses.

### **Betting Shops and Payday loan shops**

4. These activities generally fall within Class A2 of the Town and Country Planning (Use Classes) Order 1987. This class covers banks, building societies, bureau de change, estate agents and employment agencies etc. Therefore, any change in a use in a building between these separate activities does not require planning permission. In addition, there is a permitted change from Use Classes A3 (restaurants and cafes), A4 (drinking establishments), and A5 (hot food takeaways) to Class A2 without planning permission. Lastly, the Government introduced further permitted development changes in May 2013 which allows a temporary change of use from an A1 Use (shops) and a B1 Use (business use) to an A2 Use. However, these new rights are only applicable for a two year period (and only apply to smaller units).
5. Therefore, the vast majority of units within the commercial centres can be converted to be used as a betting shop or payday loans use without requiring planning permission.

### **Planning Policy**

6. Where planning permission is required, the Council's planning policies in the Core Strategy and Local Plan permit a change of use from shops (A1) to use class A2 within main shopping parades as these uses are recognised as appropriate uses for shopping centres. Policy REI3 of the Local Plan seeks to limit changes of use to non-retail activities within the primary retail frontage in the City so that no more than three adjoining units are in non Class A1 use.

### **Betting shops**

7. In addition to planning powers (where they apply), there is also a limited scope to control the numbers of betting shops under the licensing regime. An applicant needs to have satisfied certain criteria, but once they are met and the application is made, the authority making a decision will be subject to the provisions of Section 153 of the Gambling Act 2005. In exercising its function under this part a licensing authority shall aim to permit the use of premises for gambling in so far as the authority think it –
  - a) in accordance with any relevant code of practice
  - b) in accordance with any relevant guidance issued by the Gambling Commission
  - c) reasonably consistent with the licensing objectives, and
  - d) in accordance with the statement published by the authority.
8. The codes of practice or guidance do not contain much to assist with this matter. The statutory licensing objectives are:
  - preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime,
  - ensuring that gambling is conducted in a fair and open way, and
  - protecting children and other vulnerable persons from being harmed or

exploited by gambling

9. The first two objectives are primarily matters for the Commission and only on the third does the licensing authority have a potentially significant role, advised by the responsible authorities. Regrettably, the legislation fails to define “vulnerable persons”. Persons under 18 are barred in law from betting premises.
10. It does not appear that there has been a substantial increase in betting shops within the city. Council officers are in regular contact with the police and there is a monthly licensing action group meeting with various partners. There has not been a concern about a rise in crime linked to betting offices.
11. From the authority’s Gambling Statement of Principles the following reference is made to the location:

*“Locations for gambling premises, which may pose problems, include those in close proximity to premises frequented by children or other vulnerable persons e.g. schools or parks. Each case will be considered on its merits and if adequate measures are put in place in accordance with this policy to restrict access to children, protect vulnerable persons and prevent crime and disorder, there is no reason why one location poses substantively more risk than another. We recognise that the presence of gambling premises with a constant stream of trade in what may have formerly been an underused area may serve to reduce crime and disorder, however this will only be the case where necessary safeguards are put in place either by the operator or by the licensing authority in the form of licence conditions”.*
12. In summary, unless there is evidence an application will not adhere to either the codes of practice, guidance from the Gambling Commission, the licensing objectives, or the authorities statement of principles then the application has to be granted.
13. In September 2013, the Association of British Bookmakers (ABB) published a ‘Code for Responsible Gambling and Player Protection in Licensed Betting Offices in Great Britain’. The ABB is the leading trade association for Licensed Betting Offices (LBOs) in Great Britain and represents the operators of around 80% of LBOs in Britain, including Gala Coral, Ladbrokes, Paddy Power, William Hill and about 100 independent bookmakers. This code contains a new “Harm Minimisation Strategy” focusing on how the industry is seeking to improve its performance at four levels of harm minimisation:
  - Issuing clearer and more accessible information on how to gamble responsibly and highlighting the sources of help available;
  - Providing customers with new tools such as mandatory time and money based reminders, the ability to set spend and time limits on gaming machines and to request machine session data;
  - Training staff to detect the signs of potential problem gambling more quickly and how to interact more effectively with those identified; and

- Undertaking more consistent central analysis of data to identify abnormal activity both in specific shops and, where possible, that relating to individual customers.

14. Recent national developments relating to betting shops have focused on Fixed Odds Betting Terminals (FOBTs). Nearly £200m was gambled in Southampton last year alone by residents on FOBTs, which is a similar amount to that spent on the entire health budget of Southampton's clinical commissioning group. In December 2013 the Labour Party leader announced that the next Labour Government would modify the Gambling Act 2005 to enable local authorities to review betting shop licences in their area and reduce the number of FOBTs in existing locations. An Opposition Motion was debated and defeated in January 2014.

### **Payday Loan shops**

15. There are no additional controls open to the Council covering where a payday loan business can operate. SCC does not licence pay day loan shops as the licensing regime is now run by the Financial Conduct Authority (FCA), having moved responsibility from the Office of Fair Trading in April 2014. Trading Standards will be notified of an application for a license and are of the opinion that the FCA is more likely to place a greater emphasis on the 'customer benefit' outputs of the business. There is an increasing political pressure for the FCA to address the overall impact of business activities rather than specific examples of technical non-compliance which was the approach taken by the OFT.
16. Local Credit Unions are also available which provide a reliable source of financial help. Two examples are the Solent Credit Union (153A High Street), and United Savings & Loans Hampshire (a service point is in Shirley Housing Office).

### **Proposals for betting shops and pay-day loans**

17. The role of the local authority is somewhat limited in dealing with both betting shops and pay-day loans companies. Changes in business practice mean that areas of concern are also more with on-line business with the Public Health team advising that the rise in on-line gambling is a greater concern, for example. As noted, there also appears to be some signs of a change in approach with more attempts at self-regulation as concern grows.
18. The Council is working on these issues, where it is able, and has already included details about choices of lower costing finance on publications and has blocked public access to the main payday loans companies from SCC computers. There is also a debt toolkit available online, joint working has taken place on credit 'hot spots', training given on 'loan sharks', courses run, funding bid for, and the Credit Union has been promoted. Work is now underway on the next phase to update the economic wellbeing section of the Joint Strategic Needs Assessment, on-going working with the Illegal Money Lending Team is being planned, and advice will continue to be issued where possible. Therefore, the Council is already very active in supporting residents on financial issues.
19. Looking at the national picture, Parliament has debated the impact of betting shops and the Mary Portas's High Street Review in December 2011

recommended putting betting shops into a separate use class under the planning system. This was supported by other groups and in the 2014 Budget, the Government advised that it is looking at creating a 'wider' retail use class but excluding betting shops and payday loan shops from this use class. This would effectively require planning permission for a change of use to these premises.

20. The only real means of dealing with betting shops and pay-day loans under the planning system at present would be to serve an article 4 removing the existing permitted development rights and requiring planning permission. However, this would cover the entire A2 use class and therefore any change of use to *any* use within A2 – banks, building societies, estate and employment agencies, professional and financial services etc. would all require planning permission. This would both impact on the businesses and the Council's resources determining applications for all of these uses, when the majority do not raise any concern.
21. It should also be remembered that this only covers change of use to an A2 use from another use and so there is no control over a change of use from an existing A2 use and there are already many buildings in an A2 use in the city centre. In addition, an article 4 simply requires that an application is made for planning permission, and as was explained earlier, the current planning policies would support such a use in the commercial centres. Therefore, if there are particular concerns to be addressed, the policy framework would need to be more explicit about the potential social impact from such developments. This is something that could be considered as part of the new Local Plan to see if more detailed policies could be considered. However, it should be noted that this process will take at least 3-4 years to develop so will not be a quick solution.
22. However, Government guidance about issuing an article 4 direction is clear that local planning authorities should only consider an article 4 in "exceptional circumstances" and where there is evidence that the existing permitted development rights are harming the proper planning of the area. It is considered that, at present, while betting shops and pay-day loan shops raise concerns, they are not an exceptional issue and there is insufficient evidence to support an article 4 direction and insufficient policy guidance on what a planning application would then seek to address.

#### Recommendation on betting shops and pay-day loans

23. Therefore, it is recommended that the Council continues with the work that it is doing but that it waits to see if the Government changes the Use Classes Order to create a separate use class for these types of uses (that would require some accompanying guidance on how to deal with planning applications for those uses). In the longer term, the Council should review its planning policies to see if a new policy could be produced as part of the new Local Plan to address concerns.

#### Takeaway (fast food) outlets near schools

24. Officers have previously assessed the number of takeaways near to secondary schools and found that less than half of secondary schools have a takeaway within 500m. However, most of these have had fast food



takeaways since 2005 (the date of the previous survey) and so they are a long standing use. There is no evidence that this is a significant problem and there is nothing that can be done about existing shops in planning terms.

25. The Council's has produced a "Fit 4 Life" Strategy for Southampton (2008-2013). This is clear that:

*"a significant proportion of the population does not eat the recommended amount of fruit and vegetables and fibre on a daily basis but eat more than the recommended amounts of fat, saturated fat, salt & sugar.... It is also critical to consider the wider cultural & social context to individual's behaviours such as food & drink access & availability and in particular food pricing, food availability (both purchasing power & ease of access to food outlets."*

26. The report also highlighted that prevention of obesity requires changes in the environment and organisational behaviours as well as changes in group, family & individual behaviour. The action plan includes action that the Council can take in schools to provide an environment which positively promotes eating well and being active. For example through the school meals provided on site through school catering, including a Food in Schools Coordinator who will promote meal uptake. All children would be encouraged to choose a healthy school meal on a weekly or daily basis.

27. The Council also undertook an Obesity Inquiry through a Healthy City Scrutiny Panel in 2010. Among the recommendations were ones covering a wider environmental / whole system approach. This included ensuring that:

*"the Planning and Development Service takes opportunities, as they arise, to review the provision of fast food outlets in Southampton".*

This has not been done in a systematic way but on a case by case basis.

#### Current planning policy

28. Hot food takeaways fall with Class A5 of the Use Classes Order and are considered in current policy terms to be an acceptable use for a shopping frontage (Saved Local Plan Policies REI3 – REI7 / Core Strategy Policy CS3). The Council therefore has no current planning policy that would justify refusing planning permission for takeaways near to schools. It would also be difficult to establish if the presence of one has a detrimental health effect on children.

29. From the planning perspective, a takeaway *may* serve unhealthy food, but not all takeaways will necessarily serve only unhealthy food. Therefore, the Council would need to look at these on a case by case basis to establish the potential harm to the health of children; this may be more appropriately provided by the Public Health team. An alternative approach could be to work with any new businesses to encourage the development of healthier menus, in line with the Government's responsibility deal for businesses.

#### The Government's attitude to the issue of hot food takeaways

30. In March 2009 the Health Select Committee reported on health inequalities. It recommended that local councils should be given greater planning powers to restrict the number of fast food outlets on high streets. Case law has shown that proximity to a school and the existence of a school's healthy eating policy

can be a “material consideration” for a local authority taking a planning decision in relation to an A5 takeaway establishment. Further decisions on appeal by Planning Inspectors have shown, however, that in order to successfully refuse planning permission on these grounds a local authority must also show that there is an over-concentration of A5 establishments in the area and provide evidence to show a link between childhood obesity and the proximity of A5 establishments to schools. It was also found that a policy explicitly seeking to control proliferation of fast-food outlets near schools, would make it easier for a Planning Inspector to uphold a decision to refuse an application. Following these decisions, several councils have now published supplementary planning documents relating to takeaway establishments.

31. However, in Southampton, no planning policy exists that would currently justify refusal for a takeaway near to schools if they are on a shopping parade (Local / District Centre). Outside shopping frontages, there are potential grounds for refusal. Any new policy for takeaways (including any new guidance) would need to give clear evidence of direct harm arising from a business near a school – given the number and distribution across the city this may be difficult to establish.
32. At the previous Cabinet meeting in December 2013, it was recognised that healthy eating is a complex issue and takeaways near schools are only a small part of the problem.

