

# Overview and Scrutiny Management Committee

Thursday, 16th February, 2017  
at 5.30 pm

**PLEASE NOTE TIME OF MEETING**

## Council Chamber - Civic Centre

This meeting is open to the public

### **Members**

Councillor Fitzhenry (Chair)  
Councillor Moulton (Vice-Chair)  
Councillor Fuller  
Councillor Furnell  
Councillor Hannides  
Councillor Morrell  
Councillor Whitbread  
Councillor Murphy  
Councillor Savage  
Councillor T Thomas

### Appointed Members

Catherine Hobbs, Roman Catholic Church  
Revd. J Williams, The Church of England  
(Portsmouth and Winchester Dioceses)  
Vacancies

- Primary Parent Governor Representative;  
and
- Secondary Parent Governor Representative

### **Contacts**

Judy Cordell  
Senior Democratic Support Officer  
Tel. 023 8083 2766  
Email: [judy.cordell@southampton.gov.uk](mailto:judy.cordell@southampton.gov.uk)

Mark Pirnie  
Scrutiny Manager  
Tel: 023 8083 3886  
Email: [mark.pirnie@southampton.gov.uk](mailto:mark.pirnie@southampton.gov.uk)

## PUBLIC INFORMATION

### Overview and Scrutiny Management Committee

The Overview and Scrutiny Management Committee holds the Executive to account, exercises the call-in process, and sets and monitors standards for scrutiny. It formulates a programme of scrutiny inquiries and appoints Scrutiny Panels to undertake them. Members of the Executive cannot serve on this Committee.

#### **Role of Overview and Scrutiny**

Overview and Scrutiny includes the following three functions:

- Holding the Executive to account by questioning and evaluating the Executive's actions, both before and after decisions taken.
- Developing and reviewing Council policies, including the Policy Framework and Budget Strategy.
- Making reports and recommendations on any aspect of Council business and other matters that affect the City and its citizens.

Overview and Scrutiny can ask the Executive to reconsider a decision, but they do not have the power to change the decision themselves.

**Use of Social Media:-** The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

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

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

#### **Procedure / Public Representations**

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

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

**Mobile Telephones:-** Please switch your mobile telephones to silent 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 is available for disabled people.** Please contact the Democratic Support Officer who will help to make any necessary arrangements.

#### **Dates of Meetings: Municipal Year 2016/17**

<b>2016</b>	<b>2017</b>
16 June	12 January
14 July	16 February
11 August	16 March
15 September	13 April
13 October	
10 November	
15 December	

## **CONDUCT OF MEETING**

### **TERMS OF REFERENCE**

The general role and terms of reference for the Overview and Scrutiny Management Committee, together with those for all Scrutiny Panels, are set out in Part 2 (Article 6) of the Council's Constitution, and their particular roles are set out in Part 4 (Overview and Scrutiny Procedure Rules – paragraph 5) of the Constitution.

### **RULES OF PROCEDURE**

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

### **BUSINESS TO BE DISCUSSED**

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

### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 4.

## **DISCLOSURE OF INTERESTS**

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

### **DISCLOSABLE PECUNIARY INTERESTS**

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

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

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

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

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

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

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

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

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

## **Other Interests**

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

## **Principles of Decision Making**

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

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

In exercising discretion, the decision maker must:

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

## **AGENDA**

### **1 APOLOGIES AND CHANGES IN PANEL MEMBERSHIP (IF ANY)**

To note any changes in membership of the Panel made in accordance with Council Procedure Rule 4.3.

### **2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

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

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

### **3 DECLARATIONS OF SCRUTINY INTEREST**

Members are invited to declare any prior participation in any decision taken by a Committee, Sub-Committee, or Panel of the Council on the agenda and being scrutinised at this meeting.

### **4 DECLARATION OF PARTY POLITICAL WHIP**

Members are invited to declare the application of any party political whip on any matter on the agenda and being scrutinised at this meeting.

### **5 STATEMENT FROM THE CHAIR**

### **6 MINUTES OF THE PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

(Pages 1 - 2)

To approve and sign as a correct record the Minutes of the meetings held on 12<sup>th</sup> January, 2017 and to deal with any matters arising, attached.

### **7 SOUTHAMPTON BUSINESS IMPROVEMENT DISTRICT - UPDATE**

(Pages 3 - 8)

Report of the Chair of the Overview and Scrutiny Management Committee setting out the progress made in establishing a Business Improvement District in Southampton City Centre.

### **8 TRANSFORMATION PROGRAMME UPDATE**

(Pages 9 - 16)

Report of the Cabinet Member for Transformation Projects providing an update on the Transformation Programme as at end January 2017

**9 FORWARD PLAN**

(Pages 17 - 66)

Report of the Service Director, Legal and Governance enabling the Overview and Scrutiny Management Committee to examine the content of the Forward Plan and to discuss issues of interest or concern with the Executive, attached.

**10 COUNCIL STRATEGY PERFORMANCE – QUARTER 2, 2016-17**

(Pages 67 - 84)

Report of the Leader of the Council providing information about Quarter 2 performance for 2016/17 against the key success measures detailed in the Southampton City Council Strategy 2016-20

**11 MONITORING SCRUTINY RECOMMENDATIONS TO THE EXECUTIVE**

(Pages 85 - 90)

Report of the Service Director, Legal and Governance enabling the Overview and Scrutiny Management Committee to monitor and track progress on recommendations made to the Executive at previous meetings, attached.

Wednesday, 8 February 2017

Service Director, Legal and Governance

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SOUTHAMPTON CITY COUNCIL  
OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE  
MINUTES OF THE MEETING HELD ON 12 JANUARY 2017

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- Present: Councillors Fitzhenry (Chair), Moulton (Vice-Chair), Fuller, Hannides, Whitbread (except item 41), Murphy (except item 41) and Savage
- Apologies: Councillors Furnell, Morrell, T Thomas, Revd. J Williams and Mrs U Topp
- Also in attendance: Councillor Letts, Leader of the Council  
Councillor Lewzey, Cabinet Member for Children's Social Care  
Councillor Paffey, Cabinet Member for Education and Skills

37. **APOLOGIES AND CHANGES IN PANEL MEMBERSHIP (IF ANY)**

The Committee noted the apologies of Councillors Furnell, Morrell and T Thomas.

38. **MINUTES OF THE PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

**RESOLVED** that the minutes for the Committee meeting on 15<sup>th</sup> December, 2016 be approved and signed as a correct record.

39. **FORWARD PLAN**

The Committee considered the report of the Leader of the Council providing an update on the progress made towards achieving alternative service delivery model for some Council Services.

Councillor Letts, Leader of the Council, was present and with the consent of the Chair addressed the meeting.

**RESOLVED**

- (i) That the key milestones for the establishment of the LATCo are circulated to the Committee;
- (ii) That, ranging from low to high, the Committee are provided with the estimates of the potential profit that the LATCo could generate for the Council; and
- (iii) That officers seek to ensure that the procurement process to be followed to recruit one or more public and/or private sector partners to support the LATCo is designed to encourage as wide a range of submissions as possible.

40. **CHILDREN AND YOUNG PEOPLE'S STRATEGY 2017- 2020**

The Committee considered the report of the Cabinet Member for Children's Social Care and the Cabinet Member for Education and Skills detailing the Children and Young People's Strategy 2017-2020.

Councillor Lewzey, Cabinet Member for Children's Social Care and Councillor Paffey, Cabinet Member for Education and Skills were present and with the consent of the Chair addressed the meeting.

**RESOLVED:**

- (i) That the Committee are provided with a briefing paper on the Edge of Care Social Impact Bond initiative; and
- (ii) That, reflecting the Council's aims of reducing demand for more intensive safeguarding services by promoting earlier intervention, the Committee are provided with information clarifying how capacity is being created to manage the anticipated increase in demand for early help and preventative services.

41. **MONITORING SCRUTINY RECOMMENDATIONS TO THE EXECUTIVE**

The Committee received and noted the report of the Service Director, Legal and governance detailing the actions of the Executive and monitoring progress of the recommendations of the Committee.



# Agenda Item 7

<b>DECISION-MAKER:</b>	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
<b>SUBJECT:</b>	SOUTHAMPTON BUSINESS IMPROVEMENT DISTRICT - UPDATE		
<b>DATE OF DECISION:</b>	16 FEBRUARY 2017		
<b>REPORT OF:</b>	CHAIR OF THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Mark Pirnie</b>	<b>Tel:</b> 023 8083 3886
	<b>E-mail:</b>	Mark.pirnie@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
At the 16 June 2016 meeting of the Overview and Scrutiny Management Committee (OSMC) the proposal to establish a Business Improvement District in Southampton City Centre was discussed by the Committee. Following the successful ballot on 4 <sup>th</sup> November 2016 the Chair of Go! Southampton has been invited to update the OSMC on progress.			
<b>RECOMMENDATIONS:</b>			
	(i)	That the Committee considers the Go! Southampton progress update attached as Appendix 1.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	To enable the Committee to discuss the progress made in establishing a Business Improvement District in Southampton City Centre.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	None.		
<b>DETAIL (Including consultation carried out)</b>			
3.	Attached as Appendix 1 is the requested update on the progress made establishing Go! Southampton, the Southampton Business Improvement District.		
4.	The Chair of Go! Southampton has been invited to the meeting to discuss the progress made; the next steps to be taken; and to answer questions from the Committee.		
<b>RESOURCE IMPLICATIONS</b>			
<b><u>Capital/Revenue</u></b>			
5.	Identified in Appendix 1.		
<b><u>Property/Other</u></b>			
6.	None.		
<b>LEGAL IMPLICATIONS</b>			
<b><u>Statutory power to undertake proposals in the report:</u></b>			

7.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.	
<b>Other Legal Implications:</b>		
8.	None	
<b>POLICY FRAMEWORK IMPLICATIONS</b>		
9.	None	
<b>KEY DECISION</b>		No
<b>WARDS/COMMUNITIES AFFECTED:</b>		None directly as a result of this report
<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	GO! Southampton – BID Progress to end January 2017	
<b>Documents In Members' Rooms</b>		
1.	None	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.		No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
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.	Item 5: <a href="http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=123&amp;MId=3289&amp;Ver=4">http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=123&amp;MId=3289&amp;Ver=4</a>	

### GO! Southampton – BID Progress to end January 2017

Following the successful ballot on November 4<sup>th</sup>, the key focus has been to set up the arrangements by which the BID Company can become a legal entity, collect the levy. In parallel, developing relationships to support functioning of GO! Southampton is also progressing.

The GO! Southampton Steering Group met on the 7<sup>th</sup> December and on the 12<sup>th</sup> January and agreed:-

- Southampton BID Staffing Structure (see attached) & Job descriptions
- Board Structures and Sub-groups (see attached)
- Draft Articles of Association
- Initial Financial Management Principles
- Associate Membership arrangements
- Draft Leaflet & Company membership application pro forma (to accompany BID Levy bill).

Work is continuing on:-

- BID Levy Collection & Billing mechanics – February & March
- Company formation – early February
- Banking & Financial Management arrangements – late February
- CRM, Communication, Web site and Social Media strategy – February & March
- Baseline & Operating agreements with City Council – February & March
- Recruitment to Initial BID Company Board – January - March
- Recruitment of CEO and other posts – February to April
- Establishing three Theme Groups and drafting Year One Business Plan – March & April

To support this activity, consultants from The means have been retained to help establish the BID company and to provide interim management up to the end of April.

Foundation Recruitment has been retained to recruit the CEO. The aim is to make a successful appointment in mid February then recruitment to other posts will follow on.

Meetings are continuing with a range of parties to ensure engagement at an early stage. These are increasing in frequency, so that the Initial Board becomes operational and that the three Theme Groups can take on their roles to deliver the twelve objectives set out in the GO! Southampton brochure.

Company membership is open to all levy payers – one membership per organization. However these have to be formally requested. That is going to be actively taken forward in this Quarter. Associate membership has also been defined and will be made available to smaller businesses in the BID Area and to both small & large firms outside the BID Area.

Recruitment to the Initial Board has started and will be ready for the April launch. This Board will start running the company from April, but will stand down in September, at the first AGM, to allow for all members of the company to vote on Board membership.

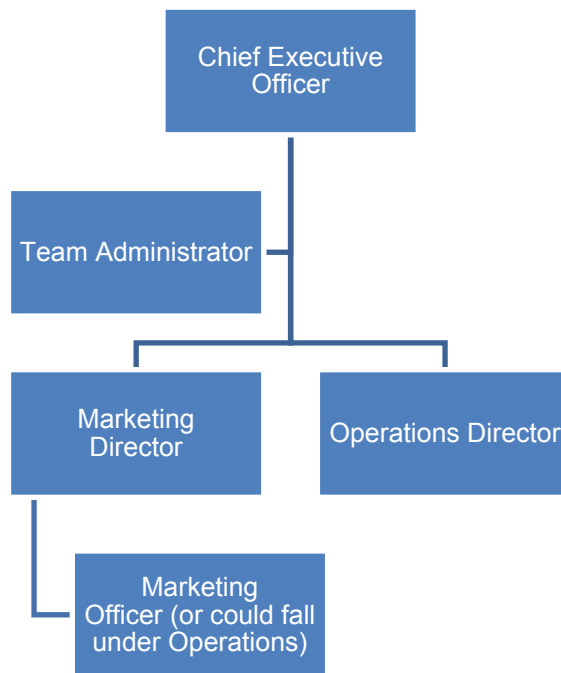
The financial outturn from the development phase of the BID Project up to Ballot was projected to cost £81,585. Of this sum the City Council provided £69,500. The actual outturn costs were £68,677 resulting in an underspend of £12,908. The main factor in this was delaying any recruitment activity, until after the Ballot result was known.

This underspend has been carried forward to the implementation phase. Depending on recruitment and appointments made, overall costs of implementation are estimated to be circa £110,000. To assist with cash flow, the City Council has offered support of £75,000. The remaining £19,610 will be met from the first levy payment, which is due on the 2<sup>nd</sup> May. This will leave the City Council as having provided a total of £144,500 over the whole project. This will be repaid to the Council from the BID Levy in equal installments, over the initial five year life of the BID.

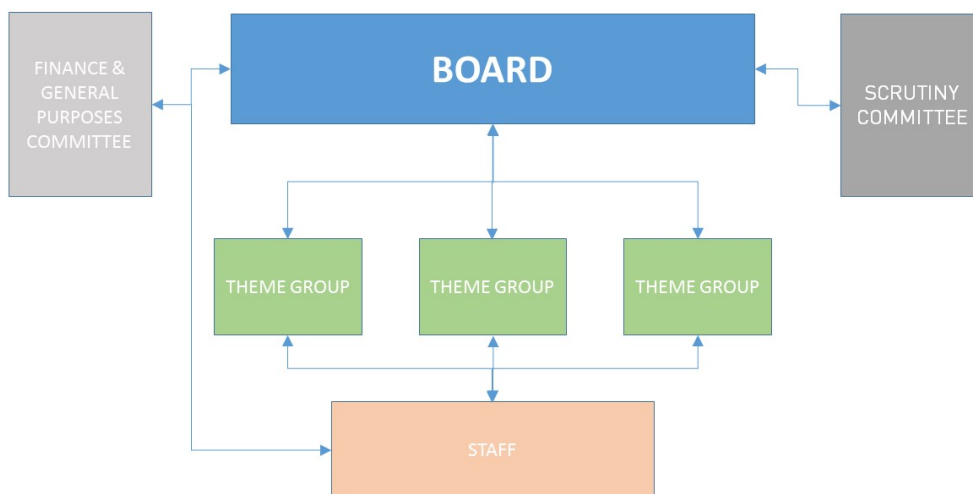
Brad Roynon  
Chair GO! Southampton Steering Group



Core Staffing Structure:-



Board Structures:-



## **Board Makeup**

The best way to ensure that the BID continues to be relevant to all its businesses is to ensure varied representation on the board. The following will make up voting members of the board:

- 5 Large Business (>250 employees), each providing 1 representative
- 6 Small Business (<250 employees), each providing 1 representative
- Up to a maximum of 2 occupiers drawn from Associate Member businesses
- Up to 2 landowners

The following Representatives shall also sit on the board:

- A Local Authority Representative – a Councillor or Officer
- Up to 3 Strategic Agency Representatives (including at least one representative of an Educational Institution)
- The Chief Executive Officer of the BID

In addition to this, when selecting board members, the Five ‘S’s need to be considered:

<b>Consideration</b>	<b>Particular Southampton Consideration</b>
<b>Sectors</b>	Retail Hospitality Evening / night-time economy Cultural and creative industries Cruise industry Commercial / professional services Educational/Academic
<b>Spatial – drawn from different parts of the BID area</b>	North of the parks around Bedford Place and London Road The West Quay Retail Park or surrounds The Shopping Centres Guildhall Square / Cultural Quarter East Street and surrounds High Street / Old Town
<b>Status – A mix of independent businesses and multiples</b>	
<b>Size – A mix of small and large</b>	This has already been outlined in the BID Arrangements
<b>Other Stakeholders</b>	Some organisations may occupy a permanent place, and some the board may wish to invite to give views on particular agenda items, for example: Southampton City Council Police LEP Culture Southampton

<b>DECISION-MAKER:</b>	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
<b>SUBJECT:</b>	TRANSFORMATION PROGRAMME UPDATE		
<b>DATE OF DECISION:</b>	16 FEBRUARY 2017		
<b>REPORT OF:</b>	CABINET MEMBER FOR TRANSFORMATION PROJECTS		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Stephen Giacchino</b>	<b>Tel:</b> 023 8083 7713
	<b>E-mail:</b>	stephen.giacchino@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	<b>Mel Creighton</b>	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	mel.creighton@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
This paper provides the Overview and Scrutiny Management Committee (OSMC) with an update on the Transformation Programme as at end January 2017 and progress since the last update to OSMC in November 2016.			
<b>RECOMMENDATIONS:</b>			
	(i)	The Committee is requested to consider this report and note progress of the Transformation programme.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	At the OSMC meeting in November 2013, the Chair requested that OSMC receives updates and reviews on the Transformation Programme at appropriate intervals. In response, it was agreed updates will be provided on a quarterly basis, commencing January 2014.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	Not applicable.		
<b>DETAIL (Including consultation carried out)</b>			
	<b>Background</b>		
3.	The Transformation Programme composition has not changed since the last OSMC update in November.		
4.	Since January 2016, all of the programme initiatives have been reviewed to ensure that resources and plans are aligned to achieve the best outcome, with several initiatives being regrouped or consolidated. The revised programmes are:		
5.	<b>Restructuring the Council (Operating Model)</b> – this programme brings together all organisation design work relating to the launch of the new operating model. There are 3 phases to this programme with Phase 1 completed at the end of January 2016:		

	<ul style="list-style-type: none"> <li>• <b>Service Excellence</b></li> <li>• <b>Capita Partnership Reset including: -</b> <ul style="list-style-type: none"> <li>○ <b>Core Services</b></li> <li>○ <b>Digital</b></li> <li>○ <b>Procurement</b></li> </ul> </li> <li>• <b>Temporary and Permanent Staff Procurement</b></li> <li>• <b>Service Cost Recovery - Complete</b></li> <li>• <b>HR Policies and Procedures – Complete</b></li> <li>• <b>Children’s and Families Service Transformation</b></li> <li>• <b>Transaction and Universal Services</b></li> </ul> <p>These programmes are described in the detail below.</p>
	<b><u>Individual Project Updates</u></b>
	<b>Restructuring the Council – Operating Model</b>
6.	<b>Phase 1</b> - Project complete
7.	<b>Phase 2</b> - Project complete
8.	<b>Phase 3</b> - The first part of the accelerated phase 3 for Digital and Business Operations has been completed. Consultation started on the 30 <sup>th</sup> January for other areas of the council such as Finance, Transactions and Universal Services and Intelligence, Insight and Communications.
	<b>Service Excellence</b>
9.	Phase 1 is on track with Champion Support sessions starting to rollout in January. The current cohort who have been trained in Service Excellence report that the methodology is helping them be more productive, collaborative and better able to identify and solve problems quickly. Service Excellence is planned to start a rollout in Children’s Services from April 2017. The CMT Information Centre board is currently being designed with rollout due to start in March.
	<b>Capita Partnership Reset</b>
10.	<b>Core Services -</b> <ul style="list-style-type: none"> <li>• Property Services transferred back in-house on the 1 January 2017.</li> <li>• Capita Southampton Limited was formally registered with Companies House.</li> <li>• The first Advisory Board meeting took place on 29 November.</li> </ul>
11.	<b>Digital</b> - The majority of final service director packs have been signed off, including a tranche 4 pack for Housing Digital Transformation. The remaining packs are currently being scrutinised to ensure the metrics, which will evidence the benefits of digital solutions, are closely linked to improved services for staff and customers.
12.	Since the last report in November, the digital journeys which have gone live include: <ul style="list-style-type: none"> <li>- Eight further forms for Business Support</li> <li>- the launch of EG (a workflow tool for business support)</li> </ul>



	<ul style="list-style-type: none"> <li>- further deployment of over a 100 additional mobile devices</li> <li>- the launch of PARIS Mobile (which will help social care staff record information on PARIS when a remote data connection is not available)</li> <li>- re-worked PARIS forms to allow the right information to be recorded and support our statutory return of data</li> <li>- launch of a single translator service provider.</li> </ul>
13.	As many of these journeys have been launched to staff we have also been conducting a detailed training programme for directly impacted staff alongside work to support the behaviour change required to adapt to these new ways of working. The emphasis on the end to end customer journey has meant that in a number of areas we are now able to evidence the improvements of the digital solutions according to agreed metrics in the Final Service Director packs; this includes Transaction and Universal Services and Adult Mobile Working.
14.	Development work currently underway includes integration of forms with back office systems, reporting a concern, pest control appointments, Housing Transformation and piloting new ways of Adult Social Care customers receiving direct payments.
15.	<b>Procurement Savings Initiatives</b> - The Programme currently comprises 49 Projects targeting GRF and Non-GRF savings. The rolling 2 Year Savings Programme pipeline (Wave 1 Projects) is currently addressing an estimated £60 - £71M of spend, from which a total 2 yr savings target of £6.7M (all funding streams) is being forecasted. The Year 1 forecast is for a total saving of £1.7M across capital, GRF and non-GRF streams. 6 projects have been completed and passed through the Benefit Sign-Off (BSO) gateway and a further 11 projects have progressed to formal procurement with the required Project Launch Documents (PLD) approved. There are currently a further 18 PLDs being developed. Other activities include preparing and disseminating communications regarding the reset with Capita and our improved partnership with Capita.
	<b>Temporary Staff Procurement</b>
16.	Comprehensive Management Information (MI) is beginning to be gathered to identify how many assignments are being requested and how many individual temporary staff are currently working at SCC. This MI is also highlighting spend by service area, savings against the historic spend and performance against contract standards. This will in turn enable management teams to continuously monitor expenditure, focus on the areas of high expenditure and develop options to further reduce costs. Work is continuing to migrate across agencies that have yet to sign up to supply temporary workers through the agreement with Hays.
17.	<b>HR Policies and Procedures</b> – Project complete
18.	<b>Service Cost Recovery</b> - This programme has moved to 'business as usual' implementation activity with Transformation tracking the target benefits. Schools Transport will now be incorporated into a wider Transport initiative across the council and has been moved under the Procurement Programme for delivery.
	<b>Adult Care Package Review</b>

19.	The Transformation & Improvement Board on 13 <sup>th</sup> December approved the continuation of the project until March 2017. To date a total of 1007 cases with annual care package costs of £13.9M have been reviewed and closed since the start of the first pilot in July 2016, delivering targeted annualised savings of £861,445, plus one off benefits of £31,373. Assuming the remaining backlog of cases can deliver the same or similar savings profile as those completed to date, the full backlog review could deliver gross savings of approximately £1.2m to £1.6m a year. In order to reduce the cost of the project, the project has replaced 3 Agency team practitioners with SCC permanent staff (2.8 FTE) that are being released from the efficiencies gained through the Digital Transformation Programme in Adult Social Care. This reduction in cost will further support an increase in the project's ROI (return on investment).
20.	<b>Concierge Service Transfer to Balfour Beatty</b> - The formal consultation process closed on the 22 November 2016. The service and TUPE transfer of 3 people commenced on the 29 November 2016. The final stage is in the setting up of remote monitoring at the City Depot which will be complete in early February 2017.
<b>Children's and Families Transformation</b>	
21.	The Children and Families Transformation Programme is made up of three core projects with the aim of transforming the service. The three core projects are: <ul style="list-style-type: none"> <li>○ Reducing Demand and Cost</li> <li>○ A Permanent and Productive Workforce</li> <li>○ System Reshaping</li> </ul>
22.	<b>Reducing Demand and Cost</b> - In the November 2016 update to OSMC it was announced that a new front door approach had gone live and was projecting to reduce children's social care (CSC) assessments by 33%. Additionally it was forecast that the number of Children in Need (CiN) cases would reduce within the service to allow a re-sizing of the service in due course. Since that launch, CSC assessments have in fact reduced by 72%, and CiN cases have gone from over 1400 (in August 2016) to 944 (in December 2016) representing a 29% reduction in demand. This accelerated reduction is expected to result in the service reaching a "floor" of around 500 CiN cases by July 2017 (64% reduction) which will provide the service with the previously unavailable options of either investing this capacity in essential OFSTED readiness and improving critical KPI's, and/or reallocating resources away from CiN cases and more into Early Help and prevention activities, and/or simply reducing the number of agency and FTE positions in the service at a quicker pace to achieve greater levels of savings than outlined in the November budget. This success is bolstered by very encouraging feedback from partners on their improved referral experience as a result of speaking with a qualified social care professional at first contact. Bids for the new edge of care intensive therapeutic service were evaluated in late December 2016 and was unsuccessful with only one provider putting in a bid. A new timeline for retender will be discussed 25/01/17 and will therefore delay any awarding of contract and benefit realisation.