#### Recommendation on takeaway policy

33. It is considered that there is a renewed focus on health issues within the planning system and now that Public Health is part of the Council, this will improve the ability to tackle health issues through the planning system. For example, Public Health England published a briefing paper on “Obesity and the environment: regulating the growth of fast food outlets” in March 2014 and makes some useful suggestions. However, it also points out the need for existing policies in the local plan to be suitable and so this needs to be the focus.
34. In March 2014, the Government published new national Planning Practice Guidance and it now includes a section on “Health and wellbeing” and supports planning looking at the wider health issues of proposals. Therefore, the Council needs to assess whether a new policy should be produced to deal with takeaways (and wider health issues) as part of the new Local Plan.

#### Conversion of pubs to other uses

35. There have been a considerable number of pubs converted to other uses (primarily small retail units) over recent years. There is a permitted change of use from pubs (use class A4) to A1 (shops), A2 (financial and professional services), and A3 (restaurants and cafes). Therefore, while any required extensions or signage may require planning permission or advertisement consent, the actual use of the pub building for one of these uses is not controlled by the planning system.
36. There has been considerable concern by the public about this lack of control and concern that issues, such as parking, deliveries, intensification of use, etc. are not being assessed when the use changes. In addition, there is a

concern that sometimes the pub fulfils an important community function where local people can congregate and if there are no other similar community facilities, this can lead to a detrimental impact on community life. Obviously there is a need to weigh up the economic circumstances of the pub, as many are going out of business, and an active alternative use is likely to be preferable to an empty building. However, these are the sorts of issues the Local Planning Authority should be considering and assessing and currently it cannot do that. Likewise, significant change can happen within a community and they have no say on that.

37. At Full Council on 18<sup>th</sup> September 2013, a motion was passed to write to the Secretary of State for Communities and Local Government to request that the legislation was changed to require planning permission for the conversion of pubs. However, the Secretary of State has advised that the Council should instead consider the use of article 4 powers. It is considered that as there is unlikely to be a change in national approach that this needs to be considered.
38. The National Planning Policy Framework specifically states that the Local Planning Authority should consider community facilities and mentions pubs in the list of such facilities (see paragraph 70). Therefore, there is existing national policy support for an article 4 to relate to. However, there would need to be some detailed guidance (likely via a Supplementary Planning Document) drawn up to assess that once an application is submitted for conversion of a pub to another use, what issues would be assessed in making a decision.
39. It should be noted that the article 4 only requires planning permission to be sought and the subsequent planning application would not involve the payment of any fee.
40. It should also be noted that there are circumstances in which local planning authorities may be liable to pay compensation having made an article 4 direction. Local planning authorities may be liable to pay compensation to those whose permitted development rights have been withdrawn if they:
  - i) refuse planning permission for development which would have been permitted development if it were not for an article 4 direction; or
  - ii) grant planning permission subject to more limiting conditions than the regulations would normally allow, as a result of an article 4 direction being in place.
41. While article 4 directions are confirmed by local planning authorities, the Secretary of State must be notified, and has wide powers to modify or cancel most article 4 directions at any point.
42. To avoid claims of compensation, the Council is required to give a year's notice of its intention to serve an Article 4 Direction. It should be noted that this could lead to a rush of conversions in the year to avoid the deadline. In parallel to this, evidence would have to be produced to support guidance to consider how planning applications would be considered.

#### Recommendation on pub conversion

43. It is considered that due to the loss of community facilities in a piecemeal fashion and the potential uncontrolled use of large premises in residential areas, that the existing permitted development rights to convert pubs is harmful to the proper planning of the city. Therefore, it is recommended that Planning & Development staff pursue an article 4 direction and the production of suitable guidance to assess how planning applications will be determined. It is likely this would only apply to pubs outside of the city centre. It is suggested that to minimise the risk of compensation claims that a years notice is given of the intention to serve the article 4 direction.
44. The service of an article 4 direction requires evidence of the harm that is being caused and consultation with affected groups before a final decision is taken. Therefore, this report is seeking authorisation to pursue this work and then a full report will be considered by a subsequent Cabinet and Full Council meeting when the evidence can be weighed up and considered.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

45. There is unlikely to be a significant additional or unbudgetted cost, although there is a risk of legal challenge or compensation claims from an article 4 direction. There will also be significant amount of officer time taken to deliver the article 4 direction and then to produce a suitable guidance document that weighs up all the relevant issues.

### **Property/Other**

46. No implications

## **LEGAL IMPLICATIONS**

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

47. Town & Country Planning Act 1990

### **Other Legal Implications:**

48. In undertaking any review the Council must have regard to the implications (if any) of the Equalities Act 2010 and the Human Rights Act 1998 when taking any action which may interfere with any protected characteristics of individuals or rights protection under the European Convention on Human Rights. As planning permission and development control functions invariably impact upon the property rights protected in the first protocol of the Convention, due consideration and impact assessment of all proposed planning controls highlighted in this paper will need to be undertaken in preparing the relevant planning policies and article 4 directions however the Council is satisfied in principle that the interference with these rights is justified and necessary in the circumstances to protect the wider public and public realm as set out in this report..

## **POLICY FRAMEWORK IMPLICATIONS**

49. The proposals in this report are consistent with the Council's Core Strategy, 2010 and Local Plan Review, 2006

**KEY DECISION?** Yes

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

**Appendices**

1.	None
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**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 – future reports relating to article 4 directions will.
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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.	None	
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<b>DECISION-MAKER:</b>		CABINET COUNCIL	
<b>SUBJECT:</b>		SOUTHAMPTON CITY STRATEGY 2014-2025	
<b>DATE OF DECISION:</b>		15 JULY 2014 - CABINET 16 JULY 2014 - COUNCIL	
<b>REPORT OF:</b>		LEADER OF THE COUNCIL	
<b>AUTHOR:</b>	Name:	Suki Sitaram	Tel: 023 8083 2060
	E-mail:	Suki.sitaram@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None.			

## BRIEF SUMMARY

Southampton Connect (the partnership comprising leaders of key public, private and voluntary organisations in the city) has identified the top city priorities detailed in its draft City Strategy. The partnership believe that through collaborative action, implementation of the strategy will help to maximise opportunities and address challenges for the city.

As a key member of Southampton Connect, the Council with other main partners, has been requested to endorse the draft City Strategy 2014 - 2025, and to contribute to delivering the priorities and outcomes contained within the attached draft strategy.

## RECOMMENDATIONS:

### CABINET:

- (i) To endorse the draft Southampton City Strategy 2014 - 2025 prepared by Southampton Connect and to recommend its approval to Council on 16<sup>th</sup> July 2014.

### COUNCIL:

- (i) To endorse the draft Southampton City Strategy 2014 - 2025 prepared by Southampton Connect.
- (ii) To delegate authority to the Chief Executive, as the incoming Chair of Southampton Connect, to agree the Council's contribution to the final City Strategy 2014 – 2025 which will reflect feedback from Southampton Connect partners.

## REASONS FOR REPORT RECOMMENDATIONS

1. The council is a significant partner within Southampton Connect and is therefore being requested to endorse the draft city strategy along with all key partners.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None as the draft Southampton City Strategy 2014 - 2025 has been developed by Southampton Connect.

## **DETAIL (INCLUDING CONSULTATION CARRIED OUT)**

3. Launched in 2011, Southampton Connect replaced Southampton Partnership as the key strategic partnership for the city and agreed a City Plan for 2012-2015 in October 2011.
4. Under the leadership of the Chief Executive of Southampton Voluntary Services, Southampton Connect has forged closer working relationships with other city partnerships, including the recently formed Future Southampton. It has been effective in bringing organisations together to improve outcomes, particularly around the city's response to Welfare Reforms and promoting the 50<sup>th</sup> anniversary of Southampton gaining city status.
5. Reflecting changing opportunities, needs and resources within the city, and the necessity to focus on addressing fewer key strategic challenges, Southampton Connect have drafted the city strategy for Southampton covering the period 2014 to 2025.

### **Vision and priorities**

6. The draft City Strategy 2014 – 2025, attached as Appendix 1, articulates Southampton Connect's vision for the city which was developed with key partners from across the city with 3 key priorities for the city and accompanying outcomes.
7. The 3 priorities within the draft strategy are:
  - Economic growth with equality
  - Skills and employment
  - Healthier and safer communities.
8. As identified in the strategy, progress in delivering the stated outcomes will be led by the strategic partnerships in the city that have strategic responsibility in these areas, with Southampton Connect keeping an overview of progress.
9. The strategy also identifies four cross-cutting themes that require the collective action of Southampton Connect partners to progress over and above the work of the strategic partnerships. The 4 cross cutting themes are:
  - Improving mental health
  - Building community capacity
  - Fostering city pride and identity
  - Delivering whole place thinking
10. Southampton Connect will be developing mechanisms to progress the cross cutting themes by Autumn 2014.

### **How were the priorities and cross cutting themes determined?**

11. The priorities and cross cutting themes have been decided following consultation with Southampton Connect partners and reflect extensive



feedback from city residents, Southampton's aspirations within the region, and analysis of information about the city.

### **Feedback from residents**

12. In March and April 2014 the first City Survey since 2010 was undertaken. Southampton Connect, the Safe City Partnership, Health (Southampton City Clinical Commissioning Group) and the Council commissioned the City Survey, to find out what residents think of Southampton and the services we all provide. The main feedback was:
- 82% of residents are satisfied with their local area as a place to live
  - Increasing jobs and employment, as well as reducing crime and antisocial behaviour, were among the top priorities identified.
  - 63% of residents feel safe in their local area at night - compared to 93% during the day.
  - 63% of residents feel a strong sense of belonging to their local area, compared to the national average of 78%.
  - 36% of residents feel they can influence decisions affecting their local area.
  - One third of residents feel they have little or no influence over decisions about their healthcare.
  - 60% of residents have not taken part in any voluntary activity in the last year.

### **Regional Aspirations**

13. These include:
- Promoting the area as the UK's leading growth hub for advanced manufacturing, marine and aerospace both at home and, more importantly, in the global marketplace.
  - Ensuring people have the right skills to access employment and support our growing sectors.
  - Increasing and accelerating the number of jobs and housing by releasing key sites and helping to provide the infrastructure needed to regenerate and develop them.
  - Helping young people, the long-term unemployed and those who may be made redundant get into work.

### **City Profile**

14. Southampton is the second highest ranking city in England for 'good growth' based on the "Good Growth Index 2013". This index compares how 39 UK above average cities for 'good growth' perform on job, income and skills measures. The city is now ranked 4<sup>th</sup> overall for economic growth in the UK and the 2<sup>nd</sup> highest English city for good growth. Southampton showed the most improvement of any other city, between 2012 and 2013. This is a rise of 10 ranking places since the 2012 survey, demonstrating the city's commitment to growth and economic development opportunities. We are ensuring that we capitalise on this by being actively involved in the region's developing Strategic Economic Plan to access the Single Local Growth Fund. This will help us to drive the key developments in the city, particularly Royal Pier, and continue the critical work on waste

transformation and estate regeneration.

15. Analysis of information contained within publications such as the Joint Strategic Needs Assessment (Health and Wellbeing), the Strategic Assessment (Community Safety), and the Digest of Key Statistics provides us with an overview of the strategic needs across Southampton. This profile identifies the following:
  - The achievement of children and young people at school and college has significantly improved over recent years, but further improvement is still needed.
  - Wages are below the regional average.
  - Southampton is the most deprived area in the south east for older people living in poverty with above average levels of child poverty
  - An increasing number of people are living in private rented accommodation.
  - There has been a significant increase in demand for specialist safeguarding services for vulnerable children, young people and families.
  - A high number of people are claiming benefits due to mental health issues and mental health problems are increasing.
  - The number of people with dementia and those who are frail elderly are increasing.
  - Although crime is falling the comparable position for all crime is 6th out of 9 core cities.
  - Southampton has high levels of alcohol related crime and ill health.
16. The Leadership Foundation for Higher Education also provided input into the development of the draft strategy. A group of academics and senior managers in higher education were invited to undertake a strategic challenge in Southampton on 15<sup>th</sup> May 2014. They conducted desk based research and interviews with key city leaders to help identify the top 3 challenges and opportunities where partnership working could add real value. Their conclusions helped to inform the discussion at a workshop on 29<sup>th</sup> May 2014 where draft priorities were identified by Southampton Connect members and additional invitees made up of leaders from a cross section of organisations and partnerships in the city.
17. To enable progress to be tracked Southampton Connect identifying a number of measures against which performance in delivering the outcomes identified in the strategy will be monitored.
18. The priorities within the City Strategy 2014 – 2025 need to be reflected within the priorities of the key partners within Southampton Connect to ensure that the city works collaboratively to meet the challenges it faces. To this end the priorities contained within the draft Council Strategy 2014-17 clearly show how the council will contribute to meeting the priorities outlined in the draft City Strategy.
19. As the draft Southampton City Strategy 2014 - 2025 has been developed by Southampton Connect, formal organisational sign-up is now being sought from all key partners so that it can be formally launched in Autumn 2014. As part of the approval process, delegated authority is sought for the Chief

Executive, in her capacity as the incoming Chair of Southampton Connect, to finalise the strategy for launch. This will incorporate any changes requested during the approval process.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital/Revenue**

20. There are no additional capital or revenue implications for 2014/15 arising from the proposals outlined in this report.

### **Property/Other**

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

## **LEGAL IMPLICATIONS**

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

22. S101 Local Government Act 1972, Local Government Act 2000.

### **Other Legal Implications:**

23. None.

## **POLICY FRAMEWORK IMPLICATIONS**

24. Whilst the City Plan is no longer a statutory requirement or part of the council's Policy Framework, it is expected that other plans and strategies within the Policy Framework will seek to address the challenges in the City Plan and contribute to the priorities and projects detailed within it.

## **SUPPORTING DOCUMENTATION**

### **Appendices**

1	Draft Southampton City Strategy 2014 - 2025
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### **Documents In Members' Rooms**

	None
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### **Background Documents**

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

**KEY DECISION No**

**WARDS/COMMUNITIES AFFECTED: None**




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# Southampton - a city of opportunity where everyone counts

## Our goal: Prosperity for all

We want to build on Southampton's unique location by the sea with exceptional transport links, its strong position nationally for economic growth, excellent reputation for teaching and learning, good regional specialist hospital, varied retail offer and night time economy, vibrant voluntary and student communities with rich diversity and cultural mix. Southampton is the most improved of any other UK city for good growth between 2012 and 2013. The 2nd highest ranking English city for good growth.

### ! Our priorities

	 <b>Economic growth with equality</b>	 <b>Skills and employment</b>	 <b>Healthier and safer communities</b>
Focus	Ambitious inward investment Maximising Southampton's waterfront potential	Promoting Inspirational role models Closing the gap for local people	Keeping people healthy Protecting vulnerable people
Outcomes	Strong local economy which includes a wide range of businesses and SMEs Reduction in poverty - both in and out of work Southampton is known as a waterfront destination	Improved match between local skills and business needs Increased employment opportunities for local people All residents have access to good quality learning opportunities	People stay healthy for longer and improving everyone's well being People of all ages are safer and feel safer People experience less social isolation
Measures	Number of active enterprises Gross Value Added Net increase in jobs Salary inequality of city residents Child poverty levels Number of visitors to the City Number of dwellings and amount of commercial floorspace completed on major waterfront development sites	Employment rate Number of apprenticeship starts Results for Science, Technology, Engineering and Maths Achievement indicators	Reoffending and crime rates Healthy life expectancy Resident perceptions of safety Outcomes for Dementia Hospital admissions related to alcohol Perception of influence over healthcare decisions Decent and affordable housing Number of people reporting feelings of isolation

### ★ Our cross-cutting themes

<b>Improving Mental Health</b>	<ul style="list-style-type: none"> <li>Supporting people with mental health issues to gain and stay in employment</li> <li>Working together to support and signpost people into appropriate mental health services as early as possible</li> </ul>
<b>Building community capacity</b>	<ul style="list-style-type: none"> <li>Increasing volunteering in the City</li> <li>Increasing the number of people who work together to improve their local area</li> </ul>
<b>Fostering city pride, passion and identity</b>	<ul style="list-style-type: none"> <li>Increasing community cohesion</li> <li>Increasing satisfaction with Southampton as a place to live</li> </ul>
<b>Delivering whole place thinking</b>	<ul style="list-style-type: none"> <li>Enabling more community budgeting and pooling of budgets to deliver community-led services</li> <li>Increasing the number of people who want to get involved and influence decision making in the City</li> </ul>

**?** Why did we choose these priorities?



**City profile**

The achievement of children and young people at school and college has significantly improved over recent years, but further improvement is still needed

Wages are below the regional average

Southampton is the most deprived area in the south east for older people living in poverty with above average levels of child poverty

An increasing number of people are living in private rented accommodation

There has been a significant increase in demand for specialist safeguarding services for vulnerable children, young people and families

A high number of people are claiming benefits due to mental health issues and mental health problems are increasing

The number of people with dementia and those who are frail elderly are increasing

Although crime is falling the comparable position for all crime is 6th out of 9 core cities

Southampton has high levels of alcohol related crime and ill health



**Feedback from residents**

82% of residents are satisfied with their local area as a place to live

Increasing jobs and level of employment, as well as reducing crime and antisocial behaviour, were among the top priorities identified as needing improvement

63% of residents feel safe in their local area at night - compared to 93% during the day

63% of residents feel a strong sense of belonging to their local area, compared to the national average of 78%

One third of respondents believe they have either little or no influence over the decisions on healthcare



**Regional aspirations**

Promoting the area as the UK's leading growth hub for advanced manufacturing, marine and aerospace both at home and, more importantly, in the global marketplace

Ensuring people have the right skills to access employment and support our growing sectors.

Increasing and accelerating the number of jobs and housing by releasing key sites and helping to provide the infrastructure needed to regenerate and develop them

Helping young people, the long-term unemployed and those who may be made redundant get into work

**Southampton Connect will work closely with the key city partnerships to deliver the vision**



<b>DECISION-MAKER:</b>		CABINET COUNCIL	
<b>SUBJECT:</b>		COUNCIL STRATEGY 2014 - 2017	
<b>DATE OF DECISION:</b>		15 JULY 2014 - CABINET 16 JULY 2014 - COUNCIL	
<b>REPORT OF:</b>		LEADER OF THE COUNCIL	
<b>AUTHOR:</b>	Name:	Suki Sitaram	Tel: 023 8083 2060
	E-mail:	Suki.sitaram@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None.			

## **BRIEF SUMMARY**

The Council Strategy is a key strategic document, setting out what we will do, how we will work and how we will contribute to the draft city strategy (2014 – 2025). It sets out our priorities for the next three years, the outcomes we expect to achieve by 2017 and the measures we will use to monitor our progress. It will influence all other strategies and policies developed during this period, as well as spending decisions; directorates and services will also use it to plan service delivery. It is part of the council’s Policy Framework and must be approved by Council.

Once agreed, it will be made published on the council’s website and be available to staff, residents and stakeholders. It has been drafted as an easy to read, accessible document, which focuses on key priorities, rather the trying to describe all ‘business as usual’ activities.

It replaces the current Council Plan, which received positive feedback, and has been used to set the strategic direction for the council since its development. It has been refreshed in light of feedback from residents and the changing local and national context.

## **RECOMMENDATIONS:**

### **CABINET:**

- (i) To note the recommendations made by the Overview and Scrutiny Management Committee, as reported verbally at the meeting, which, if approved by Council, will be reflected in the final version of the Council Strategy.
- (ii) To recommend the draft Council Strategy 2014-2017, including the Council priorities attached as Appendix 1, to Council for approval.

### **COUNCIL:**

- (i) To note the recommendations made by the Overview and Scrutiny Management Committee and Cabinet, to be reported verbally at the meeting, and which, if approved, will be reflected in the final version of the Council Strategy 2014 - 2017.
- (ii) To approve the draft Council Strategy 2014-2017, including the council priorities attached as Appendix 1.
- (iii) To delegate authority to the Assistant Chief Executive, following consultation with the Leader of the Council, to finalise the draft Council Strategy 2014 -2017, including incorporating any changes made at the meeting and to make any in

year changes and to refresh relevant sections of the strategy in 2015 and 2016 so that it aligns with any new budgetary or policy developments which will impact on the council's activities during 2014- 2017.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The Council Strategy is a key element in the council's policy framework, as it sets the direction of travel and priorities for the council for 2014-2017. It will influence all other strategies and policies developed during this period, as well as spending decisions. Whilst it sets the overarching strategic direction for the council, ongoing review and changes will be necessary over the three year period, in response to a number of factors. Delegated authority is therefore sought to review and make changes in the future.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. None.

## **DETAIL (INCLUDING CONSULTATION CARRIED OUT)**

3. The draft Council Strategy 2014-2017, attached as Appendix 1. The strategy describes how the council will contribute to the priorities set out in Southampton Connect's City Strategy 2014 -2025.
4. The previous Council Plan was published in July 2013. Key achievements against last year's plan are attached as Appendix 2. Highlights include:
  - Agreement on the development of the Royal Pier with key partners and commenced work on phase 1 of the Station Quarter Development and Centenary Quay, as part of the City Centre Master Plan.
  - Successful City Deal submission, jointly with Portsmouth City Council which is expected to lever significant funding to support local economic growth and jobs for local people.
  - Improvement in the levels of educational attainment at both Key Stage 2 and Key Stage 4 (GCSE) by the city's children and young people including those from disadvantaged backgrounds.
  - Launch of a new mobile app 'Recycle for Southampton' to help residents check collection dates, set reminders and find their nearest recycling point.
  - Over 10,000 residents have signed up for the garden waste collection service.
  - Establishment of a joint Multi Agency Safeguarding Hub (MASH) to improve the effectiveness of responses to all children's referrals.
  - Started work on the Southampton New Arts Complex.
  - Established a joint Integrated Commissioning Unit between the council and Health (Southampton City Clinical Commissioning Group) within a unified management structure.
  - Establishment of an independent Fairness Commission to consider issues of fairness and equality in Southampton.
  - Delivered 300 affordable homes and brought 100 empty homes back into



use.

- Conducted the first City Survey since 2010 in partnership with Southampton Connect.

5. We face a number of challenges including financial pressures and improving our performance in some areas. The final performance report for 2013-14 is available on the council's website, and provides an overview of progress to date. The key areas for improving council performance in the coming year have been incorporated into the draft Council Strategy 2014 -2017 and are:

- Improving educational attainment for all children and young people.
- Improving children's safeguarding services including of increasing the number of care leavers in suitable accommodation and in employment, education or training.
- Increasing direct payments and reducing delayed transfers of care.
- Increasing recycling rates and transforming waste services.

6. In developing the Council Strategy, we have also considered feedback from residents, both from the pre-budget priorities survey, and the more recent City Survey 2014. It is reassuring to note that despite the fact that in the last few years the council has had to make difficult decisions in light of financial challenges. The feedback shows that:

- Satisfaction with how the council runs things has gone up since 2010 by 7% to 59%.
- 44% agree that the council provides value for money which is 4% higher than in 2010.
- Over 75% are satisfied with parks and open spaces, bin collections and recycling.
- Over 60% are satisfied with our play parks/areas, libraries, sports and leisure, local tips and recycling.

7. We have also given particular attention to the key feedback points:

- The top priorities for improvement were roads and pavements and local transport and travel congestion.
- 88% of Southampton residents have access to the internet.
- 28% use email alerts and 27% use the website as the main source of information about the council.

8. The draft Council Strategy 2014 -2017 sets out the following priorities:

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

9. The strategy details the outcomes we expect to achieve by 2017 and the key success measures we will use to monitor our performance. Quarterly performance reports will be published on the council's website and be available for the Overview and Scrutiny Management Committee (OSMC) to consider.