23.	<p><b>A Permanent and Productive Workforce</b> - Since the last OSMC update a recruitment dashboard has been set up with Hays to measure performance against our targets of reducing the number of agency workers in the service. A recruitment website and materials have been refreshed and updated, and SCC also attended a national recruitment fair in November 2016. A management training programme has been completed, and a service vision workshop was delivered to increase engagement and advocacy of the journey the service is on. This will be built upon in 2017 with the launch of the Council's Service Excellence programme in Children &amp; Families from April 2017.</p>
24.	<p><b>System Reshaping</b> - This project is concerned primarily with looking at alternative models of service delivery for the service and in establishing an integrated 0-19 early help model in conjunction with partners. Detailed analysis has been completed by many service areas including Music, translation and educational psychology. Current proposals are to explore the next step of establishing an internal trading arm within the service prior to any consideration of longer term alternative models. A paper on this will be taken to SLT for initial consideration in January. Integrated early help service is on track and task and finish groups have been established to take the approved high level operating model forward into deliverable proposals for the partnership by the end of the financial year.</p>
	<p><b>Transaction and Universal Services - Local Authority Trading Company (LATCo)</b></p>
25.	<p>On 20 December Cabinet approved the setting-up of a Local Authority Trading Company (LATCo) and the launch of a procurement programme for the management, delivery and trading of the following Council services:</p> <ul style="list-style-type: none"> <li>• Street Cleansing and Waste Management &amp; Collection;</li> <li>• Housing Operations &amp; Management and Parks &amp; Open Spaces;</li> <li>• Car Park Operations, Facilities Management and Itchen Bridge Operations;</li> <li>• Transport.</li> </ul> <p>The procurement process is targeted to commence in April/May 2017. Programme updates will be provided on an on-going basis and a final recommendation on the structure, composition and governance of the LATCO, as well as the recommended appointment of one of more partners, will be subject to formal review by Cabinet and Council prior to implementation. This is an innovative move for SCC and potentially market-shaping for public services in general.</p>
	<p><b>Other Activities</b></p>
26.	<p><b>Communications and Engagement</b> - Our Communication and Engagement Officer works closely with our Corporate Communication and Research and Insight Units, and the Capita Communications and Engagement Team to ensure that the communications and the engagement across all teams is coherent and synergistic. The Transformation Programmes are both discrete and in some areas cross-cutting or affecting multiple service areas. We are developing a transformation wide</p>

	<p>Communication Plan that ensures that we make the most of each communication with staff and residents about the impact of transformational change. Our next steps are to run roadshows to showcase both the digital transformation taking place, and the changes taking place with Service Excellence and implementing the new behaviours of SCC. We plan to take the story to those areas of the council that may not yet have been touched by the digital programme, as well as those that have, reinforcing the commitment to change and helping staff embrace and embed change.</p>
27.	<p><b>Student Project Managers</b> - We are working with Solent University and their MSc Project Management Course Leader to provide opportunities in the transformation team for students on the MSc course. Many of these students bring excellent prior experience and are looking to put the training they are getting at Solent University into practice in a 'real-world environment'. We have currently provided placements for 3 students for one day a week each. They will help our Programme and projects managers providing additional project management support while gaining valuable experience.</p>
	<p><b>Long Term Structure</b></p>
28.	<p>As reported for the June 2016 OSMC meeting, a new structure (Programme Delivery Office) is being embedded in the Council so that strategic programme and project initiatives are delivered through a central corporate function to ensure major initiatives are defined and aligned to the Council's strategic priorities and outcomes. The launch of this structure was part of the Phase 3 Digital and Business Operations Consultation and will replace the Transformation Team from April 2017. In preparation for this transition, the Service Director Finance and Commercialisation assumed responsibility for the transformation team and the new PDO from 1 February 2017.</p>
29.	<p>A new permanent Service Lead – Programme Delivery Office (Ian Crossby) joined the Council on 3 January 2017 and a Programme Delivery and Benefit Realisation Officer (Bernie Berger) joined the Council on 23 January 2017. We have also recruited internally to 2 of the Programme Manager posts (Helen Saward and Rebecca Ayres, both of whom were previously engaged in the Transformation Team) and two further internal candidates (Karen Hilleard and Jessie Gwilt) were successful in gaining Project Manager posts. Jason Evans (also an SCC officer on secondment to the transformation team) has been successful in securing the position of Stakeholder and Engagement Officer.</p>
30.	<p>We are currently recruiting externally for 1 Programme Manager and 1 Project Manager, and have also agreed a secondment arrangement for a member of staff from Children's Services to join the PDO as a Programme Manager to provide a continued dedicated focus on the change programme for this service. An interim arrangement for a dedicated resource to support Adult Services is also being considered. The structures and methodologies for effective Programme and Project Management with robust Risk Management and Benefit Realisation Management are in place and an enterprise Project Management toolset has been deployed to enable the Programme and Project Managers to plan and track their projects while providing comprehensive Executive reporting on the status, Risk Profile and progress to benefit realisation of all the projects and programmes. The tools</p>

	and operating processes that have been introduced by the Transformation team ensures a comprehensive and robust legacy is in place for the Programme Delivery Office to maintain and build on.
	<b>Current Focus/ Next Steps</b>
31.	<p>The current and ongoing focus remains as follows:</p> <ol style="list-style-type: none"> <li>1. Rolling Service Excellence out to Childrens Services; Continuing to deliver the Customer Journeys in Digital that have been signed off while preparing potential Wave 2 Digital Transformation Journeys; Completing the delivery of the Temporary and Permanent Staff Procurement with Hays; Delivering the Procurment Initiatives with Capita.</li> <li>2. Support Services with the design and rollout of the Operating Model Phase 3</li> <li>3. Continuing to develop the budget initiatives into new Programmes and Projects to deliver the remaining savings target to 2020</li> <li>4. Implementing industry standard conrols and methodologies to introduce more robust programme governance and transition Transformation into BAU.</li> </ol>
32.	<p>The overall political and officer oversight of the Transformation Programme remains unchanged with:</p> <ul style="list-style-type: none"> <li>• 1:1 meetings between the Transformation Director and Cabinet Member for Transformation until April 2017</li> <li>• Monthly Transformation Improvement Board meetings</li> <li>• Escalation of issues to Cabinet and Council as and when required</li> <li>• Regular Oversight and Management Committee reporting</li> </ul> <p>The membership of Transformation &amp; Improvement Board has also been extended to include all members of the Senior Leadership Team.</p>
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
33.	The revenue cost of the SCC transformation team is largely being met from the transformation programme reserve approved by Council.
<b><u>Property/Other</u></b>	
34.	No implications at this stage.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
35.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.
<b><u>Other Legal Implications:</u></b>	
36.	None
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
37.	None

<b>KEY DECISION?</b>	No
<b>WARDS/COMMUNITIES AFFECTED:</b>	None directly as a result of this report
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	None
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	ESIAs have been completed for Transformation projects where appropriate. The need to produce ESIs will be reviewed for each new project as it develops.
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	PIAs have been completed for Transformation projects where appropriate. PIA's will be reviewed for each new project as it develops.
<b>Other Background Documents</b>	
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>	
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.	Implementing the Council Strategy 2014 – 2017 (Item 81) <a href="http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=122&amp;MId=2835&amp;Ver=4">http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=122&amp;MId=2835&amp;Ver=4</a>

# Agenda Item 9

<b>DECISION-MAKER:</b>		OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE	
<b>SUBJECT:</b>		FORWARD PLAN	
<b>DATE OF DECISION:</b>		16 FEBRUARY 2017	
<b>REPORT OF:</b>		SERVICE DIRECTOR - LEGAL AND GOVERNANCE	
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Mark Pirnie</b>	<b>Tel:</b> 023 8083 3886
	<b>E-mail:</b>	<b>Mark.pirnie@southampton.gov.uk</b>	
<b>Director</b>	<b>Name:</b>	<b>Richard Ivory</b>	<b>Tel:</b> 023 8083 2794
	<b>E-mail:</b>	<b>Richard.ivory@southampton.gov.uk</b>	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
This item enables the Overview and Scrutiny Management Committee to examine the content of the Forward Plan and to discuss issues of interest or concern with the Executive to ensure that forthcoming decisions made by the Executive benefit local residents.			
<b>RECOMMENDATIONS:</b>			
	(i)	That the Committee discuss the items listed in paragraph 3 of the report to highlight any matters which Members feel should be taken into account by the Executive when reaching a decision.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	To enable Members to identify any matters which they feel the Cabinet should take into account when reaching a decision.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	None.		
<b>DETAIL (Including consultation carried out)</b>			
3.	The Forward Plan for the period February 2017 – May 2017 has been circulated to members of the Overview and Scrutiny Management Committee. The following issues were identified for discussion with the Decision Maker:		
	<b>Portfolio</b>	<b>Decision</b>	<b>Requested By</b>
	Finance	Corporate Revenue Financial Monitoring for the period to the end of December 2016	Cllr Fitzhenry
4.	Briefing papers responding to the items identified by members of the Committee are appended to this report. Members are invited to use the papers to explore the issues with the decision maker.		

<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
5.	The details for the items on the Forward Plan are set out in the Executive decision making report issued prior to the decision being taken.
<b><u>Property/Other</u></b>	
6.	The details for the items on the Forward Plan are set out in the Executive decision making report issued prior to the decision being taken.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
7.	The details for the items on the Forward Plan are set out in the Executive decision making report issued prior to the decision being taken.
8.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.
<b><u>Other Legal Implications:</u></b>	
9.	None
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
10.	The details for the items on the Forward Plan are set out in the Executive decision making report issued prior to the decision being taken.



<b>KEY DECISION</b>	No
<b>WARDS/COMMUNITIES AFFECTED:</b>	None directly as a result of this report
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Cabinet Report – Corporate Revenue Financial Monitoring for the period to the end of December 2016
2	Cabinet Report Appendix 1
3	Cabinet Report Appendix 2
4	Cabinet Report Appendix 3
5	Cabinet Report Appendix 4
6	Cabinet Report Appendix 5
7	Cabinet Report Appendix 6
8	Cabinet Report Appendix 7
9	Cabinet Report Appendix 8
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out?	No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
<b>Other Background Documents - Equality Impact Assessment and Other Background documents available for inspection at:</b>	
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		
<b>SUBJECT:</b>	CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF 31 DECEMBER 2016		
<b>DATE OF DECISION:</b>	15 FEBRUARY 2017		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Sue Poynter	<b>Tel:</b> 023 8083 4153
	<b>E-mail:</b>	<a href="mailto:Sue.Poynter@southampton.gov.uk">Sue.Poynter@southampton.gov.uk</a>	
<b>Chief Financial Officer:</b>	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:Mel.Creighton@southampton.gov.uk">Mel.Creighton@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
N/A

### **BRIEF SUMMARY**

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

### **RECOMMENDATIONS:**

#### **General Fund**

It is recommended that Cabinet:

- i) Note the current General Fund revenue position for 2016/17 as at Quarter. 3, which is a forecast under spend at year end of £0.85M against the working budget, as outlined in paragraph 4 and Appendix 1.
- ii) Note that the forecast over spend for portfolios is £3.69M as outlined in paragraph 5.
- iii) Note the actions and assumptions being put in place to address the overspend position as described in paragraph 7.
- iv) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2016/17 as detailed in Appendix 3.
- v) Note the performance against the financial health indicators detailed in Appendix 4.
- vi) Note the performance outlined in the Quarterly Treasury Management Report attached as Appendix 5.
- vii) Note the performance outlined in the Quarterly Collection Fund Statement attached as Appendix 7.

## Housing Revenue Account

It is recommended that Cabinet:

- viii) Note the current HRA budget monitoring position for 2016/17, as at Quarter 3. There is a forecast underspend at year end of £0.07M against the working budget as outlined in paragraphs 19 and 20 and in Appendix 6.

### **REASONS FOR REPORT RECOMMENDATIONS**

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

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

2. Not applicable.

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

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

### **Financial Summary**

4. Appendix 1 sets out a high level financial summary for the General Fund, and shows that the overall forecast outturn position for the Council is an underspend of £0.85M, as shown below:

**Table 1 Summary Forecast Outturn Position**

	<b>Forecast Outturn Variance £M</b>	<b>Forecast Outturn Variance %</b>
<b>Baseline Portfolio Total</b>	<b>3.69 A</b>	<b>2.15</b>
Trading Areas	0.19 A	
Other Expenditure & Income	3.57 F	
General Government Grants	1.16 F	
<b>Net Total General Fund</b>	<b>0.85 F</b>	<b>0.47</b>

5. As shown in Table 1, the forecast portfolio revenue outturn on net controllable spend for the end of the year compared to the working budget is an overspend of £3.69M. This is analysed below:

**Table 2 Portfolio Forecast Outturn Position**

<b>Portfolio</b>	<b>Qtr. 3 Forecast Outturn Variance</b>		<b>Qtr. 2 Forecast Variance</b>	<b>Movement from Qtr. 2</b>
	<b>£M</b>	<b>%</b>	<b>£M</b>	<b>£M</b>
Communities, Culture & Leisure	0.11 A	1.89	0.13 A	0.02 F
Education & Children's Social Care	0.06 F	0.14	1.26 A	1.32 F

Environment & Transport	0.67 F	3.13	0.25 F	0.42 F
Finance	0.59 F	1.63	0.23 F	0.36 F
Health & Sustainable Living	0.15 F	3.11	0.04 F	0.11 F
Housing & Adult Social Care	4.55 A	6.92	4.29 A	0.26 A
Leader's	2.14 F	17.70	0.93 F	1.21 F
Transformation	2.64 A	27.56	2.65 A	0.01 F
<b>Portfolio Total</b>	<b>3.69 A</b>	<b>2.15</b>	<b>6.88 A</b>	<b>3.19 F</b>

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

### **Actions Being Taken to Address the Adverse Position**

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

### **Risk Fund**

8. A sum of £3.57M is included in the working budget to cover unexpected pressures. This has been forecast to be released to offset the identified overall Portfolio adverse position.

### **Government Grants**

9. There is an increase in forecast government grants of £1.16M due to additional Education Services Grant (ESG) (the number of academy conversions is lower than anticipated) and an assumption that other grants (not announced when setting the budget in February 2016) would be reduced in line with other grants has not been materialised.

### **Significant Portfolio Issues**

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

**Table 4 Significant Adverse Variances**

<b>Portfolio</b>	<b>Significant Issue</b>	<b>Adverse Forecast £M</b>	<b>See Reference</b>
Communities, Culture & Leisure	Gallery & Museums	0.23	COMM 1
Education & Children' Social Care	Education – Early Years and Asset Management	0.41	E&CSC 4
Environment & Transport	Domestic Waste Collection	0.37	E&T 1
Environment & Transport	Commercial Waste	0.12	E&T 2

	Collection		
Environment & Transport	Waste Disposal	0.23	E&T 3
Environment & Transport	Park & Street Cleansing	0.31	E&T 9
Housing & Adult Social Care	Long Term	3.44	ASC 1
Housing & Adult Social Care	Safeguarding Adult Mental Health & Out of Hours	0.63	ASC 2
Housing & Adult Social Care	Provider Services	0.30	ASC 3
Housing & Adult Social Care	Reablement	0.44	ASC 4
Transformation	Transformation Savings	2.65	TRANS 1 - 4

**Table 5 Significant Favourable Variances**

<b>Portfolio</b>	<b>Significant Issue</b>	<b>Favourable Forecast £M</b>	<b>See Reference</b>
Environment & Transport	Contacts Management	0.08	E&T 4
Environment & Transport	Off Street Parking	0.48	E&T 5
Environment & Transport	Travel	0.42	E&T 6
Environment & Transport	Development Management	0.33	E&T 6
Finance	Business Support	0.24	FIN 3
Finance	Debtors & Creditors	0.17	FIN 5
Housing & Adult Social Care	Integrated Commissioning Unit System Redesign	0.20	ASC 5
Leader's	Central R&M	1.14	LPOR 1
Leader's	Property Services	0.40	LPOR 4

### **Implementation of Savings Proposals**

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

**Table 6 Analysis of Achievement of Savings**

	%
Implemented and Saving Achieved	61.3
Not Yet Fully Implemented and Achieved But Broadly on Track	18.0
Saving Not on Track to be Achieved	20.7

13. Savings that are not on track to be achieved and have a high level of risk associated with delivery, can be categorised into those which are due to non-implementation and in some cases due to the impact of factors such as rising demand for services which have meant that despite being implemented the estimated level of financial savings have not materialised.
14. The overall financial shortfall in the delivery of the savings proposals is currently forecast as £5.16M or 16.5% of the total to be delivered which is shown by Portfolio in Appendix 3.
15. The financial implications of the delivery of these proposals are reflected in the current forecast position, areas of ongoing concern have been fully reviewed, and appropriate action plans are being put into place. In addition, any implications for the budget for 2017/18 and future years will be addressed as part of setting the budget.

#### **Financial Health Indicators**

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

#### **Quarterly Treasury Management Report**

17. The Council approved a number of indicators at its meeting in February 2016 and Appendix 5 outlines current performance against these indicators in more detail, along with an economic update and key information about the Council's borrowing and investments.
18. As at the 31 December 2016 the Council held the following levels of borrowings and investment:

**Table 7 Investment and Borrowing as at 31<sup>th</sup> December 2016**

	£M	Average Yield/Rate %
<b>Investments</b>		
Cash	42.77	0.29
Long Term Bonds	13.92	2.09
Corporate Bonds	3.15	0.87
Other Bonds	6.49	0.55
Property Fund	9.00	4.88
<b>Total Investments</b>	<b>75.33</b>	-

	£M	Average Yield/Rate %
<b>External Borrowing</b>		
Public Works Loan Board (PWLB)	223.00	-
Market Loans	9.00	-
<b>Total Long Term Borrowing</b>	<b>232.00</b>	
Temporary Borrowing	30.00	
<b>Total External Borrowing</b>	<b>262.00</b>	<b>3.32</b>

### Housing Revenue Account

19. The expenditure budget for the HRA was set at £75.14M and the income budget at £76.15M, resulting in a net transfer to balances of £1.01M. The forecast position for the year end on income and expenditure items shows a favourable variance of £0.07M compared to this budget.
20. The significant variances are detailed in Appendix 6 but include:
- Overspend on Responsive Repairs £1.49M;
  - Overspend on Housing Investment £0.21M; and
  - Reduction in Tenant Service Charges £0.20M;

Offset by:

- Decrease in Supervision & Management Costs £0.36M;
- Reduced borrowing requirement for Capital Programme £1.30M; and.
- Increased Leaseholder Service Charges £0.31M.