10. In addition to setting out our key priorities, the strategy reflects our priority to become a sustainable council in the context of our ongoing financial pressures. A separate report is on this agenda detailing the next phase of our Transformation Programme to enable us to achieve this priority by 2017.
11. OSMC is due to consider the draft Council Strategy 2014 - 2017 on 10<sup>th</sup> July 2014 and their recommendations will be reported verbally at the Cabinet and Council meetings.
12. The final version of the Council Strategy 2014- 2017 will be published on the Council's website, following consideration of the feedback from OSMC, Cabinet and Council.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

13. There are no additional capital implications for 2014/15 arising from the proposals outlined in this report.

### **Revenue**

14. There are no additional revenue implications for 2014/15 arising from the approval of the report's recommendations. The measures contained within the strategy will be met from the resources allocated to portfolios through the 2014/15 budget setting process and future approved budgets.

### **Property**

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

### **Other**

16. None.

## **LEGAL IMPLICATIONS**

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

17. The statutory powers for producing this strategy can be found in the Local Government & Housing Act 1989, Local Government Acts 1972, 1999 and 2000 and s.1 Localism Act 2011. The council has a statutory duty to secure best value. The production of the Council Strategy demonstrates that the council has an integrated and planned approach to this requirement.

### **Other Legal Implications:**

18. In preparing the Strategy the council has had regard to its duties under the Equalities Act 2010, the Human Rights Act 1998 and s.17 of the Crime and Disorder Act 1998.

## **POLICY FRAMEWORK IMPLICATIONS**

19. The Council Strategy forms part of the council's Policy Framework, as set out in Article 4 of the Council's Constitution. The Executive is, for almost all functions, responsible for implementing the policies and spending the budget in accordance with the Policy Framework and budget. Each of the proposed actions in this strategy will be subject to the council's normal decision making processes, including detailed legal and financial assessments as necessary.

In developing this strategy, consideration has been given to known national policy and budgetary changes which will have a significant impact on the city. Progress over the next few years will be partially dependent on the availability of funding from external sources or the identification of new income sources. As it is not possible to guarantee the outcomes in some cases, the Council Strategy is subject to in year variation. It is therefore proposed to delegate authority to the Assistant Chief Executive, following consultation with the Leader of the Council, to finalise the Council Strategy, including incorporating any changes made at the meeting and to make any in year changes and to refresh relevant sections of the strategy in 2015 and 2016 so that it aligns with any new budgetary or policy developments which will impact on the council's activities during 2014- 2017.

## **SUPPORTING DOCUMENTATION**

### **Appendices**

1	Draft Council Strategy 2014 - 2017
2	Council Plan 2013 - 16 Progress highlights

### **Documents In Members' Rooms**

	None
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### **Background Documents**

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

**KEY DECISION No**

**WARDS/COMMUNITIES AFFECTED: None**

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## DRAFT SOUTHAMPTON CITY COUNCIL STRATEGY 2014-17

Contributing to the City Vision “Southampton - A City of Opportunity for all, where everyone counts”

OUR PRIORITIES	OUTCOME: BY 2017 WE WILL
1. Jobs for local people	<ul style="list-style-type: none"> <li>• Increase investment into the city</li> <li>• Reduce unemployment for young people, care leavers and long term unemployed</li> <li>• Increase apprenticeship opportunities for young people</li> <li>• Improve educational attainment for all children and young people</li> <li>• Increase sign up to the Living Wage</li> </ul>
2. Prevention and early intervention	<ul style="list-style-type: none"> <li>• Encourage active and healthy lifestyles</li> <li>• Provide early help and support to victims of domestic violence</li> <li>• Work with families with complex needs to help them to “turn around”</li> <li>• Provide effective early help services for children in need</li> <li>• Enable more people to live independently in their own homes</li> </ul>
3. Protecting vulnerable people	<ul style="list-style-type: none"> <li>• Ensure provision for Children Looked After is based on ‘right child, right placement, right time’ only for as long as needed</li> <li>• Provide effective intervention for children in need of protection</li> <li>• Reduce youth offending</li> <li>• Increase in the proportion of people who use adults services who feel safe</li> <li>• Work with health to provide effective, seamless services to vulnerable adults</li> </ul>
4. Affordable housing	<ul style="list-style-type: none"> <li>• Increase the number of affordable homes</li> <li>• Improve the quality of council housing</li> <li>• Reduce the number of empty properties</li> </ul>
5. Services for all	<ul style="list-style-type: none"> <li>• Improve the condition of roads and pavements</li> <li>• Increase recycling</li> <li>• Improve street cleanliness</li> <li>• Modernise library provision to achieve best value</li> </ul>
6. City pride	<ul style="list-style-type: none"> <li>• Encourage voluntary work</li> <li>• Encourage participation in city life</li> </ul>
7. A sustainable Council	<ul style="list-style-type: none"> <li>• Increase access to information and services online</li> <li>• Manage future demand for our services effectively</li> <li>• Commission and deliver services that provides value for money and meets the needs of customers</li> </ul>

### How we will work



### By 2017 we expect to be very different

- A sustainable council
- Different customer experience
- Commissioning services
- Mixed economy with different service delivery models
- Digitally driven
- Smarter working: Employees, Procurement, Assets
- Community ownership

## How did we decide on these priorities?

### Southampton Connect City Strategy 2014 – 2025

#### Priorities

- Economic growth with equality
- Skills and employment gap
- Healthier and safer communities

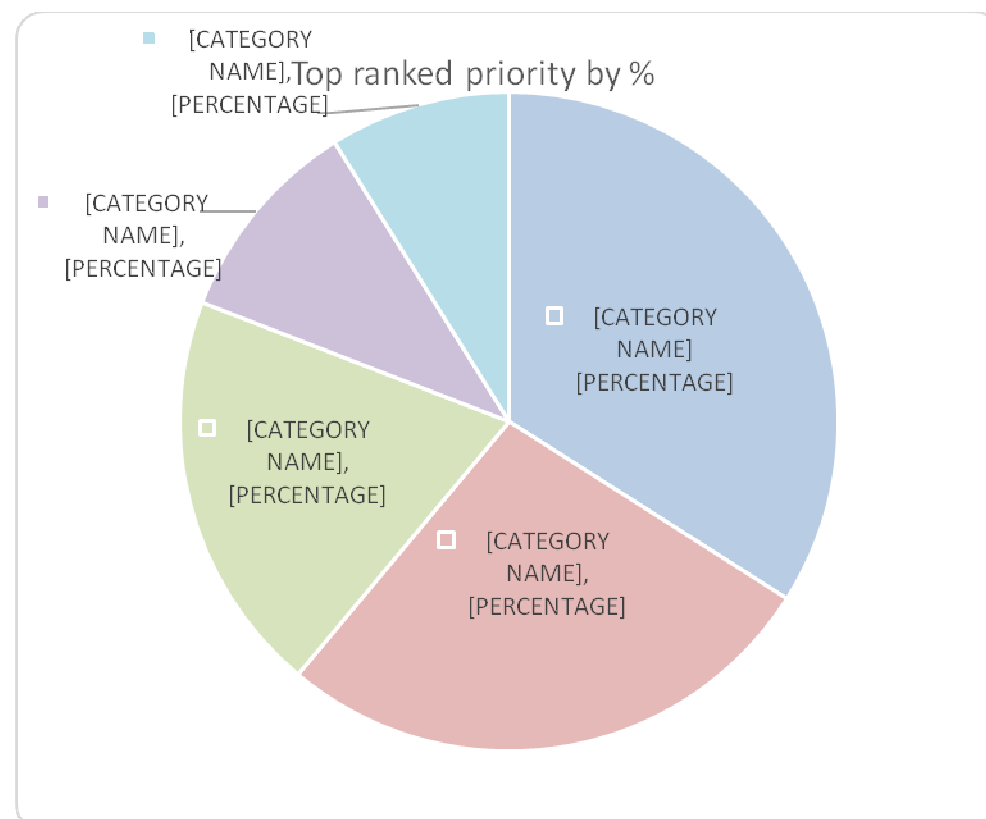
#### Cross cutting themes:

- Improving mental health
- Building community capacity
- Fostering city pride, passion and identity
- Delivering whole place thinking

#### City Survey 2014 feedback (from a representative sample)

- 31% of residents said that improving roads and pavements is one of the top the challenges for the council should with 26% saying it is the single most important thing that needs improving
- Providing jobs was the 5<sup>th</sup> most important challenge
- 57% of residents were satisfied with the council in keeping land clear of litter, with 29% being dissatisfied
- 63% of Southampton residents felt they have a strong sense of belonging to their local area
- 60% of residents said they have not volunteered in the last year
- 89% of residents have access to the internet
- 28% use email alerts and 27% use the website as the main source of information about the council
- 81% of residents exercise at least once a week

### Feedback on the pre-budget priorities survey in October 2013



## Success measures

Priorities	Measures – performance to be published quarterly on <a href="http://www.southampton.gov.uk/performance">www.southampton.gov.uk/performance</a>
Jobs for local people	<ul style="list-style-type: none"> <li>• £ investment jobs created through the City Centre Master Plan</li> <li>• Jobs created for long term unemployed through City Deal</li> <li>• Long term unemployed and young people supported through City Deal</li> <li>• % of 16-18 year olds who are not in education employment and training</li> <li>• Apprenticeship starts</li> <li>• % pupils attaining level 4+ at key stage 2</li> <li>• % all pupils achieving 5+ A* to C grades at GCSE including English and Maths</li> <li>• Employers in Southampton signed up to the Living Wage</li> </ul>
Prevention and early intervention	<ul style="list-style-type: none"> <li>• % of adult participation in sport and active recreation</li> <li>• % Smoking prevalence</li> <li>• Mortality rate from preventable causes</li> <li>• % of families worked with by the Families Matter programme who have been “turned around” and in a job for more than 6 months</li> <li>• % of referrals to Multi Agency Safeguarding Hub (MASH) where domestic violence is a feature</li> <li>• Permanent admissions of older people to residential and nursing homes of 100,000 population</li> <li>• % of older people who were still at home 91 days after discharge from hospital into reablement / rehabilitation services</li> <li>• Injuries due to falls in people over 65</li> </ul>
Protecting vulnerable people	<ul style="list-style-type: none"> <li>• % of children subject to repeat child protection plans.</li> <li>• % of children leaving care for permanence</li> <li>• First time entrants into the youth criminal justice system</li> <li>• % youth re-offending rates</li> <li>• % of people who use adults services who feel safe</li> <li>• Delayed transfers of care from hospital</li> </ul>
Affordable housing	<ul style="list-style-type: none"> <li>• Affordable homes delivered</li> <li>• Vacant homes empty for over 6 months</li> <li>• % of local authority housing stock that is non decent</li> <li>• Applications received for licensing houses in multiple occupation (HMOs) in Bevois, Bargate, Swaythling and Portswood wards</li> <li>• % of care leavers in suitable accommodation</li> </ul>
Services for all	<ul style="list-style-type: none"> <li>• % of main roads in need of maintenance</li> <li>• % of unclassified roads in need of maintenance</li> <li>• % of household waste sent for re-use, recycling and composting</li> <li>• Net cost of waste and recycling per household</li> <li>• % satisfied with the council keeping land clear of litter</li> <li>• <i>Library measure to be added</i></li> </ul>
City Pride	<ul style="list-style-type: none"> <li>• % satisfied with Southampton as a place to live</li> <li>• % feel Southampton is a place where people from different backgrounds get on well together</li> <li>• % residents who take part in voluntary work</li> <li>• Visitors to major city events and museums and galleries</li> </ul>
A sustainable council	<ul style="list-style-type: none"> <li>• Agreed level of savings to be achieved</li> <li>• Customer Portal registered users</li> <li>• Transactions completed online</li> <li>• % agreeing council offers value for money</li> <li>• % satisfied with how the council runs things</li> </ul>

## Council Plan 2013 – 2016: Progress Highlights in 2013/14

We said	We did
<b>Economic</b>	
Promoting Southampton and attracting investment	<ul style="list-style-type: none"> <li>• The Southampton and Portsmouth City Deal was signed with Government in November 2013, and levers significant funding to support local economic growth</li> <li>• Signed contracts for the development of the Royal Pier, with key partners and commenced work on phase 1 of the Station Quarter Development and Centenary Quay, as part of the City Centre Master Plan</li> <li>• Free access to internet is now being rolled out across a range of locations in the city</li> <li>• Delivered Platform Road improvements</li> <li>• Over 900 people attended literacy and digital skills courses</li> <li>• 177 new supported jobs and apprenticeship starts created through section 106 Employment and Skills Plans</li> </ul>
Raising ambitions and outcomes for young people	<ul style="list-style-type: none"> <li>• Reduced the gap for educational attainment at key stage 2 level 4 and attainment of 5+ A* to C grades at GCSE including English and Maths between disadvantaged pupils (in receipt of free school meals and children looked after) and other pupils</li> <li>• Established a joint Multi Agency Safeguarding Hub (MASH) to manage all referrals, alongside early intervention teams for 0-4 year olds and 5-19 year olds</li> <li>• Reduced the number of 16-18 year olds who are not in employment, education or training to 5.6%</li> </ul>
<b>Social</b>	
Improving health and keeping people safe	<ul style="list-style-type: none"> <li>• Established a joint Integrated Commissioning Unit between the council and the Clinical Commissioning Group within a single management structure</li> <li>• The provision of community equipment in Southampton and Portsmouth has been commissioned jointly between the two authorities</li> <li>• Following submission of a joint bid with Portsmouth, the Council has been awarded £241,941 over 2 years from the Big Lottery 'Chances for Change Programme' to improve health in some of the most deprived communities in Southampton</li> <li>• Delivering a successful Families Matter programme, which has worked with 472 families that have been 'turned around'</li> <li>• The Council and the Southampton City Clinical Commissioning Group are working together on Department of Health's Better Care Fund programme to improve outcomes for customers of health and social care services</li> </ul>
Helping	<ul style="list-style-type: none"> <li>• The Community Asset Transfer Strategy was approved to</li> </ul>

<b>We said</b>	<b>We did</b>
individuals and communities to work together and help themselves	<p>progress applications for community asset transfers</p> <ul style="list-style-type: none"> <li>• Established an independent Fairness Commission to consider issues of fairness and equality in Southampton</li> <li>• Following a city-wide review into impacts of Welfare Reforms, allocated £128,000 to fully implement the recommendations to deliver the local welfare provision offering support and guidance to vulnerable people in need</li> <li>• Awarded a grant of £386,000 to West Itchen Community Trust for the refurbishment of the Acorn Enterprise Centre in Empress Road</li> <li>• The Freemantle and Shirley Network was awarded £18,500 through a jointly funded bid to the department of Communities and Local Government (CLG) to build on existing networks to develop community led services and increase digital capacity and skills, focussing on the High Street at its heart.</li> </ul>
<b>Environmental</b>	
Encouraging new house building and improving existing homes	<ul style="list-style-type: none"> <li>• 300 affordable homes were delivered and 100 empty homes were brought back into use</li> <li>• 1,342 applications were considered for licensing houses in multiple applications in Bevois, Bargate, Swaythling and Portswood wards</li> <li>• Secured Energy Company Obligation (ECO) funding to install energy saving measures to council stock including PV panels, LED lighting and water pumps</li> </ul>
Making the city more attractive and sustainable	<ul style="list-style-type: none"> <li>• Significant role in promoting the city's 50<sup>th</sup> anniversary</li> <li>• Reduced energy consumption in the city's street lighting</li> <li>• Launched "Solent Go", a new regional travel Smart Card that enables linked transport trips for reduced fares</li> <li>• Organised a range of events in the city including Sky Ride to promote cycling in the city</li> <li>• 'My Journey' sustainable travel programme (funded by the Local Sustainable Transport Fund) has contributed to a 12% growth in cycling and an additional 500,000 annual bus passenger journeys.</li> <li>• Approved funding for the Eastern Cycle Route Project</li> <li>• Houndwell Park play area has been refurbished and reopened</li> <li>• The city's 21 hectares of Central Parks have been awarded Grade II* listed status by English Heritage</li> <li>• Progress on the Southampton New Arts Complex</li> </ul>
<b>One Council</b>	
Developing an engaged, skilled and motivated workforce	<ul style="list-style-type: none"> <li>• 12 people were redeployed through the STEP programme</li> <li>• The Pay and Allowances priority project is making good progress to ensure that the council has a fair, equal and affordable pay and allowances structure and this is being presented to Cabinet and Council in July 2014.</li> </ul>



<b>We said</b>	<b>We did</b>
<p>Implementing better ways of working to manage reduced budgets and increasing demand</p>	<ul style="list-style-type: none"> <li>• The Waste and Recycling services has launched a new mobile app called 'Recycle for Southampton' which will help residents check collection dates, set reminders and find their nearest recycling point</li> <li>• Introduced a new household glass and changes to weekly rubbish and recycling collection days to provide a more efficient and cost effective service</li> <li>• Over 10,000 residents have signed up for the garden waste collection service</li> <li>• Introducing mobile working for teams in Housing Operations</li> <li>• Commissioning the development of a refreshed website with significant improvements</li> <li>• Rolling out the new automated telephone switchboard system as part of the wider channel shift programme</li> </ul>

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<b>DECISION-MAKER:</b>	<b>CABINET COUNCIL</b>		
<b>SUBJECT:</b>	HRA CAPITAL PROGRAMME PROJECT APPROVALS 2014-15 AND 2015-16 PHASE 1		
<b>DATE OF DECISION:</b>	CABINET – 15 JULY 2014		
	COUNCIL – 16 JULY 2014		
<b>REPORT OF:</b>	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Geoff Miller</b>	<b>Tel:</b> 023 8083 4987
	<b>E-mail:</b>	<a href="mailto:geoffrey.miller@southampton.gov.uk">geoffrey.miller@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	<b>Alison Elliott</b>	<b>Tel:</b> 023 8083 2602
	<b>E-mail:</b>	<a href="mailto:Alison.Elliott@southampton.gov.uk">Alison.Elliott@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
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Not applicable
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## **BRIEF SUMMARY**

This report seeks formal approval, in accordance with Financial Procedure Rules, for expenditure on various housing projects. These projects will contribute to the Council's strategic housing objectives through improving facilities of our estates, the wellbeing and the satisfaction of our residents in the areas where they live.

The proposals are consistent with the HRA Business Plan and Capital Programme approved by Council in February 2014. As part of our approach to self-financing the Council is required to plan for longer term investment in our housing stock and as such Council agreed to a detailed five year Capital Programme. In order to deliver this programme and secure suitable procurement efficiencies, we now need to seek Scheme Approval to progress with planning, procurement and delivery of the associated projects, many of which are significant in nature and therefore require suitable lead-in time.

The proposed works cover elements under the headings of:

- Warm and Energy Efficient
- Well Maintained Communal Facilities
- Safe, Wind and Weather Tight
- Modern Facilities

**RECOMMENDATIONS:**

- CABINET (i) To approve in accordance with Financial Procedure Rules expenditure of £4,472,000 phased  
 £1,921,000 in 2014-15; and  
 £2,551,000 in 2015-16  
 on replacement windows, structural works, Disabled Adaptations, Programme Management Fees and Supported Housing Asset Programme (SHAP), provision for which exists within the Safe, Wind and Weather Tight, Modern Facilities and Well-Maintained Communal facilities sections of the HRA Capital Programme as detailed in the table below:

	2014-15	2015-16	Total
	£000s	£000s	£000s
<b>Safe Wind and Weather Tight</b>			
Window Replacement	476	715	1,191
Structural Works	1	330	331
<b>Total for Safe Wind and Weather Tight</b>	<b>477</b>	<b>1,045</b>	<b>1,522</b>
<b>Modern Facilities</b>			
Disabled Adaptations	141	112	253
Programme Management Fees	481	541	1,022
<b>Total for Modern Facilities</b>	<b>622</b>	<b>653</b>	<b>1,275</b>
<b>Well Maintained Communal Facilities</b>			
Supported Housing Asset Programme (SHAP)	822	853	1,675
<b>Total for Well Maintained Communal Facilities</b>	<b>822</b>	<b>853</b>	<b>1,675</b>
<b>TOTAL</b>	<b>1,921</b>	<b>2,551</b>	<b>4,472</b>

- COUNCIL** (i) To approve that the previously agreed schemes of “External Cladding (PRC houses)”, totalling £3,951,000, “External Cladding (flats)”, totalling £2,212,000, and “External Cladding (tower blocks)”, totalling £3,215,000, be merged into one scheme headed “External Cladding across the City” with a combined budget of £9,378,000.
- (ii) To approve in accordance with Financial Procedure Rules capital expenditure of £11,466,000 phased  
£5,240,000 in 2014-15; and  
£6,226,000 in 2015-16

on External Cladding systems and Supported Housing two-storey walkway repairs across the City for which provision exists within the Warm and Energy Efficient and Safe and Wind and Weather Tight sections of the HRA Capital programme, as detailed in the table below:

	2014-15	2015-16	Total
	£000s	£000s	£000s
<b>Warm and Energy Efficient</b>			
External Cladding across the City	4,739	4,639	9,378
<b>Total for Warm and Energy Efficient</b>	<b>4,739</b>	<b>4,639</b>	<b>9,378</b>
<b>Safe Wind and Weather Tight</b>			
Supported Housing two-storey walkway repairs	501	1,587	2,088
<b>Total Safe Wind and Weather Tight</b>	<b>501</b>	<b>1,587</b>	<b>2,088</b>
<b>Total</b>	<b>5,240</b>	<b>6,226</b>	<b>11,466</b>

## REASONS FOR REPORT RECOMMENDATIONS

1. Financial Procedure Rules state that all schemes already in the Capital Programme between £200,000 and £500,000 will require Cabinet Member approval, those between £500,000 and £2 million will require Cabinet approval and those with total values above £2 million will require the approval of full Council. The schemes in this report fall into all of these categories but are presented in one report for completeness.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. There have been various consultation meetings with Tenant Groups and Leaseholders during the last 12 months with regard to the proposed programme of Capital expenditure associated with the Housing Revenue Account (HRA) and the Self-Financing regime.
3. These works form part of the approved five year Capital programme (formally approved in February 2013).
4. The alternative option of not undertaking the works identified would leave the Council's homes and surrounding areas in their present condition and would not accord with the view expressed during the consultation process or with the Council's policies of providing homes that comply with the four agreed headings of:-
  - Safe Wind and Weather Tight
  - Warm and Energy Efficient
  - Modern Facilities
  - Well Maintained Communal Facilities

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

5. This report seeks permission to proceed with the development, procurement and implementation of Capital projects which form part of the HRA Capital Programme 2014-15 and 2015-16. This report deals with those schemes that are currently ready for approval.
6. The programme outlined in this report is consistent with the HRA Business Plan approved by Cabinet and Council in February 2014.
7. A key role in the development of the Capital programme has been the involvement of the Tenant Focus Groups, Block Wardens, Tenant representatives, Leaseholders and staff. Tenants and Leaseholders have also been closely involved in the production of our long term Business Plan for future investment.
8. Under Self-Financing our stock condition database is crucial to planning the works needed to our stock. As part of our approach to developing a Business Plan we have identified, through the stock database, the properties where work is required over the next five years and we are now in a position to strategically plan the investment needed to complete the work identified.
9. Therefore, the budgets identified and seeking approval are determined by the detail from our stock database to which we have then applied an accepted industry calculation for estimated value which is based on known costs and Building Research Establishment (BRE) national average at this time.
10. The detail in the tables above is therefore provided based on the detailed property assessments undertaken and is presented in unit quantities with a more detailed description of the work to be undertaken in the paragraphs below.