### Collection Fund

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

	Council Tax £M	NDR £M	Total £M
Change in 2016/17 Surplus	0.94	3.07	4.01
(Reduction)/Increase in year end Surplus brought forward from 2015/16	1.13	1.68	2.81
<b>Overall 2016/17 Surplus</b>	<b>2.07</b>	<b>4.75</b>	<b>6.82</b>



<b>SCC Share of Surplus</b>	<b>1.78</b>	<b>2.33</b>	<b>4.11</b>
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23. The Council's share of the surplus for council tax is £1.78M and its share of the business rates surplus is £2.33M, giving a net surplus of £4.11M. These will be taken into account in setting the 2017/18 Council Tax and General Fund Budget. Appendix 7 details the Collection Fund Account for 2016/17.
24. It should be noted that a reduction in the Council Tax bad debt provision of £0.97M is included within the change in surplus for Council Tax of £2.07M. Bad debt provision is based on an estimate of the likely level of bad debts linked to collection rates. A review has been undertaken and this has led to a reduced estimated requirement for 2016/17.
25. The main changes between the NDR forecast surplus at Quarter 3 (shown above) and Quarter 2 ( An overall surplus of £8.4M of which the SCC share was £4.1M) is in respect of NDR Bad Debts and Appeals provisions. The Bad Debt Provision has been increased to £2.26M, an increase of £1.26M from the previous quarter. This is due to a full review of all outstanding arrears, identifying all amounts that have been through the complete recovery process, including bailiffs, and those debts that were deemed irrecoverable have been written off. This has enabled better targeting of debts where there is a likelihood of recovery. In addition, there has been a £2.8M reduction in the use of the Appeals Provision with respect to prior year refunds, which was partly offset by £0.4M increase.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

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

### **Property/Other**

27. None.

## **LEGAL IMPLICATIONS**

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

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

### **Other Legal Implications:**

29. None.

## **POLICY FRAMEWORK IMPLICATIONS**

30. None.

**KEY DECISION?** Yes

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

### Appendices

1.	Forecast Revenue Position Qtr. 3
2.	Portfolio Summaries.
3.	Savings Position 2016/17.
4.	Health Indicators.
5.	Treasury Management Qtr. 3
6.	HRA Qtr. 3
7.	Collection Fund Qtr. 3

### Documents In Members' Rooms

1.	None
2.	

#### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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#### Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
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#### Other Background Documents

**Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	General Fund Revenue Budget Report 2016/17 to 2019/20 (Approved by Council on 10 February 2016)	

# Agenda Item 9

## Appendix 2

### GENERAL FUND 2016/17 OVERALL SUMMARY

<b>Portfolios</b>	<b>Working Budget 2016/17 £M</b>	<b>Qtr. 3 Forecast 2016/17 £M</b>	<b>Variance £M</b>
Communities, Culture & Leisure	5.83	5.94	0.11 A
Education & Children's Social Care	44.26	44.20	0.06 F
Environment & Transport	21.44	20.78	0.67 F
Finance	36.23	35.64	0.59 F
Health & Sustainable Living	(4.83)	(4.98)	0.15 F
Housing & Adult Social Care	65.79	70.34	4.55 A
Leader's Portfolio	12.09	9.95	2.14 F
Transformation	(9.58)	(6.94)	2.64 A
<b>Sub-total for Portfolios</b>	<b>171.23</b>	<b>174.92</b>	<b>3.69 A</b>
Levies & Contributions	0.63	0.63	0.00
Capital Asset Management	4.20	4.20	0.00
Trading Services	(0.45)	(0.26)	0.19 A
Net Housing Benefits	(0.76)	(0.76)	0.00
Other Expenditure & Income	6.88	3.31	3.57 F
<b>Net Council Expenditure</b>	<b>181.73</b>	<b>182.04</b>	<b>0.31 A</b>
<b>Financed By:</b>			
(Addition)/Draw on Balances	(4.39)	(4.39)	0.00
Council Tax	(84.81)	(84.81)	0.00
Business Rates	(50.72)	(50.72)	0.00
General Government Grants	(41.81)	(42.97)	1.16 F
<b>Total Financing</b>	<b>(181.73)</b>	<b>(182.89)</b>	<b>1.16 F</b>
<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>0.85</b>	<b>0.85 F</b>

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### KEY REVENUE ISSUES – QUARTER 3

The Portfolio is currently forecast to overspend by **£0.11M** at year-end, which represents a percentage overspend against budget of **1.8%**. The Portfolio forecast variance has moved favourably by **£0.02M** from the position reported at **Quarter 2**. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Qtr. 2 £M</b>	<b>%</b>
<b>Communities, Culture &amp; Leisure</b>	<b>0.11 A</b>	<b>1.8</b>	<b>0.02 F</b>	<b>0.3</b>
Potential Carry Forward Requests	0.00		0.00	

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

<b>Division / Service Activity</b>	<b>Forecast Variance Qtr. 3 £M</b>	<b>Forecast Variance Qtr. 2 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Gallery & Museums	0.23 A	0.27 A	0.04 F	COMM 1
Leisure Client	0.03 F	0.06 F	0.03 A	COMM 2
Other	0.09 F	0.08 F	0.01 F	
<b>Total</b>	<b>0.11 A</b>	<b>0.13 A</b>	<b>0.02 F</b>	

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

**COMM 1 – Gallery & Museums (£0.23M adverse, £0.04M favourable movement)**

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

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

- £0.14M for SeaCity Museum, favourable by £0.04M compared with Quarter 2.
- £0.04M for Tudor House Museum, no movement from Quarter 2.
- £0.06M adverse on unbudgeted employee costs, adverse movement of £0.01M.
- £0.02M favourable on repairs & maintenance due to reassessment of works, favourable by £0.01M.
- £0.02M adverse on SeaCity Shuttle Bus Hire costs; expectation the free service will generate additional income, adverse by £0.01M from Quarter 2.

The Service Director – Growth has offset the income shortfall with favourable movements in Concessionary Fares costs (see E&T 6) and Development Management fees and charges (see E&T 7).

**COMM 2 – Leisure Client (£0.03M favourable, £0.03M adverse movement)**

**There are savings on the Active Nation and Live Nation contracts.**

There is a favourable variance of £0.06M on the Active Nation (Sports & Recreation) contract, due to lower utility inflation payments in respect of 2015/16. In addition, there are forecast savings of £0.02M on the Live Nation contract, mainly due to the receipt of the Council’s share of 2015/16 profits in accordance with the contract, and £0.02M on Guildhall client costs. These favourable variances are unchanged from quarter 2.

There are adverse variances due to unavoidable works that were needed at the Sports Centre (£0.03M), Woodmill (£0.03M), and Bitterne Leisure Centre (£0.01M). The total adverse variance of £0.7M has increased by £0.03M since quarter 2.

**EDUCATION AND CHILDREN’S SOCIAL CARE PORTFOLIO**

**KEY ISSUES – QUARTER 3**

The Portfolio is currently forecast to under spend by **£0.06M** at year-end, which represents a percentage under spend against budget of **0.1%**. The Portfolio forecast variance has moved favourably by **£1.31M** from the position reported at Quarter 2. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance Quarter 3 £M</b>	<b>%</b>	<b>Movement from Quarter 2 £M</b>	<b>%</b>
<b>Education and Children’s Social Care</b>	<b>0.06 F</b>	<b>0.1</b>	<b>1.32 F</b>	<b>3.0</b>

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

<b>Division / Service Activity</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Forecast Variance Quarter 2 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Divisional Management & Legal	0.08 A	1.07 F	1.15 A	E&CS1
Quality Assurance	0.11 F	0.04 A	0.15 F	E&CS1 & E&CS5
MASH & CIN	0.14 F	0.42 A	0.56 F	E&CS1 & E&CS6

Specialist Core Services	0.02 A	0.57 A	0.55 F	E&CS1
Looked After Children	0.00	1.02 A	1.02 F	E&CS2
ICU – Children’s Services	0.15 F	0.15 F	0.00	E&CS3
Education – Early Years and Asset Management	0.41 A	0.30 A	0.11 A	E&CS4
Education – High Needs and Schools	0.00	0.06 A	0.06 F	E&CS8
Early Help	0.17 F	0.07 A	0.24 F	E&CS1 & E&CS7
<b>Total</b>	<b>0.06 F</b>	<b>1.26 A</b>	<b>1.32 F</b>	

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

**E&CS1 – Net position of the agency budget – (NIL variance, Nil movement)**

**The forecast net position on the agency budget for month 9 (i.e. netting the cost of agency staff against the vacant establishment posts) is £0.00M variance.**

Finance staff work with Children’s Services to identify and monitor each vacant post, agency post and where appropriate any additional posts. This is monitored each month and any changes are detailed in the current forecast. Children’s Services are increasingly encouraged to work towards this spend being within budget by year end. However as the number of Looked After Children are expected to be higher than originally anticipated in setting the 2016 Medium Term financial Strategy budget, there has been an amount included as pressure in the 2017/18 budget. This amount reduces as the number of Looked after children reduce.

**E&CS2 - Looked after Children and Provision (£0.01M favourable, £1.02M favourable movement)**

**There has been a decrease in the number of placements with Independent Foster Carers offsetting an increase in the cost of residential placements.**

The total forecast favourable variance is £0.09M, which relates to the forecast additional placement costs for 2016/17. There is an increasing demand for residential placements and an increase in the average cost per placement which has led to a forecast overspend of £1.45M, although this has not moved significantly since Quarter 2. A new initiative by the Care Placement Service identifies negotiation with providers and monitoring and interrogation of invoices as key to reducing unit costs of each placement started in December 2016 and unit costs will continued to be monitored below. Children’s Services are undertaking a targeted piece of work to reduce LAC and look at more appropriate placement of children. The initial results of this has seen a LAC reduction of twenty and in addition four children currently in residential care who will be moved to either supported lodgings or IFA’s before the end of this financial year. A corresponding rise in the number of Special Guardianship Orders has been experienced with a further eleven children expected to transfer to SGO before the end of this financial year, resulting in a forecasted adverse variance of £0.22M. In addition to this, the Interagency Adoption grant which ended in October 2016 giving an adverse variance paid a final payment which was unexpected. The

cost of Interagency Adoption placements for the remainder of the year to be funded by the Council is expected to be £0.19M.

Offsetting these is a favourable forecast for fostering of £1.37M mainly due to a reduction in the number of Independent Foster Agency Placements which includes a reduction of £0.10M from Quarter 2 and a reduction in the number of care leavers. In addition to this a further five Unaccompanied Asylum Seeking Children (UASC) who are currently in IFA's are expected to move to supported lodgings, which have been sourced at a significantly lower cost, within the next six weeks as part of the LAC reduction plan.

The forecast for the cost of transport for Looked after Children has been reduced by £0.14M in line with actual expenditure for the year to date, a movement of £0.04M from previous quarter. The remaining favourable variance is mainly due to a reduction in the cost of staffing due to vacant posts which is offset by adverse staffing variances across the service due to the appointment of agency staff.

The table below outlines the budgeted and Quarter 3 actual activity levels for 2016/17:

No's of Children 2016/17	Cost Centre	1617 Budgeted Numbers	Average Weekly Unit Cost	1617 Working Budget	M9 Numbers	Average Weekly Unit Cost	M9 Forecast	M9 Forecast variance	M9 Unit Cost variance	M9 Numbers variance
Fostering up to 18	SL78D	315	£171.65	£4,887,500	291	£174.64	£4,599,800	£287,700	£3	-24
Independent Fostering Agencies (inc Jigsaw)	SC41D / SL86D	199	£854.11	£8,862,100	160	£937.57	£7,968,207	£880,900	£83	-39
Supported Placements or Rent	S9760	9	£123.22	£85,300	9	£292.16	£137,100	£58,300	£169	0
Residential - Independent Sector	SC40D	23	£3,409.55	£3,441,000	25	£3,399.99	£4,887,077	£1,446,077	£-10	2
Unaccompanied Asylum Seekers	SL820	5	£264.53	£147,200	9	£264.53	£147,200	£0	£0	4
Inter-Agency	SC33E	36	£345.22	£328,600	50	£297.11	£518,400	£189,800	£-48	14
Children Placed with Parents	SL78D	0	£0.00	£0	46	£0.00	£0	£0	£0	71
<b>Sub-total: Children Looked After</b>		<b>587</b>		<b>£17,751,700</b>	<b>590</b>		<b>£18,257,784</b>	<b>£525,577</b>	<b>£198</b>	<b>28</b>
Care Leavers	S9780	59	£304.52	£636,300	30	£258.66	£419,300	£-211,800	£-46	-29
Adoption Allowances	SL89D	96	£126.89	£632,800	92	£132.48	£658,400	£25,600	£6	-4
Special Guardianship Allowances	SC25D	115	£102.69	£608,000	135	£120.32	£819,900	£223,900	£18	20
Residence Order Allowances	SL89D	14	£91.17	£75,700	16	£94.98	£79,100	£3,400	£4	2
<b>Sub-total: Children in Need</b>		<b>284</b>		<b>£1,952,800</b>	<b>273</b>		<b>£1,976,700</b>	<b>£41,100</b>	<b>£-19</b>	<b>-11</b>
<b>Total</b>		<b>871</b>		<b>£19,704,500</b>	<b>863</b>		<b>£20,234,484</b>	<b>£566,677</b>	<b>£179</b>	<b>17</b>

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

### **E&CS3 – ICU Children's Services (£0.15M favourable, Nil movement)**

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

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

### **E&CS4 – Education – Early Years and Asset Management (£0.41M adverse, £0.11M adverse movement)**

**There is a pressure on the home to school transport budget, this has been included in the 2017/18 budget whilst a Strategic Transport Review is carried out with a view to reducing these costs**

Within this area, the home to school transport for children attending Special schools is currently forecasting a pressure of £0.41M due to the impact of the continuing increase in school transport numbers and costs at Special Schools. The age range has increased from 21 to 25 years which will result in additional costs.



This pressure is partially offset by additional income from for Schools Information Management System and any communications licences, training & support.

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

There is not expected to be any further increase in costs unless there are new children identified as requiring transport during the school year. As it seems to take a while to transfer students onto a PTB and it is unlikely there will be any further savings from this in this financial year.

The decrease of £0.04M since last period is against Broadband Capita Service Level Agreement (SLA) income. This is because the new 3 year broadband contract is now agreed with schools and this resulted in additional income due to more schools than estimated have signed up for 3 years contract.

#### **E&CS5 – Quality Assurance Business Unit (£0.11M favourable, £0.15M favourable movement)**

**The expenditure on training for trainee social workers has decreased in 2016/17 and there are vacant posts which are not expected to be recruited to in the current financial year**

There has been a reduction in the number of student social workers in 2016/17. In 2015/16, the total number of funded students was 10, costing a total of £0.08M. Following close analysis of the benefit to Southampton City Council of training student social workers this has reduced to 3 students in 2016/17 resulting in a forecast underspend of £0.06M.

The forecast for staff training has also reduced by £0.03M based on actual expenditure as at Quarter 3.

In addition to this, there are a number of vacant posts which have not been filled, which offset by the cost of agency staff, has created a favourable forecast variance of £0.02M.

#### **E&CS6 – Multi Agency Safeguarding Hub (MASH) & Children In Need (CIN) (£0.14M favourable, £0.56M favourable movement)**

Due to the transformational changes to the initial contact process (front door service handling the initial contact process for referrals), reflected in the reduction in the number of Looked after Children, there has been an increase in the number of vacant posts that have not been filled this year. The favourable variance on staffing offset by the cost of agency staff has created a net favourable variance of £0.09M across MASH, CIN and the Emergency Duty Team. This is a movement of £0.30M since Quarter 3.

In addition to this, income from other public bodies towards the cost of staffing the service is £0.04M higher than expected for 2016/17.

#### **E&CS7 – Early Help (£0.17M favourable, £0.24M favourable movement)**

**Savings have been found from detailed analysis of premises costs and forecast of external income from grants and rents**

Detailed analysis on all costs in Early Help have resulted in a favourable variance of £0.12M with key areas such as on premises costs and rental income forecasting savings of £0.05M, this will continue during the next few months as teams look at the way the service is delivered in the future. The favourable variance on staffing offset by the cost of agency staff has created a net favourable variance of £0.05M across Early Help. This is a favourable movement of £0.11M since Quarter 2

**E&CS8 – Education – High Needs and Schools (£0.00M variance £0.06M favourable movement)**

There has been a decrease in the forecast primarily against JIGSAW short break placements less than previously forecast.

**ENVIRONMENT & TRANSPORT PORTFOLIO**

**KEY REVENUE ISSUES – QUARTER 3**

The Portfolio is currently forecast to underspend by **£0.67M** at year-end, which represents a percentage underspend against budget of **3.1%**. The Portfolio forecast variance has moved favourably by **£0.41M** from the position reported at **Quarter 2**. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Qtr. 2 £M</b>	<b>%</b>
<b>Environment &amp; Transport</b>	<b>0.67 F</b>	<b>3.1</b>	<b>0.42 F</b>	<b>1.9</b>
Potential Carry Forward Requests	0.00		0.00	

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

<b>Division / Service Activity</b>	<b>Forecast Variance Qtr. 3 £M</b>	<b>Forecast Variance Qtr. 2 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Domestic Waste Collection	0.37 A	0.36 A	0.01 A	E&T 1
Commercial Waste Collection	0.12 A	0.11 A	0.01 A	E&T 2
Waste Disposal	0.23 A	0.22 A	0.01 A	E&T 3
E&T Contracts Management	0.08 F	0.15 F	0.07 A	E&T 4
Off Street Parking	0.48 F	0.20 F	0.28 F	E&T 5
Travel	0.42 F	0.33 F	0.09 F	E&T 6
Development Management	0.33 F	0.20 F	0.13 F	E&T 7

Regulatory Servs - Commercial	0.14 F	0.05 F	0.09 F	E&T 8
Parks and Street Cleansing	0.31 A	0.08 A	0.23 A	E&T 9
Other	0.25 F	0.09 F	0.16 F	
<b>Total</b>	<b>0.67 F</b>	<b>0.25 F</b>	<b>0.42 F</b>	

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

**E&T 1 – Domestic Waste Collection (£0.37M adverse, £0.01M adverse movement)**

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

There is an adverse forecast variance of £0.09M relating to the estimated additional cost of temporary agency cover for staff sickness absences and related issues, a favourable movement of £0.03M from Quarter 2.

In addition, there is an adverse forecast variance of £0.19M for fleet charges, an adverse movement of £0.02M. The procured new fleet of ten refuse collection vehicles have a forecast part year additional cost of £0.06M, with the balance of £0.13M mainly being additional hire charges for replacement vehicles.

There is an adverse forecast variance of £0.11M, for the cost of bin purchase and storage, an adverse movement of £0.03M. Reported for the first time there is a favourable variance of £0.02M on additional bin collections for council housing tenants.

The Service Director - Transactions and Universal Services has offset the adverse variance with a favourable movement in Off-street parking income (see E&T 5).

**E&T 2 – Commercial Waste Collection (£0.12M adverse, £0.01M adverse movement)**

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

There is an adverse forecast variance of £0.06M for fleet charges, a favourable movement of £0.02M compared to Quarter 2. This is due to Fleet Services charging the full cost of vehicles supplied.

There is an adverse forecast variance of £0.10M, for trade waste disposal costs, no movement. This is due to additional volumes of waste and the use of the transfer station while the incinerator was under maintenance.

There are a number of small favourable variances on income in both trade waste and garden waste, largely due to higher than expected volumes of recyclables.

An adverse variance of £0.04M on vehicle damage and repairs, an adverse movement of £0.02M. This is due to a number of expensive repairs and volumes above estimate (25% of the costs are for replacement of tyres).

Reported for the first time there is an adverse forecast variance of £0.01M for the cost of bin purchase as we are replacing more bins than anticipated.

**E&T 3 – Waste Disposal (£0.23M adverse, £0.01M adverse movement)**

**There are various forecast changes with an adverse overall variance.**

There is an adverse forecast variance on disposal costs fixed fees within the contract for general collected household waste of £0.14M, an adverse movement of £0.03M compared to Quarter 2, due to the final agreed re-negotiated contract not fully achieving the required reductions in the early years. The profile on the contract savings was tiered over the life of the contract.

There are also adverse forecast variance of £0.07M, due to the additional disposal costs of contaminated recyclables within the Dry Mixed Recyclables collections.

There is a favourable variance of £0.06M on the cost of Civic Amenity waste, a favourable movement of £0.03M. This is due to the introduction of charging for the disposal of some non-domestic waste types (soil and rubble etc.)

Additionally there is an adverse variance of £0.07M on third party income, an adverse movement of £0.01M. This is due to lower income from the profit share (ERF - incinerator) and a Household Waste Recycling Centre (HWRC) income shortfall (e.g. lower resale price of metal).

The House Waste Recycling Centre (HWRC) is seeking to generate further income by introducing charging for soil/rubble/plasterboard and waste from SMEs.

#### **E&T 4 – E&T Contracts Management (£0.08M favourable, £0.07M adverse movement)**

**There are forecast savings on contracts and additional income forecasts partly offset by set-up costs of the extended CityWatch contract.**

There is a favourable forecast variance on the PFI Street Lighting contract sum. This is favourable by £0.16M, a favourable movement of £0.06M from Quarter 2, due to contract deductions, and £0.02M, due to contract indexation adjustments.

As previously reported there is a favourable forecast variance on the Highways contract sum of £0.02M, due to contract indexation adjustments.

There is a favourable forecast variance on the Highways Partnership Third Party Income share for 2015/16 of £0.09M. However the client charges to the TMA Permit scheme are forecast to be lower by £0.03M this has been identified as an ongoing pressure and an amount has been factored into the budget for 2017/18

There is a forecast adverse variance on Street Lighting energy of £0.13M, an adverse movement of £0.08M, due to higher forecast consumption of £0.05M and electricity price increases of £0.08M. Reported for the first time there is a net forecast adverse variance of £0.06M on set-up costs of the extended CityWatch contract. There was a delay in the extension of the contract meaning that the part-year savings did not cover the set-up costs as anticipated.

#### **E&T 5 – Off-Street Parking (£0.48M favourable, £0.28M favourable movement)**

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

There is a favourable forecast variance on Off-Street Parking income of £0.42M, a favourable movement of £0.18M from Quarter 2. This is a favourable variance on ticket income which is offset by a previously reported adverse variance on income from penalty charge notices of £0.07M. Budgets will be realigned for the new financial year.

Also, there is a favourable variance on business rates payments of £0.08M. This is due to car park business rate valuations being lower than estimated (this has been reset in the draft estimates for next year). There is a forecast adverse variance, due to higher spend on operational costs of £0.06M. However, this has now been offset by a favourable variance of £0.08M on routine repairs & maintenance of car parks. This is because only essential maintenance is planned to be carried out.

#### **E&T 6 – Travel (£0.42M favourable, £0.09M favourable movement)**

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

The total forecast number of Concessionary Fare journeys and the forecast average fare are being monitored closely throughout the year. Based upon the current passenger journeys and the calculated average fare,

There is now a favourable forecast variance on the scheme of £0.40M, a favourable movement of £0.10M from Quarter 2. In addition, there is a forecast saving of £0.02M on supported bus and other travel costs.

#### **E&T 7 – Development Management (£0.33M favourable, £0.13M favourable movement)**

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

There is a favourable forecast variance on planning applications income of £0.14M, favourable movement of £0.05M from Quarter 2. This reflects a higher level of applications, including for proposed major developments. Also there are favourable forecast variances on community infrastructure levy administration fees of £0.15M, a favourable movement of £0.06M and section 106 administration fees of £0.06M, a favourable movement of £0.03M.

#### **E&T 8 – Regulatory Services - Commercial (£0.14M favourable, £0.09M favourable movement)**

**There is a forecast favourable variance due to higher income.**

There is a forecast favourable variance of £0.11M, a favourable movement of £0.02M from Quarter 2 due to higher income from an increased volume of port health work and additional food safety fees from a shared service with Eastleigh B.C. Reported for the first time there are savings on operational costs of £0.03M.

#### **E&T 9 – Parks and Street Cleansing (£0.31M adverse, £0.23M adverse movement)**

**There is a forecast adverse variance due to higher employee and operational costs.**

There is an unachieved employee saving of £0.22M, an adverse movement of £0.18M. The forecast adverse variance on permanent staff is £0.08M, offset by savings on seasonal employee costs of £0.05M. In addition agency costs are forecast to be £0.15M adverse and £0.04M adverse on overtime payments - which are required to be made in order to deliver this 365 day a year service. Within these adverse variances there is a vacancy management savings target of £0.08M which due to the front line nature of the service cannot be met.

There is a forecast adverse variance of £0.08M, due to higher operational costs, mainly electricity, fleet vehicle hire and other running costs, an adverse movement of £0.04M from

Quarter 2. The Parks managers have met to better understand why this has occurred and are formulating a plan to reduce the adverse by the end of the financial year.

## FINANCE PORTFOLIO

### KEY REVENUE ISSUES – QUARTER 3

The Portfolio is currently forecast to underspend by **£0.59M** at year-end, which represents a percentage underspend against budget of **1.6%**. The Portfolio forecast variance has moved favourably by **£0.36M** from the position reported at **Quarter 2**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Qtr. 2 £M</b>	<b>%</b>
<b>Finance</b>	<b>0.59 F</b>	<b>1.6</b>	<b>0.36 F</b>	<b>1.0</b>
Potential Carry Forward Requests	0.00		<b>0.00</b>	

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

<b>Division / Service Activity</b>	<b>Forecast Variance Qtr. 3 £M</b>	<b>Forecast Variance Qtr. 2 £M</b>	<b>Movement £M</b>	<b>Ref</b>
Audit and Risk Management	0.08 F	0.08 F	0.00	FIN 1
Local Taxation & Benefits	0.09 F	0.12 F	0.03 A	FIN 2
Business Support	0.24 F	0.07 F	0.17 F	FIN 3
IT Services	0.07 A	0.07 A	0.00	FIN 4
Debtors & Creditors	0.17 F	0.00	0.17 F	FIN 5
Partnership	0.06 F	0.00	0.06 F	FIN 6
Other	0.02 F	0.03 F	0.01 A	
<b>Total</b>	<b>0.59 F</b>	<b>0.23 F</b>	<b>0.36 F</b>	

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

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

**Underspend on Audit contract / reduced cost of insurance premiums**

A favourable variance of £0.04M relates to an in-year underspend against the annual budget for the Southern Internal Audit Partnership, following formal notification of the 2016/17 annual fee. The Southern Internal Audit Partnership comes to an end of the 31<sup>st</sup> March 2017, alternative arrangements are being put in place. These incorporate a joint working arrangement with Portsmouth City Council. In addition a new favourable variance of £0.04M has arisen against the budget for insurance premiums, as actual costs are now expected to be lower.