### **Safe, Wind and Weather Tight.**

11. **Windows:** Previously successful programmes of replacement window works have now seen all SCC homes that had single glazed windows replaced with new UPVc double glazed units across the city. However many communal area windows i.e. stairwells and landings now need to be replaced (those that are still of a single glazed or of a wooden frame construction). The intention is to, in conjunction with other schemes of works i.e. External Wall Insulation, decoration etc; commence a new replacement programme for these communal windows. Other communal window works shall include a new programme of double glazed replacement windows to community rooms commencing with those at Bassett Green Community Room.
12. In addition to the communal window works, a programme of window replacement shall also be commissioned replacing the old double glazed metal "Crittal" windows with new UPVc double glazed units, with works commencing at Meon Court. These new units will stop / prevent the "cold Bridging and Condensation" problems that currently exist within this type of metal windows. Further identical works are already being identified and consulted on at Toronto Court and these shall be added to the programmes accordingly. All of the works indicated shall contribute to SCC's energy saving measures, benefiting both the Council and its residents.
13. **Structural Works:** Given the type and age of Council properties, it is essential that regular structural investigations are carried out together with any remedial works identified. Under the current SSP agreement, Capita are to carry out the surveys, then document and report on their findings and oversee any works required. The approximate level of surveys / works is a 40% surveys / 60% works split. It is proposed that in 2014/15 **surveys / inspections** will be carried out by the Structures Team to St James House, Holyrood House and Canute House as well as 99 medium rise blocks in the Thornhill area. In 2015/16 **surveys / inspections** will be carried out to Castle House, Redbridge Towers and Millbrook Towers and a further 102 medium rise blocks in the Maybush / Shirley / Lordshill areas of the City. In 2014/15 **repair works** will be carried out to Canberra Towers, Hightown Towers, Meredith Towers, Dumbletons Towers, Wyndham Court and a number of medium rise blocks previously identified as needing repair in 2013/14's inspections. In 2015/16 **repair works** will be carried out to St James House, Holyrood House, Canute House and a number of medium rise blocks previously identified as needing repair in 2014/15
14. **Supported Housing 2 Storey Walkway Repairs:**  
An existing programme of works has been developed and commenced in 2013/14 to reinforce / provide additional support to the communal walkways to some of the many two Storey Supported Housing blocks across the City. Further structural investigations to other blocks have now identified similar work requirements and whilst there is no immediate concern or safety risk, the existing pro-active programme of works is to be extended across the city with associated works carried out in both 14/15 and 15/16.

### **Modern Facilities**

15. **Disabled Adaptations:** In a previous Cabinet Scheme Approval document the disabled adaptations budgets were agreed for both 14/15 and 15/16, however the demand for adaptations has increased. To meet the demand an additional amount of funding was added to the Capital Programme in February 2014 to ensure these requirements are met allowing tenants to stay put and enjoy their homes. Scheme approval is now sought for these additional sums.
16. **Programme Management Fees:** There are certain fees involved with managing the programmes of work included within the HRA Capital Programme that are not charged to individual schemes. Separate scheme approval is sought for these essential programme management fees.

### **Well Maintained Communal Facilities**

17. **Supported Housing Asset Plan (SHAP):** In previous years many successful improvements to the Council's Supported Housing stock have been carried out i.e. Graylings and Manston Court. These types of works are to be continued / expanded across the City. After the completion of the new lifts at James Street and the two blocks at Rozel Court, the intention is to immediately refurbish the "central core" areas of these buildings. Works shall include:- low energy lighting installations, hard wearing carpet / floor coverings, re-decoration, new windows / curtain walling to stairwells and electric scooter charging / parking facilities. These works will ensure that these buildings are energy efficient, bright and safe as well as making them a "good place to live" for many years to come. Further works are currently being developed across other communal areas including Fairfax Court, Medwall Court Bisley / Bowman Court and Bishops Crescent.

### **Warm and Energy Efficient**

18. **External Cladding:** With the introduction of the Government's Autumn Statement, the conditions around ECO grant funding were greatly changed, one of the main changes was the reduction / requirement needed for External Wall Insulation (EWI) to be carried out to properties of a non traditional build i.e. no cavity. The result of this reduction has seen the grant funding of these types of works reduce from circa. £140.00 per tonne of carbon saved to £30.00 per tonne. Therefore, the previously presented and agreed ECO works across the city have all had to be re-assessed to ensure they are still deliverable within the HRA budget.
19. During this current ECO funding round, the Council aims to see six tower blocks externally insulated (Shirley Towers, Sturminster House, Albion Towers, Meredith Towers, Dumbleton Towers and Hightown Towers). These are proposed as the next tranche of works as they offer some of the biggest gains in improving energy efficiency, and would soon need to be re-cladded anyway, whether the ECO scheme existed or not. Re-cladding the three Thornhill tower blocks would also tie in with the council's proposed district energy scheme, which is expected to include these blocks. Officers are working hard with all Utility Companies and our ECO partner MITIE to ensure the council secures the best possible grants and best possible deal.



20. To reflect the change in ECO this scheme approval report requests that the previously agreed schemes of “External Cladding (PRC houses)”, “External Cladding (flats)” and “External Cladding (tower blocks)” be merged into one scheme headed “External Cladding across the City”, thus allowing additional flexibility in the future delivery of EWl projects.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

21. There are sufficient funds available within the HRA Capital budget to meet the requirements of the proposed schemes. In addition, a number of the items will represent an investment that will support an ongoing reduction in revenue expenditure within the HRA. Obtaining Scheme Approval in this way minimises administration plus officer and member time, plus maximises the potential for wider procurement efficiencies from longer term planning.

### **Property/Other**

22. The HRA Capital programme is fully reflected in the Corporate Property Strategy.

## **LEGAL IMPLICATIONS**

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

23. There are no specific legal implications in connection with this report. The power to carry out the proposals is contained within Part 2 of the Housing Act 1985.

### **Other Legal Implications:**

24. None

## **POLICY FRAMEWORK IMPLICATIONS**

25. The proposed schemes in this report contribute positively to the Council’s objectives set out in the Housing Strategy and HRA Business Plan to maintain and improve the condition of the City’s housing stock.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	None
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**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.	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)

1.	None	
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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	PAY AND ALLOWANCES		
<b>DATE OF DECISION:</b>	16 JULY 2014		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Janet King</b>	<b>Tel:</b> 023 8083 2378
	<b>E-mail:</b>	<a href="mailto:Janet.king@southampton.gov.uk">Janet.king@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	<b>Mark Heath</b>	<b>Tel:</b> 023 8083 2371
	<b>E-mail:</b>	<a href="mailto:Mark.heath@southampton.gov.uk">Mark.heath@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
None

## **BRIEF SUMMARY**

The purpose of this report is to approve the recommended changes to the Council's Pay Policy and Allowances framework and associated terms and conditions in order to ensure the Council is equal pay compliant and embraces opportunities to modernise HR procedure and practice

The proposals affect all employees of the Council (approx. 6000) with the exception of: Teachers; support staff in Voluntary Aided (VA)/Trust and Academy schools; Modern Apprentices (separate pay framework); Non SCC employees who work for the Council (No Limits; St. James'; Women's Aid; NHS (including Public Health staff who transferred under COSOP (Transfer of Undertakings (TUPE) equivalent) and have retained NHS pay).

The proposals if approved will replace all existing local arrangements and agreements. The timeline proposes 1<sup>st</sup> November 2014 to commence implementation and affords a period of three months for management and union meetings with staff and a union ballot of members. The aim is to implement the changes through the process of collective agreement. This removes the need to serve notice and dismiss and re-engage all affected staff.

## **RECOMMENDATIONS:**

- (i) To consider this report and, as the Council's preferred option
  - (a) Implement the proposed changes to terms and conditions of employment (Pay and Allowances) achieved through collective agreement with recognised Trade Unions.

Or, if necessary

  - (b) Implement the proposed changes to terms and conditions of employment (Pay and Allowances) through the dismissal and re-engagement of affected staff if the union ballot rejects the proposed changes.

- (ii) To delegate to the Head of Human Resources authority to negotiate the final details and take any action necessary to implement this report.
- (iii) To authorise the Head of Legal and Democratic Services to amend the Officer Scheme of Delegation so that any decisions to amend or change pay and allowances are only exercised by or with the prior approval of the Head of Human Resources.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. Equal pay legislation and the associated Code of Practice require that men and women doing equal work, and work rated of equal value receive equal pay. The Council's existing pay and remuneration scheme significantly fails to meet this legal requirement. Compensation payments have been made with the risk of further claims being made as areas of inequality and existing local arrangements and agreements continue to be in place. New claims continue to be received supported by trade union bodies.
2. To achieve equity, fairness, modernisation and affordability within a changing, diverse and service focused organisation.
3. To ensure future consistency of practice and governance and ensure the openness and transparency of pay and allowances.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

4. Maintaining the existing pay and allowance arrangements was rejected as this perpetuates unfairness and inequalities; leads to the establishment of further local arrangements and agreements; and increases the risk of pay related claims and the associated litigation. There is a significant potential liability to the Council if claims and counter claims are pursued.
5. Limiting the scope of the review was rejected as it would create on-going risks and issues and would lead to failure to address key areas of concern and pay compliance. It would also raise the profile of existing anomalies and inequalities which could be used to inform equal pay and equal value claims across the organisation.
6. Reduction of the allowance offering for overtime, weekend working and irregular hours was considered and rejected due to the high impact on key service areas and lower paid employees as well as the capacity of the Council to provide a full service to the community. Failure to reach the basis of a collective agreement with the unions would result in the dismissal and re-engagement of the workforce and could prompt potential industrial action which would impact on the citizens of Southampton and prompt the pursuit of equal pay claims.

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

7. The wider transformation agenda is running in parallel to the review of pay and allowances and this will inevitably propose changes to working practices that impact on workforce requirements and numbers. The objectives of the Pay and Allowances proposals are therefore; to achieve equity, fairness,

modernisation and affordability within a changing, diverse and service focused organisation and to provide a clear framework going forward for pay and allowances for all .

8. Background meetings with recognised trade union officials were held during 2013 with more focused meetings in place from November 2013 onwards as proposals evolved (Unison, Unite, GMB, UCATT, NUT, AEP, Aspect, Prospect, Voice).

The formal timetable for extended union negotiations has run from February 3<sup>rd</sup> 2014 to June 24<sup>th</sup> 2014 with the aim of working towards agreement across as many areas as possible and reducing the risk of prolonged industrial action and employee disengagement. The schedule of meetings was agreed with all recognised unions to ensure all relevant matters were tabled and meaningfully consulted on.

- 9 Sub group meetings were also held to discuss key affected areas (Soulbury, Craft posts; Job Evaluation process). Service managers have informed the proposals through the provision of key information around existing practices and arrangements and service manager workshops were included in the review of HR policies.

- 10 The project Board (chaired by the Director of Corporate Services) includes representatives from Finance, Legal, Communications, Human Resources(HR) and People and Place Directorates and the Service Manager (Capita) HR Pay. The Council's Management Team (CMT) have been consulted and involved throughout the process and senior managers, Head Teachers and Chairs of Governors have been informed of the overview as the work has progressed.

- 11 As the aim was to try and achieve the basis of a collective agreement on behalf of the employees with the unions there has been limited direct employee communication about the detail to date. There is a fully supported, management led communications plan in place; staff briefings have been held from July 2<sup>nd</sup> onwards and there are internet/intranet/and helpdesk links available for all.

- 12 The Unions will hold staff meetings once the Council decision is known and they will, subject to the Council decision, ballot members during September with a view to recommending acceptance of the proposals. If achieved by agreement there will be no requirement to serve notice of dismissal and re-engagement on affected staff and the implementation plan can proceed for November 2014 onwards.

In the event that agreement is not confirmed there will be at least a 3 month notice period of changes as part of the dismissal process if the Council proceeds on this basis. This would delay overall implementation by at least one month.

## **PROPOSED CHANGES**

### **Pay Grade**

- 13 The proposal (Appendix 1) is to have a single pay structure for all areas of the Council with the retention of the top 8 points of each pay grade and the incorporation of a living wage (as set by the Living Wage Foundation) into

the grade structure. This reduces grade overlap year on year and sees an increase in hourly rate for any person earning less than £7.65 per hour. Current pay grades are up to 11 spinal points long and carry both equal pay and Age Discrimination risks. The pay grades have resulted in pay anomalies in areas where additional increments (+1 and +2) were awarded to create differentials for supervision roles in some cases and reflect the removal of allowances previously in place – these have been locally arranged/agreed and are not applied consistently across the Council

### **Living Wage**

14. The Leader has made a commitment to implement a Living Wage with effect from September 2013. As this has an impact on the overall pay structure (including schools) it was agreed with the unions and Cabinet that the living wage discussions would form part of the wider Pay & Allowances work. The living wage changes will be in place from November 2014 (and backdated to September 2013) and changes to the overall pay grade (reduction in pay points) effective from April 2015 to take account of April incremental rises.