#### **FIN 2 – Local Taxation and Benefits (£0.09M favourable, £0.03M adverse movement)**

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

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

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

These underspends have been offset by a new adverse variable of £0.03M from additional Capita variable fees generated by a volume change in the number of properties. This will be reviewed to consider any ongoing impact from 2017/18 and ongoing.

#### **FIN 3 – Business Support (£0.24M favourable, £0.17M favourable movement)**

##### **Underspends on centralised stationery and staff training, plus salary under spends**

A favourable forecast variance has arisen due to in-year underspends against the centralised stationery £0.04M and staff training budgets £0.05M and represents the early achievement of budget proposals for 2017/18 and ongoing, a favourable movement of £0.02M compared with quarter 2.

In addition a new favourable variance of £0.15M has arisen from staff vacancies prior to the introduction of the Business Operations and Digital structure from 1<sup>st</sup> October, following a detailed review of all posts and temporary staff costs incurred.

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

##### **Unachieved saving plus additional security/storage costs**

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

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

#### **FIN 5 – Debtors & Creditors (£0.17M favourable, £0.17M favourable movement)**

##### **Salary under spends**

A new favourable forecast variance of £0.17M has arisen due to an under spend on salaries prior to the introduction of the Business Operations and Digital structure from 1<sup>st</sup> October, following a detailed review of all posts and temporary staff costs incurred.

## **FIN 6 – Partnership (£0.06M favourable, £0.06 favourable movement)**

### **Salary under spends**

A new favourable forecast variance of £0.06M has arisen due to an in-year under spend on salaries.

## **HEALTH & SUSTAINABLE LIVING PORTFOLIO**

### **KEY ISSUES – QUARTER 3**

The Portfolio is currently forecast to under spend by **£0.15M** at year-end, which represents a percentage under spend against budget of **3.0%**. The Portfolio forecast variance has moved favourably by **£0.11M** from the position reported at quarter 2. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Qtr. 2 £M</b>	<b>%</b>
<b>Health &amp; Sustainable Living</b>	<b>0.15 F</b>	<b>3.1</b>	<b>0.11 F</b>	<b>2.3</b>
Potential Carry Forward Requests	0		<b>0.00</b>	

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

<b>Division / Service Activity</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Forecast Variance Quarter 2 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Public Health	0.04 F	0.04 A	0.08 F	HSL 1
Sustainability	0.04 F	0.04 F	0.00	HSL 2
Housing	0.07 F	0.04 F	0.03 F	HSL 3
<b>Total</b>	<b>0.15 F</b>	<b>0.04 F</b>	<b>0.11 F</b>	

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

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

**The full Public Health grant cut has been achieved for 16/17**

The Public Health grant reduction in funding has been achieved due to in year savings. Further cost reductions of £0.04M have been identified due to a reduction in the anticipated spend on NHS health checks, school nursing and staff costs.



The favourable movement since quarter 2 is due to the above savings plus additional salary and staff travel savings of £0.04M, which offset the balance of the grant reduction.

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

**There is a forecast under spend on Carbon Reduction Certificates**

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

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

**HSL 3 – Housing (£0.07M favourable, £0.03M favourable movement)**

**There is a forecast under spend principally due to vacant posts.**

Housing Renewal has a forecast underspend of £0.04M, which is principally due to savings on a vacant post of £0.03M. There is a favourable movement of £0.01M from quarter 2, relating to a budget for Capita fees that will not be fully spent.

There is also a forecast underspend on employee budgets within Private Sector Housing of £0.03M, a favourable movement of £0.02M, which is due to the level of staff turnover.

**HOUSING & ADULT CARE PORTFOLIO**

**KEY ISSUES – QUARTER 3**

The Portfolio is currently forecast to over spend by **£4.55M** at year-end, which represents a percentage over spend against budget of **6.9%**. The Portfolio forecast variance has moved adversely by **£0.25M** from the position reported at quarter 2. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Quarter 2 £M</b>	<b>%</b>
<b>Housing &amp; Adult Social Care</b>	<b>4.55 A</b>	<b>6.9</b>	<b>0.26 A</b>	<b>0.4</b>
Potential Carry Forward Requests	0.00		0.00	

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

Division / Service Activity	<b>Forecast Variance Quarter 3</b>	<b>Forecast Variance Quarter 2</b>	<b>Movement</b>	<b>Ref.</b>

	£M	£M	£M	
Long Term	3.44 A	3.11 A	0.33 A	ASC 1
Safeguarding Adult Mental Health & Out of Hours	0.63 A	0.60 A	0.03 A	ASC 2
Integrated Commissioning Unit Provider Relationships	0.12 F	0.04 F	0.08 F	ASC 6
Other	0.59 A	0.62 A	0.02 F	
<b>Total</b>	<b>4.55 A</b>	<b>4.29 A</b>	<b>0.26 A</b>	

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

**ASC 1 – Long Term (£3.44M adverse, £0.33M adverse movement).**

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

The budget for externally purchased care for Older Persons and clients with either a Physical Disability or Learning Disability is forecast to over spend by £3.44M.

It is forecast that current actions to meet the approved savings will achieve £1.81M of the required £3.24M, leaving a pressure of £1.43M. The Integrated Commissioning Unit, working with the Capita review team have commenced work on the various savings elements. Work is being undertaken to agree a methodology to identify achieved savings. In the meantime assumptions have been made on the anticipated value of these savings. Where saving targets are now not achievable the ICU are looking at alternative savings proposals. It is expected that there will be an ongoing pressure in future years of £0.7M and this has been included as a pressure in the proposed budget to be submitted for approval by Council on 15<sup>th</sup> February 2017.

This adverse position is increased by a rise in learning disability, older persons and disabled client packages of £2.09M. This is in part due to an increase in the number of high cost nursing placements above the City Council's published rates, an increase in clients whose capital has depleted and clients who are no longer eligible for continuing healthcare and a reduction in client contributions.

The adverse position is offset by savings on staffing and transport costs of £0.08M.

The adverse position has increased by £0.33M since quarter 2 due to a decrease in anticipated client contributions for older person and physical disability packages of £0.35M and an increase in the cost of learning disability packages of £0.41M. This adverse position has been offset by an increase of achieved savings on Complex Housing and Extra Care of £0.37M and from vacant posts within the long term teams of £0.05M.

**ASC 2 – Safeguarding Adult Mental Health & Out of Hours (£0.63M adverse, £0.03M adverse movement).**

**There has been an increase in Mental Health clients' care packages.**

There has been an increase cost for Mental Health clients' packages of £0.81M above the budget. This increase in packages relates, in part, to existing care packages. Where a

change in need has been identified, the packages have been reassessed and financial contributions re-evaluated using standard agreed procedures. As a consequence, some clients who were 100% funded by Health, following a joint matrix exercise with SCC, are now showing eligible social care needs. Therefore, we are seeing increasing numbers of clients moving from Health funding to social care funding. Work is continuing to review all of the Mental Health client packages to ensure that the care being provided is appropriate for each client's needs. This adverse position has been reduced by £0.18M because of staffing savings due to vacant posts and reduced costs for legal support for Deprivation of Liberty Safeguards.

The adverse position has increased by £0.03M since quarter 2 due to an increase in the cost of client packages of £0.10M offset by a reduction of legal costs of £0.01M and staff savings due to vacancies of £0.06M.

### **ASC 3 – Provider Services (£0.30M adverse, no movement).**

**There are increased staffing costs for Kentish Road, Glen Lee and Holcroft House.**

Kentish Road respite centre is forecast to overspend by £0.08M due to an increase in staffing costs to meet client demand. Glen Lee and Holcroft House are forecast to overspend by £0.27M due to an increase in temporary staff costs to cover long term sickness and maternity leave and additional shift pay and allowances costs, offset by staff vacancy savings and additional income and supplies savings. The adverse position is further offset by staff savings in Southampton Day Services of £0.05M due to keeping posts vacant and reducing the hours of permanent staff.

### **ASC 4 – Reablement & Hospital Discharge (£0.44M adverse, no movement).**

**There are additional staffing costs for the Hospital Discharge Team and the Urgent Response Service.**

The Hospital Discharge Team is forecast to overspend by £0.29M due to additional staffing costs to meet the current level of client demand. Any delay in the transfer of care of clients from hospital has the potential risk that the City Council could face fines for bed blocking.

Due to a delay in finalising the staffing arrangements, connected with the closure of Brownhill House, £0.19M savings will not be achieved this year. Additional staffing costs of £0.12M above the budget are forecast to be incurred by the Urgent Response Service. As previously reported, this is due to a greater number of existing staff joining the superannuation scheme, non achievement of the vacancy management target and increased allowances and shift pay costs.

The adverse position has been reduced by £0.05M due to keeping posts vacant within the Reablement Care Management team and implementing a restructure plan within the service area. The Southampton Clinical Commissioning Group are also making a contribution of £0.11M towards the adverse position as part of their obligation under the Better Care Fund pooled budget.

### **ASC 5 – Integrated Commissioning Unit System Redesign (£0.20M favourable, no movement).**

**There are contract and staff savings within the System Redesign team budget.**

Contract and staff savings have created a forecast saving of £0.20M.

**ASC 6 – Integrated Commissioning Unit Provider Relationships (£0.12M favourable, £0.08M favourable movement).**

**Savings within the Joint Equipment Store and staff savings from vacant posts**

Savings have been identified in the Joint Equipment Store budget, set aside for reprovision of clients who would have previously been referred to Brownhill House. The anticipated saving of £0.08M will offset the saving shortfall within Reablement and Hospital Discharge. Additional savings of £0.03M have occurred due to vacant posts.

Since quarter 2 the Joint Equipment Store has seen a saving of £0.08M.

**LEADERS PORTFOLIO**

**KEY REVENUE ISSUES – QUARTER 3**

The Portfolio is currently forecast to underspend by **£2.14M** at year-end, which represents a percentage underspend against budget of **15.2%**. The Portfolio forecast variance has moved favourably by **£1.21M** from the position reported at **Quarter 2**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Qtr. 2 £M</b>	<b>%</b>
<b>Leaders</b>	<b>2.14 F</b>	<b>17.7</b>	<b>1.21 F</b>	<b>8.6</b>
Potential Carry Forward Requests	0.00		0.00	

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

<b>Division / Service Activity</b>	<b>Forecast Variance Qtr. 3 £M</b>	<b>Forecast Variance Qtr. 2 £M</b>	<b>Movement £M</b>	<b>Ref</b>
Central Repairs & Maintenance	1.14 F	0.59 F	0.55 F	LPOR 1
Legal Services & Customer Relations	0.07 F	0.05 F	0.02 F	LPOR 2
Property Portfolio Management	0.13 F	0.39 A	0.52 F	LPOR 3
Property Services	0.40 F	0.26 F	0.14 F	LPOR 4
Corporate Communications	0.18 F	0.17 F	0.01 F	LPOR 5

Democratic Representation & Management	0.06 F	0.09 F	0.03 A	LPOR 6
Land Charges	0.07 F	0.08 F	0.01 A	LPOR 7
HR Services	0.13 A	0.00	0.13 A	LPOR 8
Strategic Management of the Council	0.15 F	0.00	0.15 F	LPOR 9
Other	0.07 F	0.08 F	0.01 A	
<b>Total</b>	<b>2.14 F</b>	<b>0.93 F</b>	<b>1.21 F</b>	

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

**LPOR 1 – Central Repairs & Maintenance (£1.14M favourable, £0.55M favourable movement)**

**Underspend on Planned & Reactive Repairs / Fees**

A favourable forecast variance of £0.06M is predicted against the reactive repairs / fee budgets, an adverse change of 0.20M compared with Quarter 2. This will continue to be kept under close review as the year-end position will be subject to demand for essential works during the winter months.

In addition a favourable forecast variance of £1.08M is anticipated against the planned maintenance programme due to the challenging level of resources within the Capita Property Service during its transition to SCC and the need to prioritise the available resources across all SCC work programmes. This represents a favourable increase of £0.75M compared to Quarter 2.

**LPOR 2 – Legal Services & Customer Relations (£0.07M favourable, £0.02M favourable movement)**

**Additional Income / Salary Under spends**

A favourable forecast variance of £0.05M relates to the receipt of additional in-year section 106 revenue income. This income is variable by nature and therefore difficult to precisely predict so will be kept under review during the year.

In addition a new favourable forecast variance of £0.02M has arisen from in-year salary under spends.

**LPOR 3 – Property Portfolio Management (£0.13M favourable, £0.52M favourable movement)**

**Under Achievement of approved savings offset by additional income / under spends on Capita fees**

An adverse variance of £0.35M relates primarily to the under achievement of £0.35M savings approved by Council on 16<sup>th</sup> Feb 2016:

- Property Rationalisation and Disposal £0.30M – relating to the disposal of service properties. As no potential disposals have been identified to date the saving is not currently on track to be achieved.

- Public Sector PLC £0.05M – the increase in ground rent income is currently not on track to be achieved. This will be reviewed and updated throughout the year.

This has been offset by a new favourable variance of £0.48M primarily from a £0.40M anticipated under spend on Capita Valuation fees and disposal costs. This is due in part to the challenging level of resources within Capita during the transition of the service back to SCC, but also reflects the changing type of property and investment activity undertaken by the service. In addition there is a new favourable variable of £0.08M from additional rental income / review of bad debt provisions on Investment Properties.

#### **LPOR 4 – Property Services (£0.40M favourable, £0.14M favourable movement)**

##### **Underspends on utilities and supplies & services**

The favourable variance has arisen within Admin Buildings and comprises a £0.13M underspend on supplies and services, together with £0.17M on utility costs, an overall increase of £0.04M compared with Quarter 2. A detailed review of the supplies and services budgets has been undertaken to identify essential spend only, the forecast for which will be kept under review subject to any additional demands during the remainder of the year. Utility costs have also been reviewed in detail, looking at both current and historical data, but could be affected by winter conditions and the impact of increased occupation of the Civic Centre.

A new favourable variance of £0.21M has arisen from salary underspends, primarily due to the number of vacancies within the newly transferred Property service. This will be reviewed in detail as part of the restructure of the wider Property service.

In addition a new variance of £0.11M has arisen since Quarter 2 due to a forecast adverse contribution to overheads generated from Capita Property variable fees. This again is due to the challenging level of resources within Capita during the transition period for its transfer back to SCC and reflects the reduced level of variable work undertaken to date. This has not been previously forecast due to the inherent difficulties in predicting demand due to the volatile nature of variable work.

#### **LPOR 5 – Corporate Communications (£0.18M favourable, £0.01M favourable movement)**

##### **Underspends on Advertising & Publicity / Salaries**

The favourable forecast variance relates primarily to a £0.15M underspend against the centralised advertising and publicity budget and represents the early achievement of budget proposals for 2017/18 and ongoing, a favourable movement of £0.03M compared with Quarter 2.

In addition an in-year underspend of £0.03M has arisen on salaries as a result of vacancies / maternity leave, an adverse movement of £0.02M compared with Quarter 2.

#### **LPOR 6 – Democratic Representation & Management (£0.06M favourable, £0.03M adverse movement)**

##### **Restructure savings**

The favourable forecast saving reflects the approved restructure within this service area, the ongoing saving for which has been reflected in the budget proposals for 2017/18 and ongoing, an adverse movement of £0.03M compared with Quarter 2.

## **LPOR 7 – Land Charges (£0.07M favourable, £0.01M adverse movement)**

### **Additional income**

The value and volume of Land Charges income received is directly affected by conditions in the housing market and wider economy and is therefore difficult to predict, particularly post Brexit. A revised forecast of £0.07M is predicted based on a considered projection of income received to date and will continue to be reviewed for the remainder of the year. This represents an adverse movement of £0.01M compared with Quarter 2

## **LPOR 8 – HR Services (£0.13M adverse, £0.13M adverse movement)**

### **Additional recruitment costs**

The new adverse forecast variance reflects the expected additional cost of recruitment arising from the new Hays contract. Further work is underway to also consider any additional costs that may arise from the expected volume of recruitment cases for the remainder of the year as a result of organisational change. This pressure has been dealt with in the 2017/18 budget as part of the cost of the new Capita contract.

## **LPOR 9 – Strategic Management of the Council (£0.15M favourable, £0.15M favourable movement)**

### **Salary under spends**

A new favourable forecast variance has arisen due to salary under spends from vacancies within the new structure following the Phase 1 implementation.

## **TRANSFORMATION PORTFOLIO**

### **KEY REVENUE ISSUES – QUARTER 3**

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

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Qtr. 2 £M</b>	<b>%</b>
<b>Transformation</b>	<b>2.64 A</b>	<b>27.6</b>	<b>0.01 F</b>	<b>0.00</b>
Potential Carry Forward Requests	0.00		0.00	

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

<b>Division / Service Activity</b>	<b>Forecast Variance Qtr. 3 £M</b>	<b>Forecast Variance Qtr. 2 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
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Phase 2 Restructure	1.85 A	1.85 A	0.00	Trans 1
Phase 3 Digital & Business Ops	0.23 A	0.23 A	0.00	Trans 2
Capita Contract – Core Services	0.02 A	0.02 A	0.00	Trans 3
SCR – Schools	0.55 A	0.55 A	0.00	Trans 4
<b>Total</b>	<b>2.65 A</b>	<b>2.65 A</b>	<b>0.00</b>	

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

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

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

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

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

**Restructures are expected to generate savings of £0.36M.**

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

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

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

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

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

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

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



**IMPLEMENTATION OF SAVINGS PROPOSALS**

	Total Savings 2016/17		Forecast Shortfall		Implemented and Saving			Not Fully Implemented and			Saving Not on Track to be		
	Budget £M	Forecast £M	2016/17 £M	%	%	Budget £M	Forecast £M	%	Budget £M	Forecast £M	%	Budget £M	Forecast £M
<b>Portfolio Savings</b>													
Communities, Culture & Leisure	(0.38)	(0.38)	0.00	0.0%	100.0%	(0.38)	(0.38)	0.0%	0.00	0.00	0.0%	0.00	0.00
Education and Childrens Social Care	(1.03)	(1.03)	0.00	0.0%	10.0%	(0.10)	(0.10)	90.0%	(0.93)	(0.93)	0.0%	0.00	0.00
Environment & Transport	(3.25)	(2.76)	0.49	14.9%	67.3%	(2.19)	(2.19)	21.9%	(0.71)	(0.50)	10.8%	(0.35)	(0.08)
Finance	(9.89)	(9.85)	0.04	0.4%	89.5%	(8.85)	(8.85)	10.1%	(1.00)	(1.00)	0.4%	(0.04)	0.00
Health & Adult Social Care	(4.21)	(2.56)	1.65	39.1%	27.4%	(1.15)	(1.35)	23.5%	(0.99)	(0.82)	49.1%	(2.07)	(0.39)
Housing & Sustainability	(0.11)	(0.10)	0.01	5.6%	65.7%	(0.07)	(0.07)	34.3%	(0.04)	(0.03)	0.0%	0.00	0.00
Leader's	(2.87)	(2.52)	0.35	12.2%	82.2%	(2.36)	(2.36)	5.6%	(0.16)	(0.16)	12.2%	(0.35)	0.00
Transformation	(9.48)	(6.86)	2.62	27.7%	42.6%	(4.04)	(4.04)	19.0%	(1.80)	(1.80)	38.4%	(3.64)	(1.02)
<b>Total</b>	<b>(31.22)</b>	<b>(26.06)</b>	<b>5.16</b>	<b>16.5%</b>	<b>61.3%</b>	<b>(19.14)</b>	<b>(19.34)</b>	<b>18.0%</b>	<b>(5.63)</b>	<b>(5.24)</b>	<b>20.7%</b>	<b>(6.45)</b>	<b>(1.49)</b>

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## FINANCIAL HEALTH INDICATORS – QTR 3

### Prudential Indicators Relating to Treasury

	<u>Maximum</u>	<u>Forecast</u>	<u>Status</u>
Maximum Level of External Debt £M	£863M	£435M	Green
As % of Authorised Limit	100%	50.40%	Green
	<u>Target</u>	<u>Actual YTD</u>	<u>Status</u>
Average % Rate Long Term New Borrowing	3.00%	0.00%	Green
Average % Rate Existing Long Term Borrowing	4.00%	3.32%	Green
Average Short Term Investment Rate - Cash	0.37%	0.50%	Green
Average Short Term Investment Rate - Bonds	0.52%	0.82%	Green
Average Long Term Investment Rate - Bonds	0.83%	2.21%	Green
Average Return on Property Fund	2.50%	4.88%	Green

### Minimum Level of General Fund Balances

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

### Income Collection

	<u>2016/17 Target</u>	<u>Qtr. 3 YTD</u>	<u>Status</u>
Outstanding Debt:			
More Than 12 Months Old	25%	7%	Green
Less Than 12 Months But More Than 6 Months Old	6%	7%	Green
Less Than 6 Months But More Than 60 Days Old	14%	14%	Green
Less Than 60 Days Old	55%	72%	Green

### Creditor Payments

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

### Tax Collection rate

	<u>2015/16 Actual Rate</u>	<u>Annual Target Rate</u>	<u>QTR 3 Collection Rate Last Year</u>	<u>QTR 3 Collection Rate This Year</u>	<u>Status</u>
Council Tax	95.9%	94.9%	80.9%	81.4%	Green
National Non Domestic Rates	98.9%	98.7%	86.2%	86.4%	Green

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### 1. Borrowing Requirement and Debt Management

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

As at the 31 December 2016, the council's overall outstanding long term borrowing was £262M, at an average rate of 3.32% and an average maturity of 23 years, this has increased by £14M since the end of the year (£249M) due to taking £30M in temporary borrowing in October to fund the capital programme and to replace maturing debt. The long term debt portfolio is made up of loans from the Public Works Loan Board (PWLB) of £223M and market loans of £9M.

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

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

Based on the latest Capital programme update and maturing debt the Council is expected to have a borrowing need up to £183.7M between 2016/17 and 2018/19. Of this £55.2M relates to new HRA capital spend, £112M for new capital spend on the GF, including £65M that has been allocated for the purchase of property for income generation, the remainder relates to the refinancing of existing debt and externalising internal debt to cover expected fall in balances.

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

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

#### Budgeted Expenditure

The interest cost of financing the Authority's long term and short term loan debt is charged to the Income and Expenditure account. The interest cost in 2016/17 of financing the Authority's loan debt is currently expected to be £8.9M of which £5.2M relates to the HRA.

### 2. Investment Activity

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

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its TM Strategy Statement for 2016/17.

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

### **Internal investments**

Balances initially increased at the beginning of the year rising from £89M to £106M in mid- April, but have since fallen back to £75M, £26M less than the same time last year. Current cash flow forecast indicate that this will fall further and as about £37.6M is in fixed term deals, in order to maintain our minimum working cash flow we will probably need an injection of temporary borrowing towards the end of year especially if we make further investments under Property Investment Fund.

As reported previously, following advice from our advisors Arlingclose, we have invested in bonds to optimise investment income, including corporate bonds as an alternative to fixed term deposits with banks as although the risk of insolvency remains, there is no risk of pre-emptive bail-in by the regulator and corporates are far less geared than banks. These deals will generate around £0.45M for the year. The rating for National Grid Gas plc has fallen one rating since we bought it but our advisors have no concerns for this and it is still on the list of approved counterparties.

Following Brexit and the fall in interest rates there is a lack of availability of suitable bonds so as bonds mature they are not currently being reinvested; this coupled with the decision to divert up to £20M of the money allocated to PIF investments to the CCLA (as the return is similar but with less risk as it can offer further diversification) will see a further fall in our internal investments.

The Authority has internal investments amounting to £66.3M, with an average rate of return of 1.5% as detailed in Table 1 below:

**Table 1: Quarter 3 Internal Investments**

<b>Investments</b>	<b>At 31 December 2016 £000</b>	<b>Date of Maturity</b>	<b>Yield %</b>	<b>Rating</b>
<b>Cash</b>				
Barclays Bank PLC	3,150	Call	0.30	A
Santander UK Plc	5,000	180 Day Notice	0.90	A-
Aberdeen MMF	8,000	MMF	0.31	A+
Blackrock MMF	3,035	MMF	0.27	A+
Deutsche MMF	60	MMF	0.26	AA-
Federated Prime MMF	8,000	MMF	0.29	A+
Goldman Sachs MMF	41	MMF	0.23	AA
HSBC MMF	37	MMF	0.25	AA-

Insight MMF	40	MMF	0.21	A+
Invesco MMF	6,000	MMF	0.30	AA-
J P Morgan MMF	1,405	MMF	0.27	AA-
Standard Life MMF	8,000	MMF	0.28	A+
<b>Total Cash</b>	<b>42,768</b>		<b>0.29</b>	
<b>Corporate Bonds</b>				
National Grid Gas plc	3,154	07/06/2017	0.87	BBB
<b>Total Corporate Bonds</b>	<b>3,154</b>		<b>0.87</b>	
<b>Other Short Term Bonds</b>				
Lloyds Bank Covered Bond	2,001	16/01/2017	0.51	AAA
Abbey National Treasury plc Covered Bond	3,001	20/01/2017	0.62	AAA
Nationwide Building Society Covered Bond	1,483	17/07/2017	0.50	AAA
<b>Total Other Bonds</b>	<b>6,485</b>		<b>0.55</b>	
<b>Long Term Bonds</b>				
Leeds Building Society Covered Bond	2,001	09/02/2018	0.64	AAA
Barclays Bank Covered Bond	1,000	12/02/2018	0.54	AAA
Yorkshire Building Society Covered Bond	3,156	12/08/2018	1.94	AA+
Nationwide Building Society Covered Bond	1,600	25/04/2019	0.86	AAA
Leeds Building Society Covered Bond	3,003	01/10/2019	0.75	AAA
European Investment Bank - Bond	1,069	15/04/2025	5.27	AAA
European Investment Bank - Bond	1,054	07/06/2025	5.16	AAA
European Investment Bank - Bond	1,039	07/06/2025	5.49	AAA
<b>Total Long Term Bonds</b>	<b>13,924</b>		<b>2.09</b>	

<b>Total Bonds</b>	<b>23,561</b>		<b>1.51</b>	
<b>Total Internal Investments</b>	<b>66,330</b>		<b>1.50</b>	
<b>External Managed Funds</b> <i>(see below)</i>	<b>9,000</b>		<b>4.88</b>	
<b>Total Investments</b>	<b>75,330</b>		<b>2.34</b>	

### **External Managed investments**

The Council recently invested an additional £2M in property funds as an alternative to buying property directly bringing our investment to date to £9M. As previously reported these funds offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term and are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. As at the 30 December the sell price of our total investments were valued at £9.2M a notional "gain" of £0.2M against initial investments, this is lower than that previously reported as following 'Brexit' CCLA prudently adjusted the fund value downwards by approximately 4% for the end of September price, based on their valuer's advice which was in line with the 4 or 5% adjustments being made by other property funds at the time.

Our advisers Arlingclose have met with CCLA and they expect capital values to fall over the next two years but annual income should hold up around current levels. Arlingclose believes the negatives do not outweigh the potential for income generation and remain comfortable with the fund, they also advise that investment in the CCLA fund is less risky than buying individual properties, but given risks around the US election etc. not to invest in one lump sum but to space out smaller amounts. Following this advice £20M from the PIF has been allocated to invest in the CCLA and we will be investing an average of £2M a month, providing market conditions remain stable. It should be noted that investment in the CCLA does not constitute capital expenditure and is seen as a treasury management tool.

The current quoted dividend yield on the fund is currently 4.77%, which equates to 4.88% on the original £7M Treasury investment and is expected to return £340K for the year, plus PIF investments which based on current figures and an ongoing investment programme is going to return £66k at 4.4% for the year. This is lower than for existing Treasury investment as the buy in price is currently above previous investments and the net asset value price. The current average return across the whole of the portfolio against original investment, is 4.88%.

### **Investment Benchmarking as at 31st December 2016.**

The Council advisors undertake quarterly investment benchmarking across its client base. The charts below show how we compare to other Unitaries and across the average. Previously we had reported that our portfolio was more diversified and at higher interest rates than the average as a result of moving into the bond programme earlier than most clients, but that there was now more competition for bonds from both government bodies and other local authorities, so opportunities to replace maturing bonds were limited and that this alongside a reduction in the base rate would see a fall in suitable instruments. With this in mind and following discussions with our advisors it was decided to move more into property funds, which area longer term investment, and to restrict temporary borrowing and therefore run our short term investments down.

During the last quarter we had £9.7M of bonds mature but as yet have only invested £2M in property funds as these can only be made at the end of the month and not during December.



We are currently planning on investing a further £8M by the end of March. As a result we had 46% (£34.6M) of our overall investment in Money Market Funds at the end of the quarter but this is expected to fall to around £10M by the end of March. Due to earlier investment decisions our income return on investments, at 1.24%, is still above average and we expect this to increase as more investments are made in property funds, however as detailed above the value of the funds are more volatile and can show a capital loss which effects the total return.



**Investment Benchmarking**

**31 December 2016**

Southampton  
22 English Unitaries Av & age  
131 LA & Average

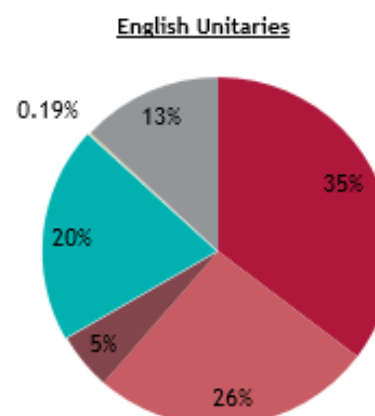
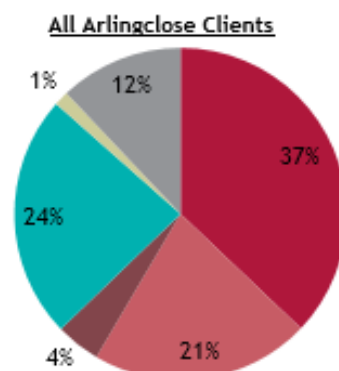
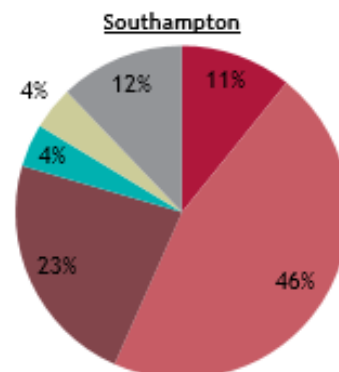
Internal Investments	£66.3m	£59.6m	£63.7m
External Funds	£9.2m	£8.1m	£8.5m
<b>TOTAL INVESTMENTS</b>	<b>£75.5m</b>	<b>£67.8m</b>	<b>£72.2m</b>

<b>Security</b>			
Average Credit Score	3.83	4.23	4.29
Average Credit Rating	AA-	AA-	AA-
Average Credit Score (time-weighted)	1.25	3.66	3.89
Average Credit Rating (time-weighted)	AAA	AA-	AA-
Number of Counterparties / Funds	22	14	17
Proportion Exposed to Bail-in	64%	66%	63%

<b>Liquidity</b>			
Proportion Available within 7 days	57%	45%	42%
Proportion Available within 100 days	63%	73%	71%
Average Days to Maturity	220	91	53

<b>Market Risks</b>			
Average Days to Next Rate Reset	161	94	72
External Fund Volatility	3.4%	1.4%	2.7%

<b>Yield</b>			
Internal Investment Return	0.76%	0.48%	0.53%
External Funds - Income Return	4.73%	4.01%	3.30%
External Funds - Capital Gains/Losses	-3.51%	-1.69%	-0.58%
External Funds - Total Return	1.23%	2.32%	2.72%
Total Investments - Income Return	1.24%	0.83%	0.82%
<b>Total Investments - Total Return</b>	<b>0.81%</b>	<b>0.77%</b>	<b>0.91%</b>



**Notes**

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

### **Budgeted Income**

The Council does not expect any losses from non-performance in relation to its investments by any of its counterparties. The UK Bank Rate had been maintained at 0.5% since March 2009 and until August 2016, when it was cut to 0.25%. It is now forecast to fall further towards zero but not to go beyond this to a negative figure, as a consequence short-term money market rates have fallen and are expected to fall further following 'Brexit'. Investments in Money Market Funds and call accounts currently generated an average rate of 0.50%. Investments in bonds have performed better returning an average of 1.36% for the year to date. The average cash balances during the quarter was £82.5M (range between £96.7M to £69.9M); these are expected to fall as the incidence of government grant income and council tax income is skewed towards the earlier part of the year.

The Authority's investment income for the year is forecast at £0.95M. As reported previously the Authority continues to review investments in suitable longer term financial instruments which will generate a better return, as it is envisaged that there be sufficient cash balances over the medium term.

### **3. Compliance with Prudential Indicators**

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

**Table 2: Compliance with Prudential Indicators**

<b>Indicator</b>	<b>Limit</b>	<b>Actual at 31 December 2016</b>
Authorised Limit for external debt £M	£863M	£342M
Operational Limit for external debt £M	£700M	£342M
Maximum external borrowing year to date		£265M
Limit of fixed interest debt %	100%	83%
Limit of variable interest debt %	50%	17%
Limit for Non-specified investments £M	£115M	£26M

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

#### **Summary for year to Date**

Following the sharp decline in household, business and investor sentiment that was prompted by the unexpected outcome of the referendum on EU membership in Q2, the preliminary estimate of Q3 2016 GDP defied expectations as the economy grew 0.5% quarter-on-quarter, down only slightly from 0.7% in Q2 and year/year growth running at a healthy pace of 2.3%.

Economic data continued to challenge the current sentiment throughout the quarter. Consumer Price Inflation (CPI) fell to 0.9% in October but rose to 1.2% in November, both predominantly driven by clothing, fuel and hotel prices although the Office for National Statistics (ONS) were quick to point out that there was little evidence to link this rise to the decline in the value of

sterling. With sterling having now fallen by around 20% with its impact on prices still to come, according to the ONS, CPI will be heading close towards the Bank of England's target rate of 2% in the first half of 2017, consistent with the forecasts contained within the Bank's last quarterly Inflation Report issued in November 2016.

After a weak August, British consumers picked up the pace of their spending in Q3. UK retail sales growth surged to a 14-year high in October as consumers kept spending and colder weather boosted clothing sales. According to the British Retail Consortium (BRC), fears over Brexit are likely to weigh on sales in the period ahead.

Labour market data also proved resilient, showing a small rise in the level of unemployment by 10,000, and average earnings dipping slightly, but at 2.3% still delivering real earnings growth although clearly under pressure from higher prices. The ILO unemployment rate remained at 4.9%, its lowest level in 11 years.

At its August meeting, the Bank of England's Monetary Policy Committee (MPC) had stated that the majority of members expected to support a further cut in Bank Rate at one of the MPC's forthcoming meetings during the course of the year. However, in the final calendar quarter of 2016 the MPC kept Bank Rate unchanged at 0.25% and asset purchases at £435 bn.

In a further twist to an extraordinary year in political events, the US voted Donald Trump as the 45th President of the United States who will take up office on 20th January 2017. Uncertainty surrounds whether or not the President-elect will make good the fiscal, regulatory and policy initiatives and changes which were central to his campaign and, if so, their timing and size and their effect on growth, employment and inflation both domestic and globally.

Following a strengthening labour market, in a move that was largely anticipated, at its meeting in December, the Federal Reserve's Open Market Committee (FOMC) increased the target range for official interest rates for just the second time in the last decade. The range was increased to between 0.5% and 0.75%, from 0.25% and 0.5%. In the accompanying statement, FOMC Chair Janet Yellen also highlighted the expectation of three further rate hikes in 2017, followed by three hikes in each of 2018 and 2019.

Market reaction: Following the referendum result, gilt yields had fallen sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. Since September there has been a reversal in longer dated gilt yields which have moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016. The yield on the 10-year gilt rose from 0.75% at the end of September to 1.24% at the end of December, which is almost back at pre-Brexit levels of 1.37% on 23rd June. 20- and 50-year gilt yields have also risen considerably in the third quarter to 1.76% and 1.7% respectively, and are nearly back up to pre-Brexit levels.

However, this recovery was not realised across all maturities. The 1 year gilt yield dropped from 0.13% at the end of September to -0.004% at the end of December. The one year gilt yield first went negative at the beginning of December, having only been negative intra-day previously. 2 and 3 year gilt yields have also continued to fall.

After recovering from an initial sharp drop in Quarter 2, equity markets appear to have continued their rally, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7142.83 and 3873.22 respectively on 30th December, up 3.5% and 3.1% over the quarter.

Money market rates for very short-dated periods (overnight to 1 month) have largely started recovering from a noticeable fall in the previous quarter. 7-day and 1-month LIBID rates increased by about 0.1%, to 0.35% and 0.61% respectively. Longer-dated periods (6 months to 2 years) also increased by between 10 and 20 basis points; on 30th December the 6-month LIBID rate was 0.64%, 12-month 0.81% and the 2-year swap rate 0.60%.

## Outlook

Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short/medium term than previously expected.

The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a low possibility of a drop to close to zero, with a very small chance of a reduction below zero.

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Gilt yields have risen over the past quarter, but remain at relatively low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

### HOUSING REVENUE ACCOUNT PORTFOLIO

#### KEY ISSUES – QTR 3

The Housing Revenue Account is currently forecast to under spend by **£0.07M** at year-end, which represents a percentage under spend against budget of **0.1%**. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Quarter 2 £M</b>	<b>%</b>
<b>Housing Revenue Account</b>	<b>0.07 F</b>	<b>0.1</b>	<b>0.80 F</b>	<b>1.1</b>
Potential Carry Forward Requests	0.00			

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

Division / Service Activity	<b>Forecast Variance Qtr 3 £M</b>	<b>Forecast Variance Qtr 2 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Supervision & Management	0.36 F	0.13 F	0.23 F	HRA 1
Interest & Capital Repayments	1.30 F	0.45 F	0.85 F	HRA 2
Repairs	1.49 A	0.98 A	0.51 A	HRA 3
Tenant Service Charges	0.20 A	0.20 A	0.00	HRA 4
Leaseholder Service Charges	0.31 F	0.00	0.31 F	HRA 5
Other	0.21 A	0.13 A	0.08 A	
<b>Total</b>	<b>0.07 F</b>	<b>0.73 A</b>	<b>0.80 F</b>	

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

**HRA 1 – Supervision & Management (£0.36M favourable, £0.23M favourable movement)**

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

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

As highlighted in the HRA action plan, budgets previously held for discretionary funding of ad-hoc projects, totalling £0.09M, will not be spent.

### **HRA 2 – Interest & Capital Repayments (£1.30M favourable, £0.85M favourable movement)**

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

A re-evaluation of the capital programme from 2015/16 to 2016/17 has resulted in a reduction in the borrowing requirement. This short term movement in the borrowing requirement has therefore reduced the financing cost charged to revenue for 2016/17 by £1.30M. This is a further £0.85M favourable forecast since quarter 2.

### **HRA 3 – Responsive Repairs (£1.49M adverse, £0.51M adverse movement)**

**Not all expected efficiencies are to be realised this year.**

Good progress has been made in restructuring the Housing Operations team across the four elements of trade staff and management restructuring, void efficiencies and reductions in fleet usage. However, the reduced staffing structure was not fully implemented until June 2016 leading to a forecast over spend.

Currently there is a forecasted adverse variance of £1.49M. This is an increase of £0.51M in the adverse variance compared to quarter 2. This overspend should be seen in the context of a reduction in budget of £2.75M across the Housing Operations and Repairs service since 2015/16. Although management have been working towards reducing this adverse variance through the remainder of the year, compensating in year savings have been found to bring the overall HRA into balance. The full staff and materials savings for 2017/18 onwards are expected to be achieved.

### **HRA 4 – Tenant Service Charges (£0.20M adverse, no movement)**

**A revised charging proposal is not deliverable.**

A budget proposal to introduce a revised charging model for Community Alarm customers will not now be implemented due to Housing Benefit restrictions and future unknown changes in Supporting People income. There is currently a consultation on the funding for Supported Housing from 2019/20 onwards.

### **HRA 5 – Leaseholder Service Charges (£0.31M favourable, £0.31M favourable movement)**

**Recharges to leaseholders higher than budgeted**

A review of revenue major works charged to leaseholders has been highlighted as part of the HRA action plan. An increase in income is due to a realignment of budgets in the year increasing the level of major capital works to our blocks with leaseholders. This is a new favourable variance movement from quarter 2.

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

	Original Estimate 2016/17 £M	Forecast 2016/17 £M	Variance Adverse / (Favourable) 2016/17 £M
<b>Council Tax</b>			
<u>Income</u>			
Income due from Council Tax Payers	(97.27)	(97.24)	0.03
Transfers to General Fund - Hardship Fund	(0.20)	(0.20)	0.00
	(97.47)	(97.44)	0.03
<u>Expenditure</u>			
Southampton City Council Precept	81.01	81.01	0.00
Hampshire Police Authority Precept	9.70	9.70	0.00
Fire & Rescue Services Precept	3.79	3.79	0.00
Distribution of previous year's surplus	1.02	1.02	0.00
Provision for Bad Debts CT	2.97	2.00	(0.97)
	98.49	97.52	(0.97)
CT - Deficit / (Surplus) for the Year	1.02	0.08	(0.94)
CT - Deficit / (Surplus) Brought Forward	(1.02)	(2.15)	(1.13)
<b>CT Deficit / (Surplus) Carried Forward</b>	<b>0.00</b>	<b>(2.07)</b>	<b>(2.07)</b>
<b>NDR</b>			
<u>Income</u>			
Income from NDR Payers	(106.02)	(104.51)	1.51
<u>Apportionment of Previous Years Deficit</u>			
SCC	3.01	3.01	0.00
DCLG	3.07	3.07	0.00
Hampshire Fire & Rescue Authority	0.06	0.06	0.00
	<b>(99.88)</b>	<b>(98.37)</b>	<b>1.51</b>
<u>Expenditure</u>			
Payment to DCLG Transitional Arrangements	0.00	0.42	0.42
Payments to DCLG	48.45	48.45	0.00
SCC - NNDR Dist to General Fund	47.48	47.48	0.00
Hampshire Fire & Rescue NNDR Distrib.	0.97	0.97	0.00
Allowance to General Fund for NNDR Collection	0.32	0.32	0.00
Provision for Bad Debts NNDR	1.11	2.26	1.15
Appeals Provision 16/17	7.70	4.49	(3.21)
Appeals Provision Prior Years	0.00	(2.94)	(2.94)
	<b>106.03</b>	<b>101.45</b>	<b>(4.58)</b>
NDR Deficit / (Surplus) for the Year	6.15	3.08	(3.07)
NDR - Deficit / (Surplus) Brought Forward	(6.15)	(7.83)	(1.68)
<b>NDR Deficit / (Surplus) Carried Forward</b>	<b>0.00</b>	<b>(4.75)</b>	<b>(4.75)</b>
<b>Total Deficit / (Surplus) Carried Forward</b>	<b>0.00</b>	<b>(6.81)</b>	<b>(6.82)</b>
<b>Council Tax (Surplus)/Deficit</b>			
Contribution (to)/ from SCC		(1.78)	
Contribution (to)/ from HPA		(0.21)	
Contribution (to)/ from F&RS		(0.08)	
Council Tax Collection Fund Balance c/f		(2.07)	
<b>NDR (Surplus)/Deficit</b>			
Contribution (to)/ from SCC		(2.33)	
Contribution (to)/ from DCLG		(2.37)	
Contribution (to)/ from HF&R		(0.05)	
NDR Collection Fund Balance c/f		(4.75)	
<b>Additional SCC Surplus</b>		<b>(4.11)</b>	

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<b>DECISION-MAKER:</b>	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
<b>SUBJECT:</b>	COUNCIL STRATEGY PERFORMANCE – QUARTER 2, 2016-17		
<b>DATE OF DECISION:</b>	16 FEBRUARY 2017		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Saqib Yasin</b>	<b>Tel:</b> 023 8083 2017
	<b>E-mail:</b>	<b>Saqib.yasin@southampton.gov.uk</b>	
<b>Director</b>	<b>Name:</b>	<b>Emma Lewis</b>	<b>Tel:</b> 023 8091 7984
	<b>E-mail:</b>	<b>Emma.lewis@southampton.gov.uk</b>	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
This report provides information about Quarter 2 performance for 2016/17 against the key success measures detailed in the Southampton City Council Strategy 2016-20.			
<b>RECOMMENDATIONS:</b>			
	(i)	That the Committee note the report.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	Following consideration by the Council’s Management Team and Cabinet, quarterly performance reports are published on the council’s website, in accordance with Southampton City Council’s commitment to open and transparent governance. These reports are based on the measures included in the Council Strategy 2016-20, which was approved in September 2016. They are also considered by the Overview and Scrutiny Management Committee (OSMC).		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	Not applicable.		
<b>DETAIL (Including consultation carried out)</b>			
	<b>Background and context</b>		
3.	The council monitors its performance quarterly against the key success measures included in the Council Strategy 2016-20. The Quarter 2 scorecard for 2016/17 is included in Appendix 1. The scorecard provides an update on all quarterly measures included in the Council Strategy 2016-20. The scorecard also provides details for annual measures where these are available.		
4.	<p>The Council Strategy 2016-20 was approved by Full Council in September 2016, replacing the previous Council Strategy 2014-17. The Strategy reflects the council’s four priority outcomes:</p> <ul style="list-style-type: none"> <li>• Southampton is a city with strong and sustainable economic growth</li> <li>• Children and young people in Southampton get a good start in life</li> <li>• People in Southampton live safe, healthy, independent lives</li> </ul>		

	<ul style="list-style-type: none"> <li>Southampton is a modern, attractive city where people are proud to live and work.</li> </ul>
5.	As part of the new Council Strategy 2016-20, a new set of success measures was agreed, aligned to the priority outcomes. The proposed measures were presented to OSMC in July 2016 for comment. Following approval in September 2016, work has been undertaken to develop the required datasets and enable regular and accurate reporting of the new indicators.