### **Allowance Framework**

15. The implementation of a single, standard Allowance framework for all in scope areas of the Council will replace all existing local arrangements and agreements (150+) and will ensure fairness and consistency of practice. Attachment (Appendix 2 Allowance framework) shows the detail. No new arrangements / agreements will be made without Head of HR approval. This is reflected in the recommendations. Schools will be advised to implement the proposals with costs to be met from school budgets. However, it is their decision whether they do so or not. Finance support is being provided to model the impact of these issues. The principles of hours worked for hours paid at the evaluated grade for posts will be applied and will see an end to existing 52 week contracts in schools (for those who do not work the required weeks) and Task and Finish practices in Waste Services. This also affects retainer payments still in place for some posts in some schools. Whilst many of these have been phased out over time some still remain and will be looked at on an individual basis to address the required changes and minimise the impact on the affected people.

### **Craft Posts**

16. Former Red Book Craft posts have been evaluated and will be assimilated on to the pay structure with tool allowance (at national Red Book level) paid as a monthly supplement. This affects all 242 existing posts of which 7 will see a drop in basic pay. This change will simplify future pay reviews and pay negotiations and see incremental pay rises for trade staff.

### **Soulbury Posts**

17. Soulbury posts have been evaluated and will be assimilated on to the pay and allowance framework with a Soulbury adjusted supplement in place to reflect the nationally agreed levels of remuneration. This affects all 19

existing posts. None will see any drop in pay level. This change may impact on the future retention and recruitment of Education Psychologists and School Improvement partners who wish to remain in a context which more directly follows nationally recognised pay and conditions of service for their respective professions. Few other authorities have moved Soulbury staff away from a direct link with national pay and conditions, some choosing instead to buy the service in from neighbouring authorities.

### **Payroll simplification and changes to Job Evaluation**

18. The changes to the payroll and job evaluation processes will release savings as part of the Capita Strategic service contract (£95k and £40K respectively) and improve process efficiencies for managers across the Council. Posts affected by the move to monthly pay will be offered transitional, interest free loans (to be repaid over a 12 month period or sooner if the person leaves Council employment) to help manage the switch from weekly/fortnightly pay and there will be access to financial services advice locally for further general information.
- Foster Carers are paid weekly and this will continue to be the case. Changes to the job evaluation process will be planned through a work group involving HR, officers and trade union representatives. The aim is to move towards a more consistent and efficient process whereby jobs can be matched to existing, evaluated posts and the requirement for panels would be reduced. Similar work has been achieved across schools (a generic suite of documents is now available for use and helps speed the process of recruitment and consistency of practice and pay)

### **Contractual Car Allowance and Car Parking**

19. The proposals include the implementation of revised contractual car user status and the allocation of car parking passes in line with confirmed criteria. Current allocation of car allowance and car parking is inconsistent, in some cases unnecessary and is based on historic practices. Changes to Car Allowance and car parking will see a reassessment of contractual car user status (to be assigned to a post not a person) against the revised criteria agreed with the unions (Appendix 3). Payment to approved posts will include a monthly allowance, mileage paid at existing HMRC rates and a non-contributory car park pass for City based posts. Future assessment of posts for contractual car user status will be completed as part of the job evaluation process using the confirmed criteria.
- All other car park passes will be removed and replaced with access to a wider staff parking option scheme in line with other large, City based employers. Sustainable transport options for staff will continue to be promoted. An extension and increased take up of Car Club facilities will be monitored through the Transport Co-ordination unit and reviewed on an ongoing basis.
- There will be no monthly allowance for any post at Chief Officer level and payment for parking will be in line with that offered to all staff. The location of a car park space for CMT and Chief Officers who take up the offer of the contributory parking scheme and Elected Members will be determined by and at the discretion of the Director of Corporate Services.

## **HR Policies**

20. There is currently a lack of clarity around existing core HR policies and procedures and what is deemed contractual. Any changes made to policies are currently subject to review which includes trade unions with a view to reaching agreement. This has worked to date but in the event of any discord there would be a need to formally serve notice on staff in order to realise any changes. The proposal is to revise/reissue policies for Disciplinary; Grievance; Code of Conduct; Probationary period; Attendance Management; Performance Management; Termination of Employment and Pay Protection (limit to 2 years post restructure)
- To modernise the Council's approach the proposal is to have ONLY Disciplinary and Grievance Policies and the Code of Conduct as contractual. Revised policies for consultation have been developed with the Local Government Association (LGA) to ensure we adopt best in class across the sector (supplemented by management workshops). They set out the policy but not all the accompanying procedure and guidelines some of which we would **not** wish to make contractual.
- The changes include a proposal to rationalise the Employment Appeals Panel process (EAP) through the reduction of Member involvement in the process.
- In respect of all policies HR would continue to work with trade union colleagues in any review and revisions.
- As this work is progressed and agreed all policies will be available via the intranet.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

21. From the outset of discussions, there has been a recognition that the review of Pay and Allowances was primarily about fairness and modernisation, and that the aim of the review was not one of achieving significant savings to the overall pay bill.
22. This has been an important principle which the Council has adhered to in undertaking the review, and has been helpful in that it has demonstrated that the Council has not undertaken the review solely from a financial perspective to deliver savings.
23. In terms of the final set out proposals agreed with the Trade Unions to be taken to a ballot of members, there is in fact an overall increase in cost from 2014/15 onwards.
24. For the current financial year, there is an increase in cost to the General Fund of £283K. The current proposal is that the Council will seek to absorb this in year cost within existing budgets; should this lead to any particular budget issue at year end, and then this could be covered by either a draw from the Pay Reserve, a draw from contingencies or from General Fund reserves.
25. From 2015/16 onwards, the full year cost to the General Fund to implement the proposed changes are estimated to be £483k ongoing. This cost will be



built into the 2015/16 budget and managed through the budget process for that year.

26 There will also be an impact on the Housing Revenue Account and schools. At this stage it is estimated that the financial impact will be broadly neutral to the HRA.

27 Any impact on schools would need to be funded from within individual school budgets. As the Council does not have access to all employee information in relation to schools, it has not been possible to model the overall impact of the changes.

### **Property/Other**

26. None

### **LEGAL IMPLICATIONS**

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

27. Equal pay is an aspect of sex discrimination law and has been in force for over 40 years. It gives the right for men and women to be paid the same for the same, or equivalent, work. Where men and women are paid at different rates for the same, or similar, work, the employer must prove that there is a reason for it which is not gender-related. The obligations can be found in both European and UK law. In terms of UK law, the Equality Act 2010, which replaced the previous anti-discrimination laws with a single Act, gives women (and men) a right to equal pay for equal work. The 2010 Act replaced previous legislation on equal pay, including the Equal Pay Act 1970, the Sex Discrimination Act 1975, and the equality provisions in the Pensions Act 1995. The action set out in this report address the significant risks the Council faces by not being equal pay compliant. Additionally, S 111 and S112(2) Local Government Act 1972 are applicable.

#### **Other Legal Implications:**

28. None

### **POLICY FRAMEWORK IMPLICATIONS**

29. None

**KEY DECISION** n/a

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

**Appendices**

1.	Pay Grades Chart (Paragraph 13)
2.	Allowance Framework (Paragraph 15)
3.	Criteria for Car User (Paragraph 19)
4.	Equalities Impact Assessment

**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.	<b>Yes</b>
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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)

CURRENT GRADING STRUCTURE

SCP	Grades			
6	1 Dev Zone	2 Appt Zone		
7	1 App Zone	2 Dev Zone	3 Appt Zone	
8		2 Dev Zone	3 Dev Zone	4 Appt Zone
9		2 App Zone	3 Dev Zone	4 Dev Zone
10			3 Dev Zone	4 Dev Zone
11	5 Appt Zone		3 App Zone	4 Dev Zone
12	5 Appt Zone		3 App Zone	4 Dev Zone
13	5 Dev Zone		3 App Zone	4 App Zone
14	5 Dev Zone			4 App Zone
15	5 Dev Zone	6 Appt Zone		4 App Zone
16	5 Dev Zone	6 Appt Zone		4 App Zone
17	5 App Zone	6 Dev Zone		4 App Zone
18	5 App Zone	6 Dev Zone		
19	5 App Zone	6 Dev Zone		
20	5 App Zone	6 Dev Zone		
21	5 App Zone	6 App Zone	7 Appt Zone	
22		6 App Zone	7 Appt Zone	
23		6 App Zone	7 Dev Zone	
24		6 App Zone	7 Dev Zone	
25		6 App Zone	7 Dev Zone	
26			7 Dev Zone	8 Appt Zone
27			7 App Zone	8 Appt Zone
28			7 App Zone	8 Dev Zone
29			7 App Zone	8 Dev Zone
30			7 App Zone	8 Dev Zone
31	9 Appt Zone		7 App Zone	8 Dev Zone
32	9 Appt Zone			8 App Zone
33	9 Dev Zone			8 App Zone
34	9 Dev Zone			8 App Zone
35	9 Dev Zone			8 App Zone
36	9 Dev Zone	10 Appt Zone		8 App Zone
37	9 App Zone	10 Appt Zone		
38	9 App Zone	10 Dev Zone		
39	9 App Zone	10 Dev Zone		
40	9 App Zone	10 Dev Zone		
41	9 App Zone	10 Dev Zone		
42		10 App Zone		
43		10 App Zone	11 Appt Zone	
44		10 App Zone	11 Appt Zone	
45		10 App Zone	11 Dev Zone	
46		10 App Zone	11 Dev Zone	
47			11 Dev Zone	12 Appt Zone
48			11 Dev Zone	12 Appt Zone
49			11 App Zone	12 Dev Zone
50			11 App Zone	12 Dev Zone
51			11 App Zone	12 Dev Zone
52	13 Appt Zone		11 App Zone	12 Dev Zone
53	13 Appt Zone		11 App Zone	12 App Zone
54	13 Dev Zone			12 App Zone
55	13 Dev Zone			12 App Zone
56	13 Dev Zone			12 App Zone
57	13 Dev Zone			12 App Zone
58	13 App Zone			
59	13 App Zone			
60	13 App Zone			
61	13 App Zone			
62	13 App Zone			

PROPOSED GRADING STRUCTURE 01/04/2015

Salary  
Apr.  
2015\*

£	SCP	Grades			
14,719	6	1			
14,719	7	1			
14,719	8		2		
14,719	9		2		
14,719	10			3	4
15,133	11			3	4
15,442	12			3	4
15,851	13			3	4
16,135	14	5			4
16,467	15	5			4
16,857	16	5			4
17,251	17	5			4
17,585	18	5	6		
18,233	19	5	6		
18,890	20	5	6		
19,570	21	5	6		
20,070	22		6		
20,652	23		6		
21,319	24		6	7	
21,734	25		6	7	
22,443	26			7	
23,188	27			7	
23,945	28			7	
24,892	29			7	8
25,727	30			7	8
26,539	31			7	8
27,323	32				8
28,127	33				8
28,922	34	9			8
29,528	35	9			8
30,311	36	9			8
31,160	37	9			
32,072	38	9			
33,128	39	9	10		
33,998	40	9	10		
34,894	41	9	10		
35,004	42		10		
35,509	43		10		
36,383	44		10		
37,200	45		10		
38,099	46		10	11	
38,974	47			11	
39,840	48			11	
40,696	49			11	
41,503	50			11	12
42,363	51			11	12
43,232	52			11	12
44,095	53			11	12
44,965	54				12
46,560	55	13			12
47,887	56	13			12
49,034	57	13			12
50,229	58	13			
51,434	59	13			
52,828	60	13			
54,256	61	13			
55,726	62	13			

PROPOSED GRADING STRUCTURE 01/04/2016

SCP	Grades			
6	1			
7	1			
8		2		
9		2		
10			3	4
11			3	4
12			3	4
13			3	4
14				4
15	5			4
16	5			4
17	5			4
18	5			
19	5	6		
20	5	6		
21	5	6		
22		6		
23		6		
24		6		
25		6	7	
26			7	
27			7	
28			7	
29			7	8
30			7	8
31			7	8
32				8
33				8
34				8
35	9			8
36	9			8
37	9			
38	9			
39	9			
40	9	10		
41	9	10		
42		10		
43		10		
44		10		
45		10		
46		10		
47			11	
48			11	
49			11	
50			11	12
51			11	12
52			11	12
53			11	12
54				12
55				12
56	13			12
57	13			12
58	13			
59	13			
60	13			
61	13			
62	13			

PROPOSED GRADING STRUCTURE 01/04/2017

SCP	Grades			
6	1			
7	1			
8		2		
9		2		
10			3	
11			3	
12			3	4
13			3	4
14				4
15				4
16	5			4
17	5			4
18	5			
19	5	6		
20	5	6		
21	5	6		
22		6		
23		6		
24		6		
25		6		
26			7	
27			7	
28			7	
29			7	
30			7	
31			7	8
32				8
33				8
34				8
35				8
36	9			8
37	9			
38	9			
39	9			
40	9			
41	9	10		
42		10		
43		10		
44		10		
45		10		
46		10		
47			11	
48			11	
49			11	
50			11	12
51			11	12
52			11	12
53			11	12
54				12
55				12
56				12
57	13			12
58	13			
59	13			
60	13			
61	13			
62	13			

\* Prior to any pay award for April 2014

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## SOUTHAMPTON CITY COUNCIL

### Standard Hours

The **standard week** is based on **37 hours** Monday to Friday; Existing contractual hours will be retained and any changes to these will be subject to consultation with the recognised trade unions with a view to reaching agreement; where **existing contractual hours are over 37 the additional hours will be paid at plain time (Mon-Fri)** and overtime enhancements will be paid once contractual hours have been achieved.

### Weekend Working as part of normal working week

**Time and a half for hours worked on Saturday / Sunday as part of normal working week**

### Additional/Overtime Hours Payments: Monday – Saturday; Sunday

**Any approved hours worked beyond standard 37 hour week (or above the contractual hours where these are currently set at more than 37) for posts at or below SCP 28:**

**Monday to Sunday:** Time and a half OR time and a half off in lieu

Note: approved overtime hours in areas of irregular hours working **will** include the enhanced rate of pay for the post; overtime to be managed and monitored; Overtime payments for posts above SCP 28 will be a plain time only

### Public and Extra Statutory Holiday\*

**All public holidays -(apply to all – inc. irregular hours areas)**

Those required to work: Normal pay for the day + plain time for all hours worked within normal hours + (at a later date) time off with pay: half day (where hours worked are less than half normal working day); full day (where hours worked are more than half normal hours worked on that day)

V 27 June 24th 2014

### Irregular Hours Working (Service hours that include evenings / nights/weekends – all day) Public / Extra Statutory Holiday paid at rate shown\*

#### Pattern 1:

Postholder works a varying pattern of hours over the week; hours include time before 0730 and after 1830; hours vary week to week as part of a planned rota

- 15% enhancement added to basic salary

#### Pattern 2:

**Unsocial hours and Night only workers:( Hours between 1830 and 0730)**  
Any day of the week where 30% or more of the postholder's contracted hours fall within the accounting period

- 6% enhancement for **all** hours worked

### Tool Allowance

Will be paid as monthly allowance, by trade, in line with Red Book rates, for designated posts.

### Apprentices

Not covered by this framework: will remain on existing terms and conditions in line with National Red Book Agreement

ALLOWANCES V27 June 24th 2014 : **NOTE: If allowances are not shown on this framework they will no longer be valid / paid**  
Any new / additional allowances will be subject to approval from the Head of HR before being included in the standard framework

Standby & Callout	General Notes
<p><b>Standby payment</b>  <b>Monday – Friday</b> £13.43                      Saturday £15.55                      Sunday/Bank Holiday £20.70                      (Weekly: £103.50 where week excludes Bank Hol)</p> <p>Stand-by Allowance for Social Workers £26.76 (Green Book)  <b>Call out – for out of hours, emergency issues or areas requiring duty of care / making safe.</b>  <b>In service areas where attendance on site is not required and the “call-out” can be achieved by telephone from a remote location the stand-by payment <i>only</i> will apply.</b></p> <p><b>The qualifying period is a minimum of 2 hours – this includes travel time</b> at the rate of time and a half and payments are then calculated for each additional 30 minute period.                      In addition to the Standby flat fee “Call out” payments will be paid at <b>the normal hourly rate for the post.</b></p> <p>Travel element includes to site and back home.</p>	<p><b>NOTES:</b></p> <p><b>Call-out and Stand-by rotas must be approved in advance by the line manager.</b></p> <p>Irregular and additional hours payments will only be paid with management approval and/or as part of the approved contractual requirements of the post.</p> <p><b>No</b> additional hours payments will be made to employees on Chief Officer grades unless agreed in advance in exceptional circumstances.</p> <p>Standby and Call out rates will apply to Emergency Planning rota / affected posts;</p> <p>Stand-by payments are subject to increase in line with national pay awards / agreements.</p>

Mileage Rates		
Category	Engine Size	Rate per mile
All car users Inland Revenue rates	All	1-10000 miles 45 pence
		10,000+ miles 25 pence
Motorcycles Inland Revenue rates	All	24 pence
Bicycles Inland Revenue rates	N/A	20 pence
Mileage rates will only be changed as when they are reviewed by the Inland Revenue		

**First Aid/ Fire Marshall Allowance**

A standard Allowance of £136.44 per annum (First Aid) and £136.44 (Fire Marshall) will be paid to qualified and in-date, trained volunteers, **where there is an agreed and approved business need**. This allowance **is not paid** to employees whose job requires them to be First Aid or Fire Marshall trained as this is taken into account in the evaluation of the post.

**Emergency Planning: Duty Volunteer Allowance**

A standard Allowance of £136.44 per annum (paid as monthly sum) will be paid to in-date, trained volunteers. Volunteers will be on the duty rota. In addition to the flat allowance fee “Call out/duty” payments will be paid at **the normal hourly rate for the emergency planning duty post as / when volunteer role is required**.

ALLOWANCES V27 June 24th 2014 : **NOTE: If allowances are not shown on this framework they will no longer be valid / paid**  
Any new / additional allowances will be subject to approval from the Head of HR before being included in the standard framework

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### CONTRACTUAL CAR USER CRITERIA:

For some jobs it is a preferred requirement that the employee has a car available for use at work at all times. This requirement must be identified as part of the job description and person specification when approval to establish the post is sought\*. 'Front Line' operational work is more likely to justify contractual user than strategic or administrative based roles. (Note: \* for 2014/15 a reassessment of posts will need to be made using the new criteria and approval for payment of agreed allowance in place)

To have Contractual User status the post must be independently assessed (normally through the job evaluation process) against the following criteria:

1. Where there are multiple journeys in a day (more than 1 mile from the administrative base) and in excess of 3 days per week. (For part-time workers on less than 3 days per week the requirement to use a car for work purposes must be for 60% of the role to be eligible for allowance)
2. Where a risk assessment identifies that a car could be used as a safe place of refuge. This will generally apply to those who visit clients in their own home.
3. Where employees are part of a formal out of hours rota or need to respond frequently and urgently during the working day. Occasional call out does not apply.
4. Where employees need to carry tools, equipment or cash as a regular\*\* feature of their job. Volume or weight will be considered. For example a ladder is significant, a lap top is not.
5. Where employees are expected to carry clients/others. This is likely to apply mainly in Health and Social Care and must be a regular\*\* feature of the job.

**NOTE:** \* *Regular in this instance means at least 3 days a week and multiple journeys (for part-time workers who are employed less than 3 days per week the requirement would be 60% of the post)*

The criteria above will be applied when a job is first evaluated and will be approved as part of the job description. Contractual Car User status use goes with the job. Where an employee moves into a different job that does not require the contractual use of a car, the employee's terms and conditions will change accordingly. Where duties within a job change to the extent that the job is re-evaluated, the need for contractual car use must also be reviewed.

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## Pay and Allowances Equality Impact Assessment

<p><b>Name or Brief Description of Proposal</b></p>	<p>Implementation of changes to the Pay and Allowances framework to ensure equal pay compliance, consistency and fairness across the organisation. All staff are affected except Teaching Staff in schools, Apprentices (both groups on separate and national pay and conditions) and staff now working for SCC who have TUPE transferred from other organisations.</p>
<p><b>Brief Service Profile</b></p>	<p>The proposals affect staff in all Directorates across all services. There are inconsistencies that have resulted from a number of local decisions made by managers over a number of years and through a wide range of local agreements. The project was established to address these and to recommend the way forward. Therefore the intended consequences are to ensure equal pay compliance and apply fairness in terms of pay and allowances across the council. The underlying principles are to pay each pay grade the rate for the hours worked and ensure enhancements are fair, equitable and consistently applied.</p>
<p><b>Summary of Impact and Issues</b></p>	<p><b>Customers:</b> There should be little direct impact on customers as the changes affect what and how we pay employees with no proposal to change existing hours or service provision as part of this work. There will be no job losses as part of this project. We do believe that in the out turn treating all employees fairly will result in greater levels of customer service.</p>
	<p><b>Staff:</b> There will be no reduction in staffing levels. While many staff will be unaffected by the changes proposed, some will benefit and others will lose. It is not possible to assess fully at present the impact of the changes on staff by equality criteria as managers will be considering this over the next few weeks. Key changes are:</p> <p><b>Pay:</b></p> <p>Proposals include the implementation of a living wage for lower paid staff (at or below current spinal column point 10) and the reduction of grade overlap on the pay scale achieved through the removal of the bottom spinal column points; these</p>

	<p>elements will see an increase in pay for affected staff. The single pay structure includes former Red Book Craft workers (all will be eligible for future incremental pay awards replacing spot point pay) and Soulbury staff who will receive adjusted pay to reflect the Soulbury rates for their posts. Schools have been recommended to implement the proposed changes.</p> <p><b>Allowances:</b></p> <p>The introduction of a standard allowance framework will replace all existing local arrangements and agreements. This affects staff who receive enhancements for weekend and overtime working, irregular hours, stand by, call out and bank holiday working.</p> <p>Lower paid staff (up to spinal column point 34) will see and increase in leave entitlement of one day to align all areas.</p> <p><b>Car Allowance and Car Parking:</b></p> <p>Chief Officers will no longer receive any car allowance. An open scheme is being developed to offer all staff an option of reduced car parking costs (in line with schemes offered across the City to large employers). Mileage will be paid at HMRC rates.</p> <p>Revised criteria for Contractual Car Users has been agreed; car users will be assessed by post and, where eligible the post will attract a monthly allowance, mileage paid at HMRC rates and a non-contributory car park pass.</p> <p>The estimated impact (subject to final assessment of numbers) is that around 300 existing recipients of monthly allowance payments will lose this payment.</p>
<p><b>Potential Positive Impacts</b></p>	<p>Increased pay for those currently paid below the living wage level; increase in pay for those at the bottom of current pay grades; transparency and fairness of pay and allowances as the new framework is consistently applied.</p> <p>Improved enhancements for weekend and irregular hours working for those currently on little / no enhancement.</p>

## Potential Negative Impacts

No intended consequence for any group – all issues will be reviewed as implementation progresses and a fuller impact assessment with a staffing profile will be developed.

Impact Assessment	Details of Impact	Possible Solutions
Age	None	
Disability	None	
Gender Reassignment	None	
Marriage and Civil Partnership	None	
Pregnancy and Maternity	None	
Race		
Religion or Belief	None	
Sex	None	
Sexual Orientation	None	
Community Safety	None	
Poverty	Potential impact on benefit payments to some of those who will receive living wage pay level; unquantifiable impact as benefit payments not known	Signpost information for advice and guidance (SARC and DWP); advice sessions to be offered to groups switching from weekly to monthly pay to help financial management; interest free loan of 4 weeks pay will be offered to people switching from weekly to monthly pay and a period of 12 months will be allowed for repayment commencing Jan 2015.
Other Significant Impacts	None	

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