### Quarter Two Performance 2016/17

6.	<p>A total of 28 success measures are included in the Council Strategy 2016-20. All measures are rated as:</p> <ul style="list-style-type: none"> <li>Blue – performance exceeds target by 10% or more</li> <li>Green – performance is between -5% and +10% off target</li> <li>Amber – performance is between -5% and -10% off target</li> <li>Red – performance is -10% or more off target.</li> </ul>
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7.	<p>Overall, the quarter 2 scorecard shows that:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>No. of measures Q1 2016/17</th> <th>No. of measures Q2 2016/17</th> </tr> </thead> <tbody> <tr> <td><b>Blue</b></td> <td style="text-align: center;">5</td> <td style="text-align: center;">5</td> </tr> <tr> <td><b>Green</b></td> <td style="text-align: center;">8</td> <td style="text-align: center;">13</td> </tr> <tr> <td><b>Amber</b></td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td><b>Red</b></td> <td style="text-align: center;">12</td> <td style="text-align: center;">7</td> </tr> <tr> <td><b>Not available</b></td> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> </tr> </tbody> </table>		No. of measures Q1 2016/17	No. of measures Q2 2016/17	<b>Blue</b>	5	5	<b>Green</b>	8	13	<b>Amber</b>	1	1	<b>Red</b>	12	7	<b>Not available</b>	2	2
	No. of measures Q1 2016/17	No. of measures Q2 2016/17																	
<b>Blue</b>	5	5																	
<b>Green</b>	8	13																	
<b>Amber</b>	1	1																	
<b>Red</b>	12	7																	
<b>Not available</b>	2	2																	

8.	The following table provides a summary of measures according to their blue/green/amber/red status. Further detail, including benchmarking and commentary, is available in Appendix 1.
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Measure	RAG	Preferred direction	Target	Actual
No. of supported jobs and accredited vocational training delivered through Employment and Skills Plans linked to major developments	BLUE	↑	388	484
% A roads requiring urgent structural maintenance	BLUE	↓	13%	6%
Amount of additional funding investment achieved by voluntary and community organisations we support	BLUE	↑	£225,000	£466,425
No. of children with active social care involvement (Looked After Children + Children in Need)	BLUE	↓	2,500	1,904
No. of family friendly events each year in Southampton	BLUE	↑	13	27
No. of apprenticeship starts	GREEN	↑	500	490
No. of businesses paying business	GREEN	↑	6,609	6,676

rates				
% gap between average earning of people in the city and people working in the city	GREEN	↓	10%	10.4%
No. of customer requests for street cleaning and fly tipping clearances	GREEN	↓	2,625	2,701
% unclassified roads requiring urgent structural maintenance	GREEN	↓	20%	20%
% local Council housing stock that is decent	GREEN	↑	93%	94%
Recorded levels of nitrogen dioxide in the city's Air Quality Management areas (ug/m3)	GREEN	↓	35.06	35.45
No. of extra care homes built to provide housing for people with support needs	GREEN	↑	50	54
% pupils in Early Years Foundation phase achieving good level of development	GREEN	↑	64%	69.8%
% 16-17 year olds in education and training	GREEN	↑	89%	88.5%
No. of Looked After Children	GREEN	↓	590	606
% care leavers in contact and in suitable accommodation	GREEN	↑	90%	88.1%
No. of first time entrants into the Youth Justice System (per 100,000 population)	GREEN	↓	419.3	436
% of pupils working at the expected standard in reading, writing and maths at the end of Key Stage 2	AMBER	↑	58%	53%
No. of affordable homes delivered	RED	↑	183	132
% people using social care who receive direct payments	RED	↑	22.6%	18.8%
No. of affordable warmth (HHCRO) measures installed per year (per 1,000 households)	RED	↑	2.32	1.45
No. of adult social care clients using care technology	RED	↑	1,220	480
No. of early help (EH) Universal Help Assessments (UHA) completed	RED	↑	425	201
No. of families 'turned around' through the Families Matter phase 2 programme	RED	↑	29.9%	12.3%
GCSE Progress 8 scores	RED	↑	0%	-0.13
Average no. of days between registration and approval for new prospective adopters	N/A	↓	190	Nil return

	No. of hospital admissions caused by unintentional and deliberate injuries in children aged 0-14 (per 10,000 population)	N/A	↓	132	Not yet available
<b>RESOURCE IMPLICATIONS</b>					
<b><u>Capital/Revenue</u></b>					
9.	There are no resource implications for consideration as a result of this report.				
<b><u>Property/Other</u></b>					
10.	There are no property or other implications for consideration as a result of this report.				
<b>LEGAL IMPLICATIONS</b>					
<b><u>Statutory power to undertake proposals in the report:</u></b>					
11.	There are no legal implications for consideration as a result of this report.				
<b><u>Other Legal Implications:</u></b>					
12.	None				
<b>POLICY FRAMEWORK IMPLICATIONS</b>					
13.	There are no policy framework implications for consideration as a result of this report.				
<b>KEY DECISION</b>		No			
<b>WARDS/COMMUNITIES AFFECTED:</b>		None directly as a result of this report			
<b><u>SUPPORTING DOCUMENTATION</u></b>					
<b>Appendices</b>					
1.	Quarter 2 Scorecard				
2.	Council Strategy Scorecard Summary - 2016/17 Quarter 2				
<b>Documents In Members' Rooms</b>					
1.	None				
<b>Equality Impact Assessment</b>					
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.					No
<b>Privacy Impact Assessment</b>					
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.					No
<b>Other Background Documents - Equality Impact Assessment and Other Background documents available for inspection at:</b>					
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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## 1.1

### Number of affordable homes delivered

Growth

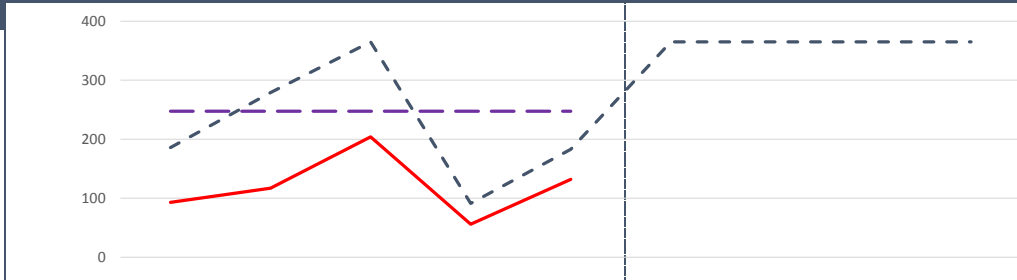
Mark Bradbury

A high number is GOOD

Preferred Direction of travel



A low number is POOR



Key	2015/16					Future Targets			
	Q2	Q3	Q4	Q1	Q2	2016/17	2017/18	2018/19	2019/20
Southampton *	93	117	204	56	132				
Target **	186	279	365	91	183	365	365	365	365
Benchmark	247	247	247	247	247				

Current performance for the year remains below the 365 annual target, and significant improvements are not anticipated until 2018/19. As noted in 2015/16, unexpected national policy and budget announcements significantly reduced providers' anticipated income streams and therefore borrowing capabilities. Many providers withdrew from agreed development contracts and avoided taking on new schemes pending major business re-planning. The council is therefore proactively investigating alternative models, whereby the council could provide its own affordable housing. However, it is likely to be some time before these become viable and have a practicable impact on numbers of homes delivered.

\* Figures are cumulative and start from Q1 each year. \*\* Target is cumulative - Overall target has been divided into 4 to better represent performance.

Benchmark: Statistical Neighbour Group 2014/15

2016/17 - Q2 has seen an increase of 76 from 2016/17 - Q1

This quarter showing as:

**RED**

51 From Target

Last quarter showing as:

**RED**

2019/20 Target is 365

To meet this target, we would need an average increase of 40.25 each year for the next 4 years

(based on 2015/16 - Q4 actuals)

## 1.2

### Number of apprenticeship starts

Growth

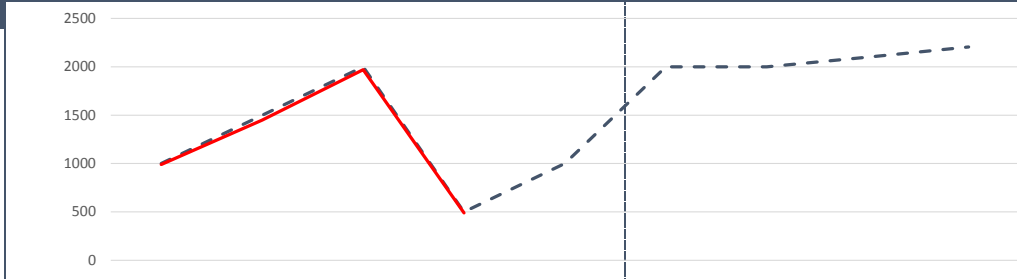
Denise Edghill

A high number is GOOD

Preferred Direction of travel



A low number is POOR



Key	2015/16					Future Targets			
	Q2	Q3	Q4	Q1	Q2	2016/17	2017/18	2018/19	2019/20
Southampton *	990	1450	1970	490	-				
Target **	1000	1500	2000	500	1000	2000	2000	2100	2205

The Southampton target remains static for the next year whilst the Apprenticeship Levy is introduced. This is because non-levy paying Small to Medium sized Employers (SMEs), who currently are not charged and take the majority of apprentices, will be charged for apprenticeship training from 2017, and providers are anticipating this will be a disincentive. Processes and guidance for post-2017 are also still in flux. In the meantime, SCC will continue to work with schools, colleges and employers to promote apprenticeships. National benchmarking will be available and reported annually.

\*Quarter 2 figures are not yet available due to normal lag with data release from the Skills Funding Agency

\*Figures are cumulative and start from Q1 each year. \*\* Target is cumulative - Overall target has been divided into 4 to better represent performance.

Benchmark Available in Quarter 4

2016/17 - Q1 has seen an increase of 40 from 2015/16 - Q1

Q1 2016/17 showing as:

**GREEN**

10 From Target

Q4 2015/16 showing as:

**GREEN**

2019/20 Target is 2205

To meet this target, we would need an average increase of 58.75 each year for the next 4 years

(based on 2015/16 - Q4 actuals)

## 1.3

### Number of supported jobs and accredited vocational training delivered through Employment and Skills Plans linked to major developments

Growth

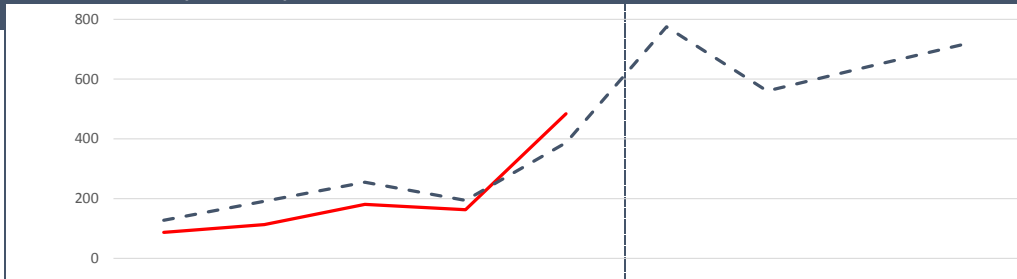
Denise Edghill

A high number is GOOD

Preferred Direction of travel



A low number is POOR



Key	2015/16					Future Targets			
	Q2	Q3	Q4	Q1	Q2	2016/17	2017/18	2018/19	2019/20
Southampton *	87	113	181	163	484				
Target **	128	191	255	194	388	775	560	641	720

The Lidl Regional Distribution Centre pre-employment training has seen 40 individuals into work with more outcomes expected from delivery partner organisations.

Quarter 3 figures will see the first outcomes from the WestQuay Watermark pre-employment training initiatives.

Three Construction projects have come to an end and three have just started which will require support to engage in the process.

All outputs in construction are running to profile.

Princes' Trust 'Get into Construction' course saw 11 young people engaged in significant work experience on major developments.

Benchmark not available

2016/17 - Q2 has seen an increase of 321 from 2016/17 - Q1

2016/17 - Q2 showing as:

**BLUE**

96.5 Above Target

2016/17 - Q1 showing as:

**RED**

2019/20 Target is 720

To meet this target, we would need an average increase of 134.75 each year for the next 4 years

(based on 2015/16 - Q4 actuals)

\*Figures are cumulative and start from Q1 each year. \*\* Target is cumulative - Overall target has been divided into 4 to better represent performance.



# Outcome 1: Strong and sustainable economic growth



## 1.4

### % gap between average earnings of people living in the city and people working in the city

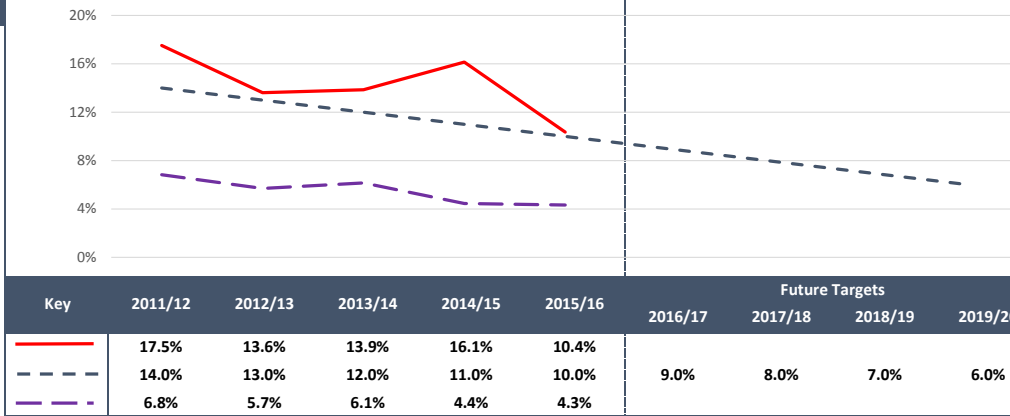
Growth  
Mike Harris

A high Percentage is POOR

Preferred Direction of travel



A low Percentage is GOOD



Benchmark: Statistical Neighbour Group

2015/16 has seen a decrease of 5.7% from 2014/15

This year showing as: **GREEN**  
0.36% From Target

Last year showing as: **RED**

2019/20 Target is 6%

To meet this target, we would need an average decrease of 1.09% each year for the next 4 years

(based on 2015/16 actuals)

This is the indicator for Inclusive Growth and involves a number of inter-dependencies including the type and number of jobs on offer, sectors and wage levels, and the skills, qualifications and aspirations of residents. SCC is intervening in all aspects of the supply and demand of local labour, including up-skilling and career development as well as linking jobs created through major developments with local residents. The indicator is also impacted by the quality and availability of housing and education in the city. It should be noted that this indicator could be achieved through a low wage economy with low skilled workers. However, the City wage level is above the average for the South East. As we continue to achieve our aspirations for high productivity, growth and innovation, the challenge will be to ensure that our residents can benefit and contribute, and this will be dependent on social outcomes, aspiration, opportunity and skills.

## 1.5

### Number of businesses paying business rates

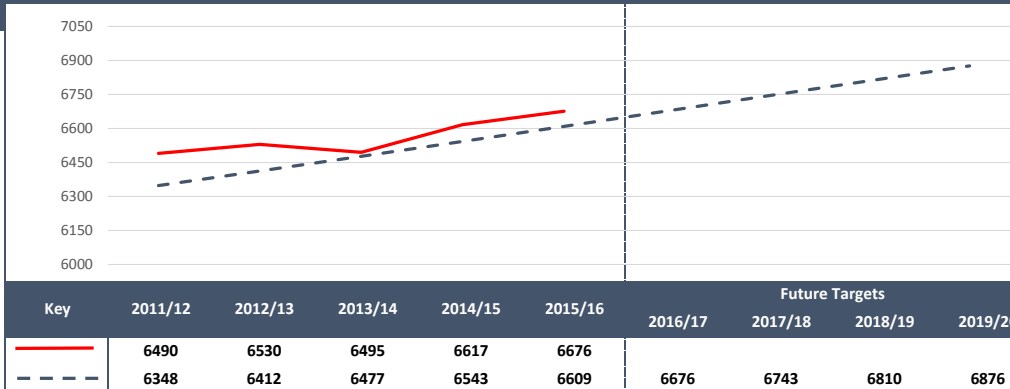
Growth  
Mike Harris

A high number is GOOD

Preferred Direction of travel



A low number is POOR



Benchmark not available

2015/16 has seen an increase of 59 from 2014/15

This year showing as: **GREEN**  
67 Above Target  
Last year showing as: **GREEN**

2019/20 Target is 6876

To meet this target, we would need an average increase of 50 each year for the next 4 years

(based on 2015/16 actuals)

The latest PWC/Demos report placed Southampton as the third highest English city for 'good growth' in 2015/16, including for GVA. This period saw significant major developments, with even more to be completed in 16/17. £1.6 bn has been committed towards the £3 bn masterplan for the City, generating business rate growth through the attraction of new business. In addition to inward investment, we are supporting small business start-up and growth, including allocation of LEP and EU grant funding, graduate and innovation schemes, development of office provision, and support for social enterprise sector. Moving forward, central office space is planned, to take advantage of the significant cultural, retail and hospitality developments.





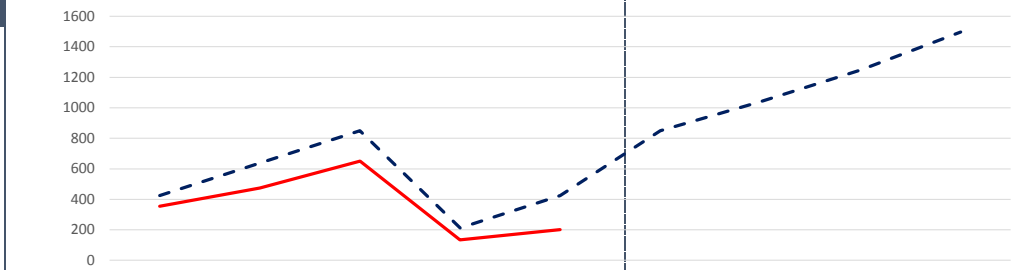
# Outcome 2: Children and young people get a good start in life

## 2.1

### Number of Early Help (EH) Universal Help Assessments (UHA) completed

Children and Families  
Jo Cassey

A high number is GOOD  
Preferred Direction of travel  
▲  
A low number is POOR



Benchmark not available

2016/17 - Q2 has seen an increase of 66 from 2016/17 - Q1

This quarter showing as:  
**RED**  
224 From Target

Last quarter showing as:  
**RED**

To exceed this target, we would need an average increase of 211.5 each year for the next 4 years  
(based on 2015/16 - Q4 actuals)

The approach for identifying and supporting those requiring Early Help has changed since targets were set for this indicator. A review of the MASH (multi-agency safeguarding hub) has been undertaken, overseen by the Local Safeguarding Children Board. As a result, a new approach has been adopted, whereby children, young people and families receive input from multi-agency community teams and Families Matter as a first step. Therefore, significantly fewer require a formal Universal Help Assessment, as their needs are met more effectively through this model. In addition, a principle has been adopted to not assess families unnecessarily in circumstances where another assessment has already been undertaken. In these cases, information has already been gathered which enables an Early Help plan to be developed without a Universal Help Assessment. As a result of these changes, and a renewed focus on early intervention, the number of actual Early Help interventions are increasing, even while formal assessments of this sort have decreased. It may therefore be appropriate to consider amending this indicator.

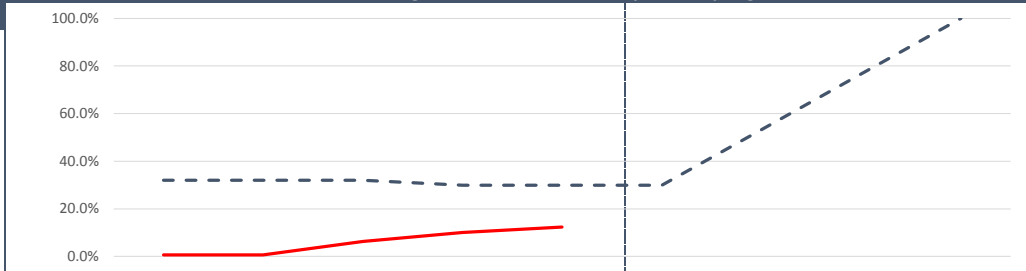
\* Figures are cumulative and start from Q1 each year  
\*\* Target is cumulative - Overall target has been divided into 4 to better represent performance.

## 2.2

### Number of families 'turned around' through the Families Matter phase 2 programme

Children and Families  
Jane White

A high Percentage is GOOD  
Preferred Direction of travel  
▲  
A low Percentage is POOR



Benchmark not available

2016/17 - Q2 has seen an increase of 2.3% from 2016/17 - Q1

This Quarter showing as:  
**RED**  
17.61% From Target  
Last Quarter showing as:  
**RED**

2019/20 Target is 100%  
To exceed this target, we would need an average increase of 23% each year for the next 4 years  
(based on 2015/16 - Q4 actuals)

49 families have been turned around in quarter 2, which brings the total to 274 to date. Although below target, the figures compare well with other local authorities. In particular, Southampton has a good success rate in securing employment for families. The way success is measured nationally requires that cases, once closed, continue to sustain progress, in some cases for 3 consecutive school terms or 6 months. It is therefore anticipated that higher numbers will be reported as the year continues and more families reach these milestones.

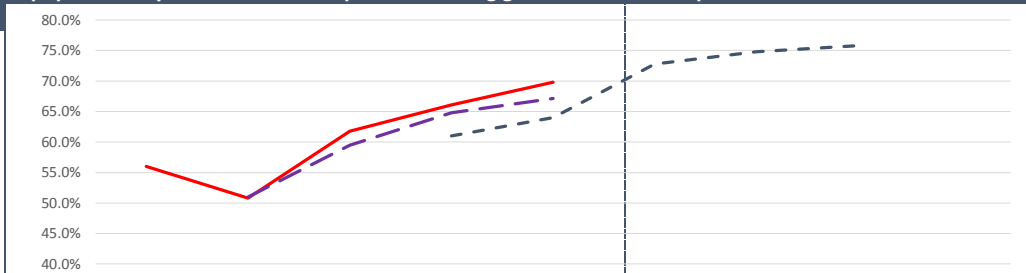
\*This is a cumulative figure for Phase 2 - Phase two started in 2015/16 and will complete in 2019/20

## 2.3

### % pupils in Early Years Foundation phase achieving good level of development

Children and Families  
Jo Cassey

A high Percentage is GOOD  
Preferred Direction of travel  
▲  
A low Percentage is POOR



Benchmark: Statistical Neighbour Group 2014/15

2015/16 has seen an increase of 3.7% from 2014/15

This Quarter showing as:  
**GREEN**  
5.8% Above Target

Last Quarter showing as:  
**GREEN**

2018/19 Target is 75.8%  
To exceed this target, we would need an average increase of 1.5% each year for the next 4 years  
(based on 2015/16 actuals)

69.8% of pupils in Southampton achieved a Good Level of Development which is 0.5% above the national average of 69.3%. This is an increase from 2015, when Southampton (66.1%) achieved 0.2% below the national average (66.3%). Southampton's rank position has improved by 13 places from 76th in 2015 to 63rd in 2016 out of 151 Local Authorities.

\* Targets are based on the English National average 2015/15 and are subject to change - Targets will be reviewed at the end of each year



# Outcome 2: Children and young people get a good start in life



## 2.4

### Percentage of pupils working at the expected standard in Reading, Writing and Maths at the end of Key Stage 2

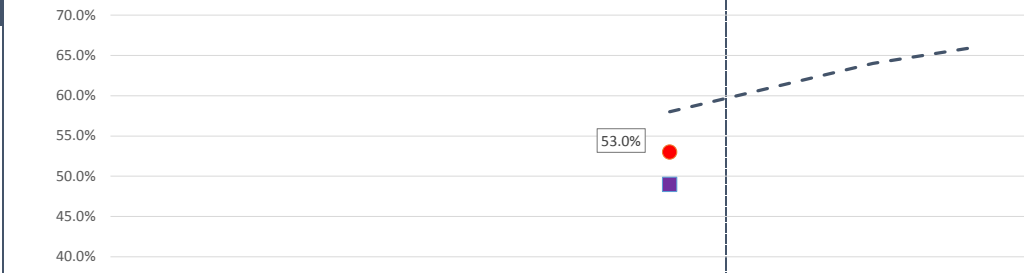
Children and Families  
Jo Cassey

A high Percentage is GOOD

Preferred Direction of travel



A low Percentage is POOR



Benchmark: Statistical Neighbour Group 2015/16

New Measure for 2016/17

This Quarter showing as:

**AMBER**

5% From Target

Last Quarter showing as:

**n/a**

2018/19 Target is 66%

To exceed this target, we would need an average increase of 3.3% each year for the next 4 years

(based on 2016/17 actuals)

Southampton's 2016 KS2 performance was 53%. This is 1% above the national performance of 52% and sustains Southampton's performance of being in line or above the national average for the main attainment headline indicator since 2013 (previously Level 4+ in Reading, Writing and Maths). Southampton's 2016 KS2 cohort achieved a joint rank position of 63rd with 15 other Local Authorities out of a total of 150 Local Authorities.

\* Targets are based on the English National average 2015/15 and are subject to change - Targets will be reviewed at the end of each year

## 2.5

### GCSE Progress 8 scores

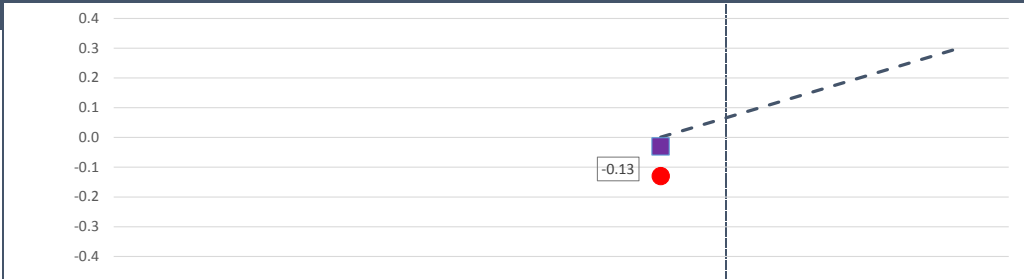
Children and Families  
Jo Cassey

A high number is GOOD

Preferred Direction of travel



A low number is POOR



Benchmark: National Average

New Measure for 2015/16

This Quarter showing as:

**RED**

0.13 From Target

Last Quarter showing as:

**n/a**

2019/20 Target is 0.3

To exceed this target, we would need an average increase of 0.1 each year for the next 3 years

(based on 2016/17 actuals)

Southampton pupils achieved a Progress 8 score of -0.13 in 2016 compared to a national average of -0.03, a gap of -0.10 between Southampton and national performance. Southampton was ranked 108th out of 151 Local Authorities, with the best LA achieving a score of +0.35. Therefore over the next 4 years the targets have been set to head towards a similar level of progress.

\* Targets are based on the English National average 2015/15 and are subject to change - Targets will be reviewed at the end of each year

## 2.6

### % 16-17 year olds in education and training

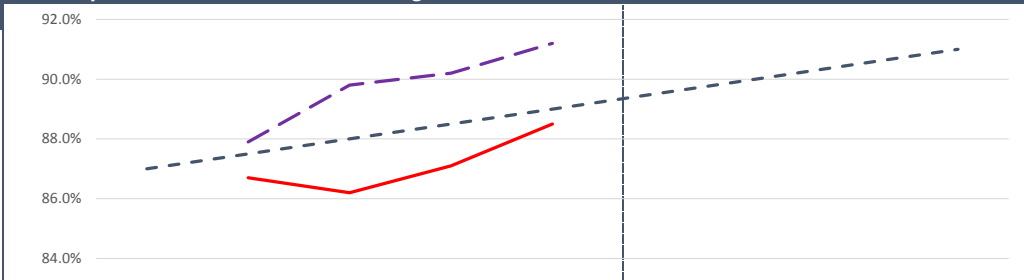
Children and Families  
Denise Edghill

A high Percentage is GOOD

Preferred Direction of travel



A low Percentage is POOR



Benchmark: National Average

2015/16 has seen an increase 1.4% from 2014/15

This year showing as:

**GREEN**

0.5% From Target

Last year showing as:

**GREEN**

2019/20 Target is 91%

To exceed this target, we would need an average increase of 0.6% each year for the next 4 years

(based on 2015/16 actuals)

This is a different indicator to NEET (which includes employment as an outcome, and continues to out-perform core cities), and represents young people fulfilling their duty to remain in state funded training/education to their 18th birthday. This has been a challenge to Southampton due to (i) the nature of the labour market (plentiful entry level jobs without training) and (ii) college drop-out rates at 17. The difference in national and Southampton averages represents only 2.5% of the cohort, however places us low in the league table. We intend to at least close the current gap by 2020 through implementing a Post-16 review and Action Plan including aspirational activities with schools, FE retention programmes, apprenticeship development and focussed work with employers.



# Outcome 2: Children and young people get a good start in life

## 2.7

### Number of Looked after Children

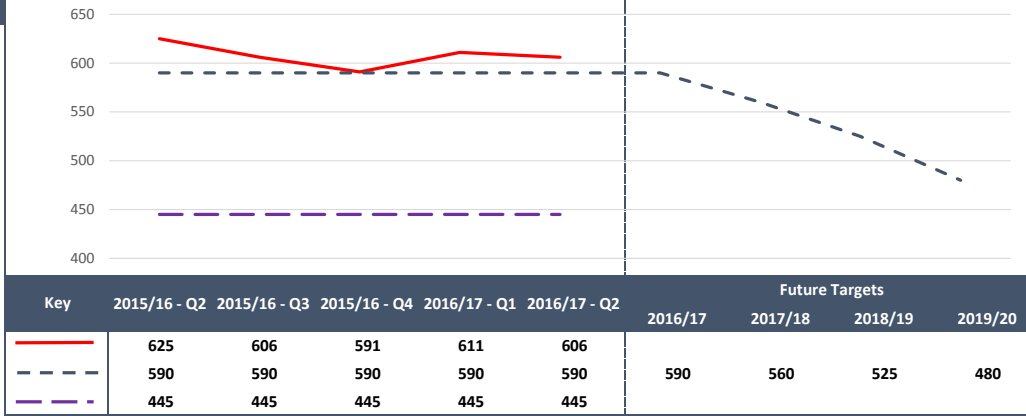
Children and Families

Jane White

A high number is POOR

Preferred Direction of travel ▼

A low number is GOOD



Benchmark: Statistical Neighbour Group 2014/15

2016/17 - Q2 has seen a decrease of 5 from 2016/17 - Q1

This quarter showing as: **GREEN**  
16 From Target

Last quarter showing as: **GREEN**

2019/20 Target is 480

To meet this target, we would need an average decrease of 31.5 each year for the next 4 years

(based on 2016/17 - Q2 actuals)

The number of looked after children in Southampton remains high but is starting to decline. We have a dedicated service manager and clear plans of action, including panels to review and approve cases, and ongoing monitoring of all cases. Our targets are to reduce numbers, focus on special guardianship and other permanence arrangements and we have clear and robust processes for approval of entry into care.

## 2.8

### Number of children with active social care involvement (Looked After Children + Child in Need)

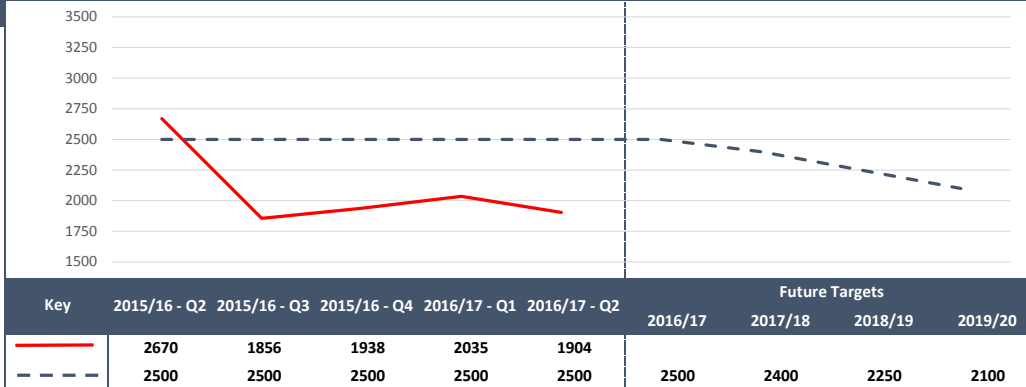
Children and Families

Jane White

A high number is POOR

Preferred Direction of travel ▼

A low number is GOOD



Benchmark not available

2016/17 - Q2 has seen a decrease of 131 from 2016/17 - Q1

This quarter showing as: **BLUE**  
596 From Target

Last quarter showing as: **BLUE**

2019/20 Target is 2100

We are currently exceeding our 2019/20 target by 196

(based on 2016/17 - Q2 actuals)

A very significant amount of work has been undertaken within the service to reduce demand and ensure we are working with the right children at the right level. Teams have been focussed on reunifications, targeting closures, transfers and step downs to early help. This, coupled with the introduction of a new approach at the front door in October, has resulted in a significant reduction in children with active social care involvement. Alongside this the data team have identified a number of duplicate referrals in non-statutory teams which have now been resolved.

## 2.9

### Average number of days between registration and approval for new prospective adopters

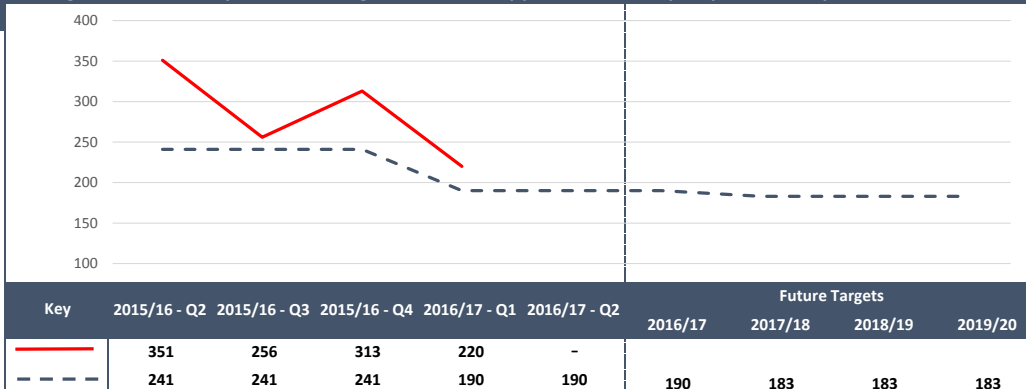
Children and Families

Jane White

A high number is POOR

Preferred Direction of travel ▼

A low number is GOOD



Benchmark not available

This quarter showing as: **n/a**

Last quarter showing as: **RED**

2019/20 Target is 183

To meet this target, we would need an average decrease of 9.25 each year for the next 4 years

(based on 2016/17 - Q1 actuals)

There was a nil return in Quarter 2, as no adopters were approved during this period.



# Outcome 2: Children and young people get a good start in life

## 2.10

### % care leavers in contact and in suitable accommodation

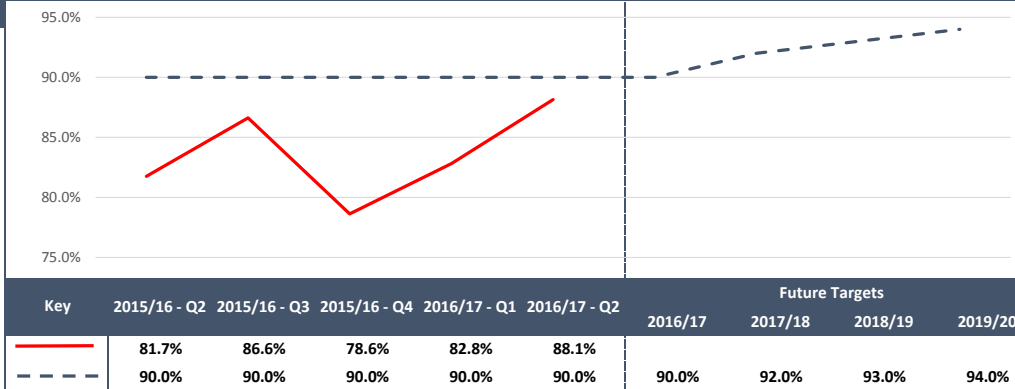
Children and Families  
Jane White

A high Percentage  
is GOOD

Preferred Direction  
of travel



A low Percentage  
is POOR



This is an area of positive improvement, with a weekly housing panel in place and a good relationship with the housing team. Our care leavers team are working hard to ensure they are in touch with as many young people as possible.

**Benchmark not available**

2016/17 - Q2 has seen an increase of 5.3% from 2016/17 - Q1

This quarter showing as:  
**GREEN**  
1.9% From Target

Last quarter showing as:  
**AMBER**

**2019/20 Target is 94%**

To meet this target, we would need an average decrease of 1.46% each year for the next 4 years (based on 2016/17 - Q2 actuals)

## 2.11

### Number of hospital admissions caused by unintentional and deliberate injuries in children aged 0-14 (per 10,000)

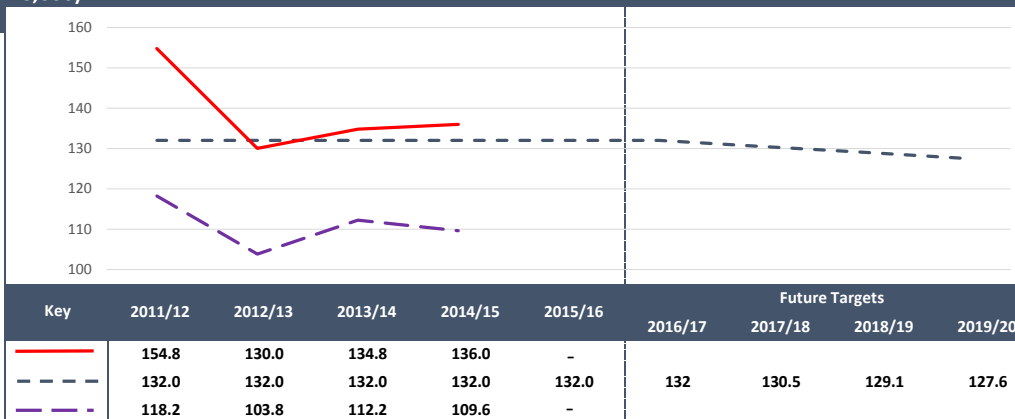
Integrated Commissioning  
Stephanie Ramsey

A high number  
is POOR

Preferred Direction  
of travel



A low number  
is GOOD



There is a significant timelag in obtaining this national data, with 2015/16 expected in Quarter 4 of 2016/17. Key risk factors in the city include road accidents, alcohol and mental health related issues. Work is ongoing to address these, including through joint work with the CCG on Mental Health Matters and the Child and Adolescent Mental Health Service (CAMHS) transformation plan, as well as the Public Health Nursing Service, and the Healthy Ambition programme of school visitors.

**Benchmark: National Average**

2014/15 has seen an increase of 1.2 from 2013/14

This Year showing as:  
**n/a**

Last year showing as:  
**GREEN**

**2019/20 Target is 127.6**

To meet this target, we would need an average decrease of 1.68 each year for the next 5 years (based on 2014/15 actuals)

## 2.12

### Number of first time entrants into Youth Justice system (per 100,000)

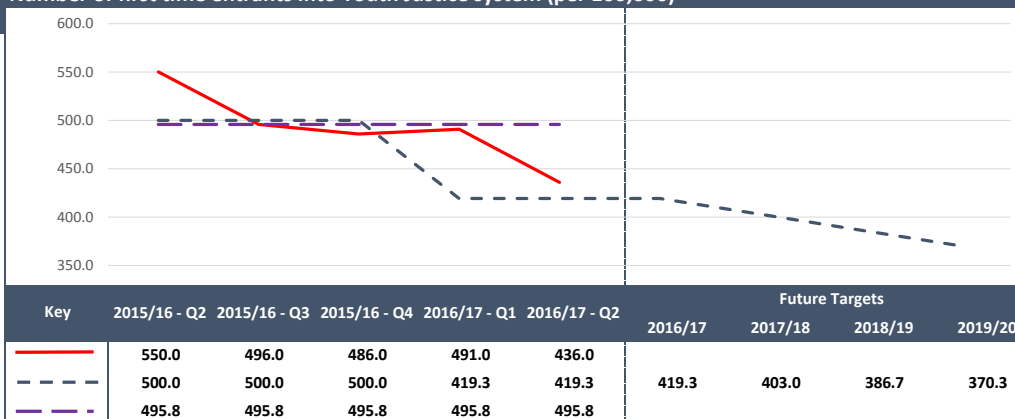
Children and Families  
Jo Cassey

A high number  
is POOR

Preferred Direction  
of travel



A low number  
is GOOD



Quarter 2 in 2016/17 equates to 80 young people. This is a reduction of 17 young people from last year and 47 young people from two years ago. Therefore, the number of young people entering the criminal justice system has reduced by 37% in two years. Southampton remains 6 in the table of 10 comparator Youth Offending Teams. This reduction can be attributed to our Joint Decision Making Panel - but, a reducing First Time Entrant rate does put pressure on re-offending performance as the size of the overall cohort reduces; leaving a smaller set of young people containing the most prolific offenders.

**Benchmark: Statistical Neighbour Group 2014/15**

2016/17 - Q2 has seen a decrease of 55 from 2016/17 - Q1

This quarter showing as:  
**GREEN**

**17 Above Target**

Last month quarter as:  
**RED**

**2019/20 Target is 370.3**

To meet this target, we would need an average decrease of 16.43 each year for the next 4 years (based on 2016/17 - Q2 actuals)



# Outcome 3: People in Southampton live safe, healthy, independent lives



## 3.1 % of people using social care who receive direct payments

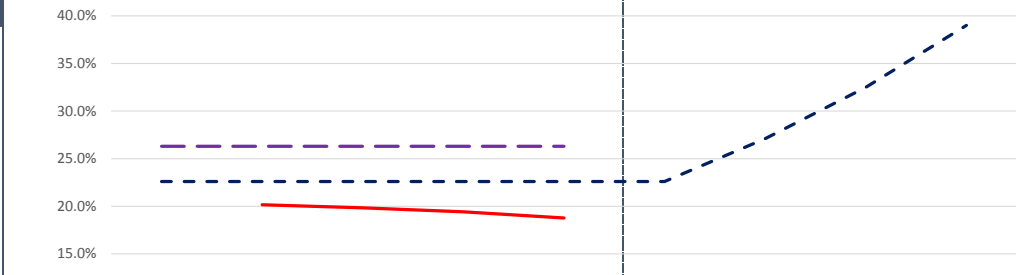
Housing, Adults and Communities  
Paul Juan

A high Percentage is GOOD

Preferred Direction of travel



A low Percentage is POOR



Benchmark: Statistical Neighbour Group 2015/16

2016/17 - Q2 has seen a decrease of 0.7% from 2016/17 - Q1

This quarter showing as:

**RED**

3.83% From Target

Last quarter showing as:

**RED**

**2019/20 Target is 39%**

To meet this target, we would need an average increase of 4.79% each year for the next 4 years

(based on 2015/16 - Q4 actuals)

Key	2015/16					Future Targets			
	Q2	Q3	Q4	Q1	Q2	2016/17	2017/18	2018/19	2019/20
Southampton	-	20.2%	19.8%	19.4%	18.8%				
Target	22.6%	22.6%	22.6%	22.6%	22.6%	22.6%	27.1%	32.5%	39.0%
Benchmark	26.3%	26.3%	26.3%	26.3%	26.3%				

The service has recently undertaken a thorough review of all direct payment cases, and as a result a number were identified were individuals no longer required support, or where direct payments were no longer appropriate. This accounts for the reduction over the last period. However, a direct payments task force has been set up to increase the number of direct payments in Southampton and bring numbers in line with statistical neighbours. A pilot of 'Choose Care' is also live; this is an online platform which supports those choosing a direct payment route and enables them to purchase care online. In addition, there has been a focus on increasing direct payments for carers; this has resulted in improvements, but there has been a time lag in updating records on the system.

## 3.2 % of local Council housing stock that is decent

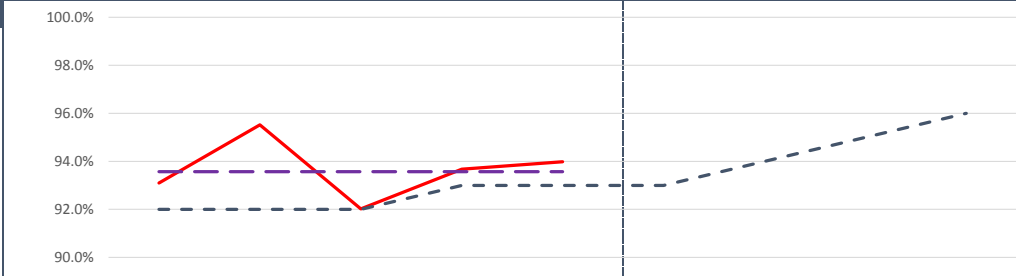
Housing, Adults and Communities  
Paul Juan

A high Percentage is GOOD

Preferred Direction of travel



A low Percentage is POOR



Benchmark: National Average 2014/15

2016/17 - Q2 has seen an increase of 0.3% from 2016/17 - Q1

This quarter showing as:

**GREEN**

0.98% Above Target

Last quarter showing as:

**GREEN**

**2019/20 Target is 96%**

To meet this target, we would need an average increase of 0.99% each year for the next 4 years

(based on 2015/16 - Q4 actuals)

Key	2015/16					Future Targets			
	Q2	Q3	Q4	Q1	Q2	2016/17	2017/18	2018/19	2019/20
Southampton	93.1%	95.5%	92.0%	93.7%	94.0%				
Target	92.0%	92.0%	92.0%	93.0%	93.0%	93.0%	94.0%	95.0%	96.0%
Benchmark	93.6%	93.6%	93.6%	93.6%	93.6%				

There has been an improvement in the number of properties that are 'decent' through a combination of completed capital works and data refresh through new survey information. Ongoing works seek to target areas of non-decency for further improvements.

## 3.3 Number of affordable Warmth (HHCRO) measures installed per year (per 1,000 households)

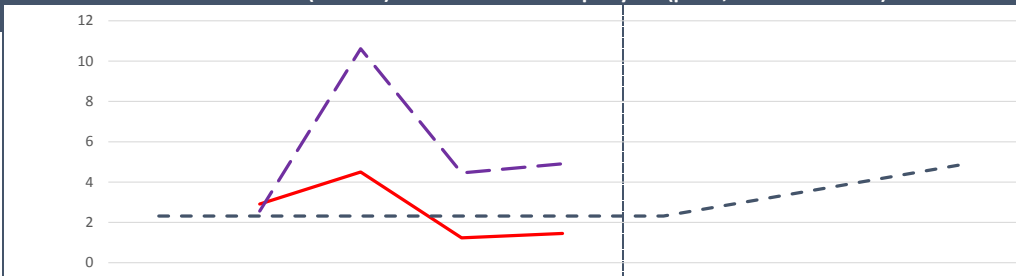
Housing, Adults and Communities  
Paul Juan

A high number is GOOD

Preferred Direction of travel



A low number is POOR



Benchmark: Statistical Neighbour Group

2015/16 has seen an increase of 0.22 from 2014/15

This year showing as:

**RED**

0.86 From Target

Last year showing as:

**RED**

**2019/20 Target is 4.9**

To meet this target, we would need an average increase of 0.86 each year for the next 4 years

(based on 2015/16 actuals)

Key	2011/12 to 2015/16					Future Targets			
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Southampton	-	2.91	4.50	1.23	1.45				
Target	2.32	2.32	2.32	2.32	2.32	2.32	3.18	4.04	4.90
Benchmark	-	2.56	10.61	4.45	4.90				

The national 'Affordable Warmth' fuel poverty programme (Energy Company Obligation) is available to households in England and Wales that receive specific means tested benefits. Works delivered include gas boiler upgrades, cavity wall insulation and loft insulation. According to Government statistics approximately 30% of national households eligible for affordable warmth support are classed as fuel poor under the government definition. Government statistics also show that around 20% of fuel poor households nationally do not receive the specific means tested benefits required to access the programme. Please note that this statistic does not reflect all energy efficiency works completed in Southampton.



# Outcome 3: People in Southampton live safe, healthy, independent lives

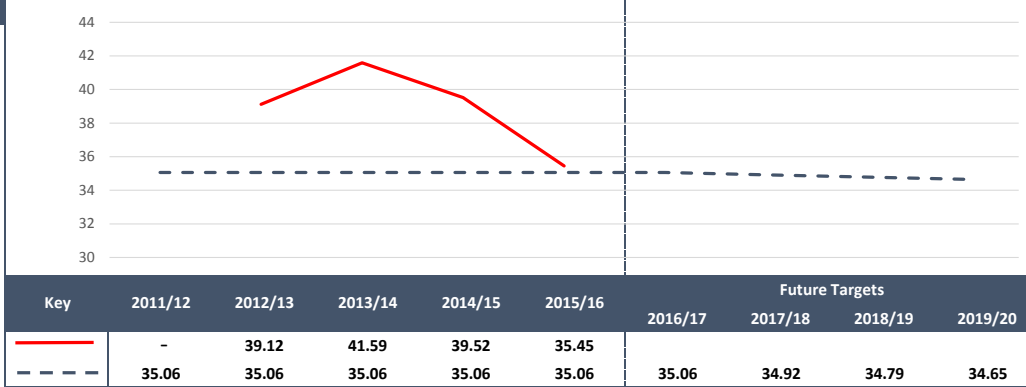


## 3.4

### Recorded levels of nitrogen dioxide in the city's Air Quality Management Areas (ug/m3)

Transactions and Universal Services  
Mitch Sanders

A high number is POOR  
Preferred Direction of travel  
▼  
A low number is GOOD



Benchmark not available  
2015/16 has seen a decrease of 4.07 from 2014/15  
This year showing as: **GREEN**  
0.39 From Target  
Last year showing as: **RED**  
**2019/20 Target is 34.65**  
To meet this target, we would need an average decrease of 0.2 each year for the next 4 years  
(based on 2015/16 actuals)

There has been a significant improvement at most monitoring sites within the Air Quality Management Areas in 2015. This is part of an overall downward trend but annual variations, due to weather conditions, can affect the results. The Southampton Clean Air Zone will be the most significant new initiative to meet future targets. All diesel buses, HGVs and taxis will need to be euro 6 emission standard compliant by 2019 or pay a charge to enter the Clean Air Zone.

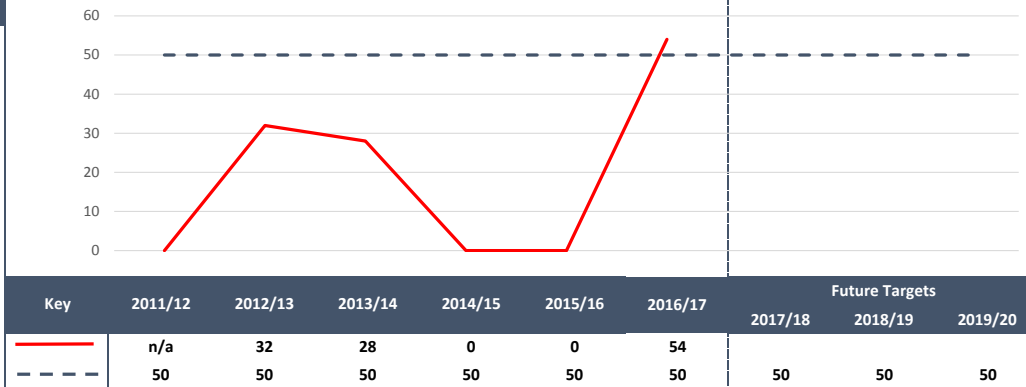
\* 2011-2016 baseline is derived from 2016/17 Target

## 3.5

### Number of 'extra care' homes built to provide housing for people with support needs

Housing, Adults and Communities  
Paul Juan

A high number is GOOD  
Preferred Direction of travel  
▲  
A low number is POOR



Benchmark not available  
2016/17 has seen an increase of 54 from 2015/16  
2016/17 (provisional) showing as: **GREEN**  
4 Above Target  
2015/16 showing as: **RED**  
**2019/20 Target is 50**  
We are currently exceeding our 2019/20 target by 4  
(based on 2016/17 provisional data)

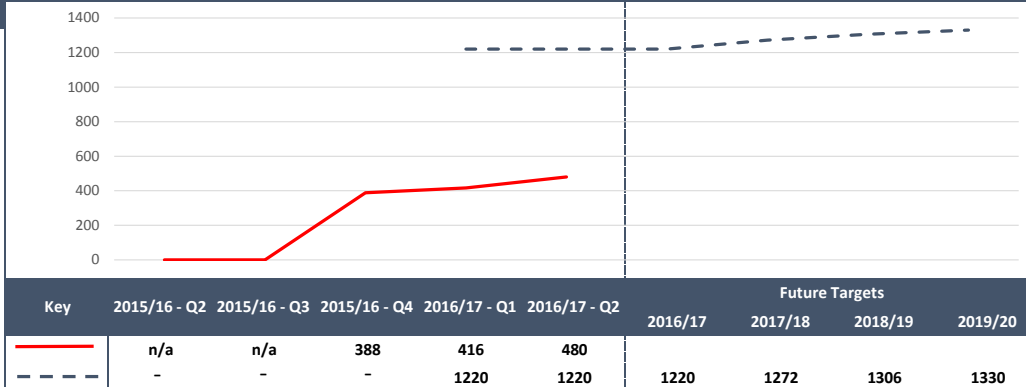
There is an annual target of 50 homes, and the completion of Erskine Court has already delivered 54 units (37 double, 17 single) in 2016/17. The target is not expected to be achieved in 2017/18, but we expect to achieve over the target again in 2018/19 with the opening of 85 units at Woodside Lodge (65 one bed, 18 double bed and 2 bariatric flats). We are also working on options to gain additional housing with care beds.

## 3.6

### Number of Adult Social Care clients using care technology

Housing, Adults and Communities  
Paul Juan

A high number is GOOD  
Preferred Direction of travel  
▲  
A low number is POOR



Benchmark not available  
New Measure for 2015/16  
2016/17 - Q2 has seen an increase of 64 from 2016/17 - Q1  
This quarter showing as: **RED**  
740 From Target  
Last quarter showing as: **RED**  
**2019/20 Target is 1330**  
To meet this target, we would need an average increase of 235.5 each year for the next 4 years  
(based on 2015/16 - Q4 actuals)

This is a new measure for 2016/17, and aims to reflect wider care technology as opposed to just telecare. Proposed targets are based on % of ASC clients, based on approximate benchmarks from Hampshire. The target for 2016/17 is felt to be very challenging, but is intended to focus efforts as part of PA Consultancy work in this area.

Since the introduction of the new referral form and offer of care, technology has been introduced across Adult Social Care, there has been a steady increase in the number of referrals to the Connected Care team, rising from only 5 in May, prior to training, to 47 in October 2016. A newly established panel, which reviews and approves all packages of care is also supporting practitioners to ensure technology is considered as part of packages. This rate of referrals is expected to increase over the coming months.



# Outcome 4: Southampton is an attractive and modern city, where people are proud to live and work

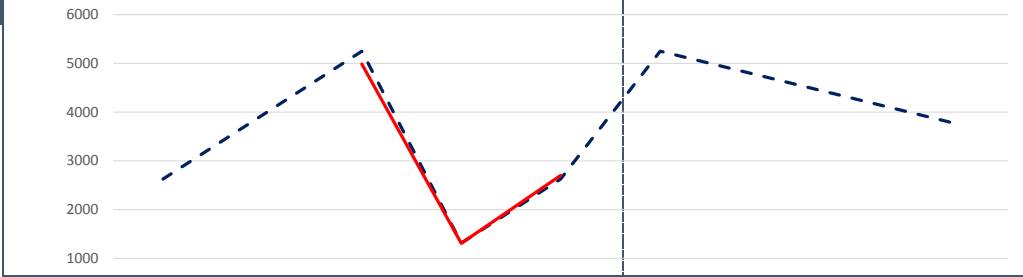


## 4.1

### Number of customer requests for street cleaning and fly tipping clearances

Transactions and Universal Services  
Mitch Sanders

A high number is POOR  
Preferred Direction of travel  
▼  
A low number is GOOD



Benchmark not available  
2016/17 - Q2 has seen an increase of 1394 from 2016/17 - Q1  
This quarter showing as: **GREEN**  
76 From Target  
Last quarter showing as: **GREEN**  
**2019/20 Target is 3750**  
To meet this target, we would need an average decrease of 309.25 each year for the next 4 years  
(based on 2015/16 - Q4 actuals)

There was a significant reduction in requests for action for street cleansing activities (excluding fly tipping) in Quarter 1 2016/17. However, overall figures for Q2 are pushed up by instances of fly tipping, which are increasing. The service remains on target for the year to date.

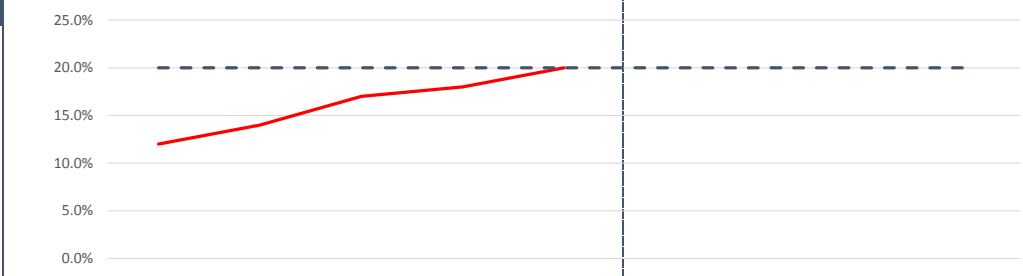
\*Figures are cumulative and start from Q1 each year  
\*\* Target is cumulative - Overall target has been divided into 4 to better represent performance.

## 4.2

### % of unclassified roads requiring urgent structural maintenance

Digital and Business Operations  
Mike Harris

A high Percentage is POOR  
Preferred Direction of travel  
▼  
A low Percentage is GOOD



Benchmark not available  
2015/16 has seen an increase of 2% from 2014/15  
This year showing as: **GREEN**  
On Target  
Last year showing as: **BLUE**  
We are currently meeting our 2019/20 target  
(based on 2015/16 actuals)

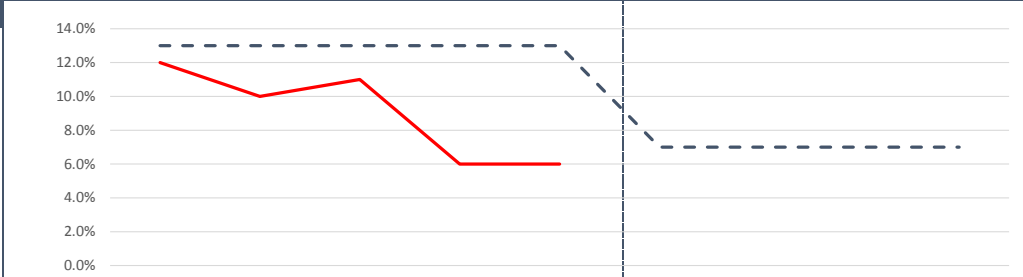
Performance is on target in 2016/17. The trend data does show a gradual decline in condition of these roads, as resources have been focused on A road maintenance. It is important to note that priority / urgent / safety repairs will be picked-up by Balfour Beatty as part of their routine works, so the residual structural maintenance need remains at a manageable level as part of the overall highway network. In addition, the Administration has recently agreed to increase investment by £6 million over the next 2 years.

## 4.3

### % of A roads requiring urgent structural maintenance

Digital and Business Operations  
Mike Harris

A high Percentage is POOR  
Preferred Direction of travel  
▼  
A low Percentage is GOOD



Benchmark not available  
2015/16 has seen no increase from 2014/15  
This year showing as: **BLUE**  
7% Below Target  
Last year showing as: **BLUE**  
**2019/20 Target is 7%**  
We are currently exceeding our 2019/20 target by 1%  
(based on 2015/16 actuals)

There has been a focus on some key A road / arterial route maintenance schemes over recent years that has led to a significant reduction in those roads with an identifiable maintenance need. Intervention on some of these roads also prevents significant increased costs as a result of full re-constructions in the future. This has resulted in a stepped improvement. In addition, the Administration has recently agreed to increase investment by £6 million over the next 2 years.



# Outcome 4: Southampton is an attractive and modern city, where people are proud to live and work

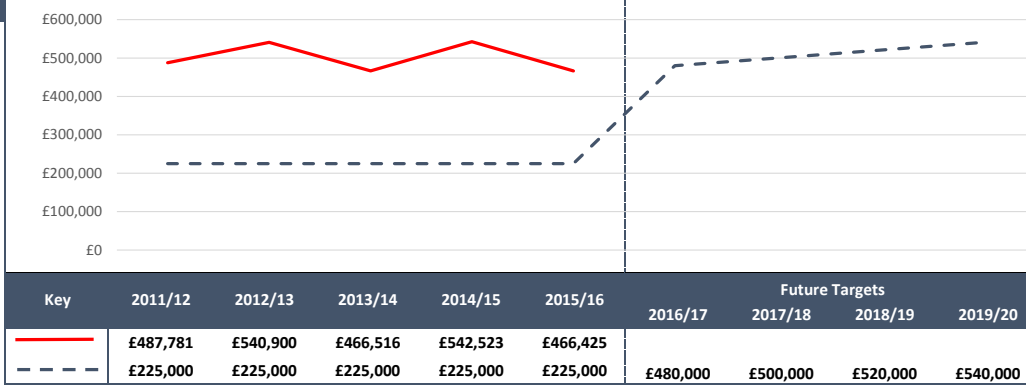


## 4.4

### Amount of additional funding investment achieved by voluntary and community organisations we support each year

Intelligence, Insight and Communications  
Emma Lewis

A high number is GOOD  
Preferred Direction of travel  
▲  
A low number is POOR



Benchmark not available

2015/16 has seen a decrease of £76,000 from 2014/15

This Year showing as:  
**BLUE**

£240,000 over target

Last Year showing as:  
**BLUE**

To meet this target, we would need an average increase of £18,000 each year for the next 4 years

(based on 2015/16 actuals)

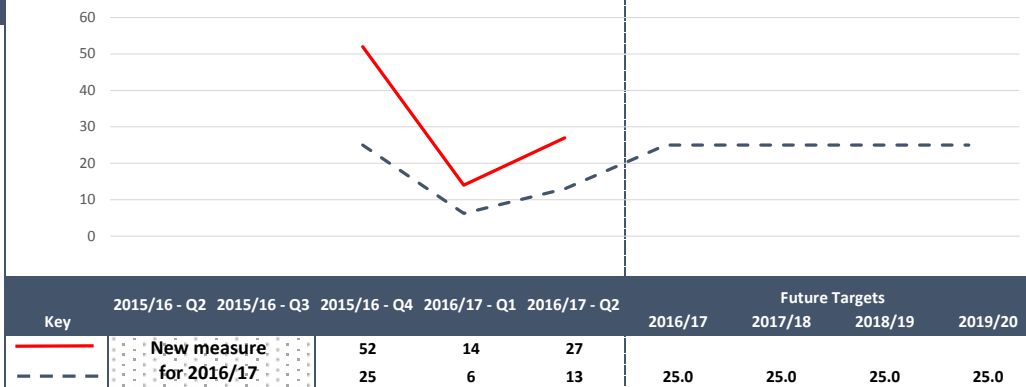
We have consistently exceeded the previous target of £225k set in 2011/12, and the target has therefore been reviewed from 2016/17 up to 2019/20. The new model for community development and engagement, approved by Cabinet in October 2016, should enable the council to increase investment in the city, working with partners in the voluntary sector.

## 4.5

### Number of family friendly events each year in Southampton

Intelligence, Insight and Communications  
Emma Lewis

A high number is GOOD  
Preferred Direction of travel  
▲  
A low number is POOR



Benchmark not available

2016/17 - Q2 has seen an increase of 13 from 2016/17 - Q1

This quarter showing as:  
**BLUE**

14 over target  
Last quarter showing as:  
**BLUE**

2019/20 Target is 25

We are currently exceeding our 2019/20 target by 2

(based on 2016/17 - Q2 actuals)

Quarter 1 2016/17 highlights included the second ABP Half Marathon and 10k, the popular mass participation event Sky Ride and Common People which welcomed the city's very own Craig David who headlined a major festival in his hometown for the first time. In Quarter 2, Marwell's Zany Zebras filled the streets and parks and attracted thousands of families into the city centre during the summer. Families also flocked to the Thai and Mela Festivals which reported their busiest ever year.

\* Figures are cumulative and start from Q1 each year

\*\* Target is cumulative - Overall target has been divided into 4 to better represent performance.



# Council Strategy Scorecard Summary - 2016/17 Quarter 2

Measures: 28  
can be reported on this quarter: 26  
**Outcome Summary**

**RAG summary** ✔ ✔ ! ✘ n/a  
**Current:** 5 13 1 7 2  
(Previous): 5 8 1 12 2

Quarterly Measures	RAG status history				Current	Frequency	Next due	Preferred direction of travel	Responsibility
	Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17	Q2 2016/17				

Outcome	Measures	Description	Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17	Q2 2016/17	Frequency	Next due	Direction	Responsibility	
<b>Outcome 1: Strong and sustainable economic growth</b>	Blue: 1	1.1 Number of affordable homes delivered	✘	✘	✘	✘	✘	Q1	Q3	▲	Mark Bradbury	
	Green: 3	1.2 Number of apprenticeship starts (Quarter 1)	✘	✘	✔	✔	✔	Q	Q2	▲	Denise Edghill	
	Amber: 0	1.3 Number of supported jobs and accredited vocational training delivered through Employment and Skills Plans linked to major developments	✘	✘	✘	✘	✔	Q	Q3	▲	Denise Edghill	
	Red: 1	1.4 % gap between average earnings of people living in the city and people working in the city	✘	✔	✘	✘	✔	A	16/17	▼	Mike Harris	
	n/a: 0	1.5 Number of businesses paying business rates	✔	✔	✔	✔	✔	A	16/17	▲	Mike Harris	
<b>Outcome 2: Children and young people get a good start in life</b>	Blue: 1	2.1 Number of early help assessments undertaken	✘	✘	✘	✘	✘	Q	Q3	▲	Jo Cassey	
	Green: 5	2.2 Number of families 'turned around' through the Families Matter phase 2 programme	✘	✘	✘	✘	✔	Q	Q3	▲	Jane White	
	Amber: 1	2.3 % pupils in Early Years Foundation phase achieving good level of development	n/a	n/a	n/a	✔	✔	A	16/17	▲	Jo Cassey	
	Red: 3	2.4 Percentage of pupils working at the expected standard in Reading, Writing and Maths at the end of Key Stage 2 (2016/17)	n/a	n/a	n/a	n/a	!	16/17	A	17/18	▲	Jo Cassey
	n/a: 2	2.5 GCSE Progress 8 scores (2016/17)	n/a	n/a	n/a	n/a	✘	16/17	A	17/18	▲	Jo Cassey
		2.6 % 16-17 year olds in education and training	n/a	✔	✔	✔	✔	A	16/17	▲	Denise Edghill	
		2.7 Number of Looked after Children	!	✔	✔	✔	✔	Q	Q3	▼	Jane White	
		2.8 Number of children with active social care involvement (Looked After Children + Child in Need)	!	✔	✔	✔	✔	Q	Q3	▼	Jane White	
		2.9 Average number of days between registration and approval for new prospective adopters	✘	!	✘	✘	n/a	Q	Q3	▼	Jane White	
		2.10 % care leavers in contact and in suitable accommodation	!	✔	✘	!	✔	Q	Q3	▲	Jane White	
		2.11 Number of hospital admissions caused by unintentional and deliberate injuries in children aged 0-14 (per 10,000)	✘	✔	✔	✔	n/a	A	15/16	▼	Stephanie Ramsey	
		2.12 Number of first time entrants into Youth Justice system (per 100,000)	!	✔	✔	✘	✔	Q	Q3	▼	Jo Cassey	
<b>Outcome 3: People in Southampton live safe, healthy, independent lives</b>	Blue: 0	3.1 % of people using social care who receive direct payments	n/a	✘	✘	✘	✘	Q	Q3	▲	Paul Juan	
	Green: 3	3.2 % of local Council housing stock that is decent	✔	✔	✔	✔	✔	Q	Q3	▲	Paul Juan	
	Amber: 0	3.3 Affordable Warmth (Heating Cost Reduction Obligation) measures installed per year (per 1,000 households)	n/a	✔	✔	✘	✘	A	16/17	▲	Paul Juan	
	Red: 3	3.4 Recorded levels of nitrogen dioxide in the city's Air Quality Management Areas (ug/m3)	n/a	✘	✘	✘	✔	16/17	A	16/17	▼	Mitch Sanders
	n/a: 0	3.5 Number of Housing with Care beds delivered	n/a	✘	✘	✘	✔	A	(1)	▲	Paul Juan	
		3.6 Number of Adult Social Care clients using care technology	n/a	n/a	✘	✘	✘	Q	Q3	▲	Paul Juan	
<b>Outcome 4: Southampton is an attractive and modern city, where people are proud to live and work</b>	Blue: 3	4.1 Number of customer requests for street cleaning and fly tipping clearances	n/a	n/a	✔	✔	✔	Q	Q3	▼	Mitch Sanders	
	Green: 2	4.2 % of unclassified roads requiring urgent structural maintenance	✔	✔	✔	✔	✔	A	16/17	▼	Mike Harris	
	Amber: 0	4.3 % of A roads requiring urgent structural maintenance	✔	✔	✔	✔	✔	A	16/17	▼	Mike Harris	
	Red: 0	4.4 Support provided to voluntary and community groups	✔	✔	✔	✔	✔	A	16/17	▲	Emma Lewis	
	n/a: 0	4.5 Number of family friendly events each year in Southampton	n/a	n/a	✔	✔	✔	Q	16/17	▲	Emma Lewis	

**RAGB Variance Key**

<b>BLUE</b>	✔	Greater than 10% over target
<b>GREEN</b>	✔	5% under target to 10% over target
<b>AMBER</b>	!	Between 5% and 10% from target
<b>RED</b>	✘	Greater than 10% from target

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<b>DECISION-MAKER:</b>	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
<b>SUBJECT:</b>	MONITORING SCRUTINY RECOMMENDATIONS TO THE EXECUTIVE		
<b>DATE OF DECISION:</b>	16 FEBRUARY 2017		
<b>REPORT OF:</b>	SERVICE DIRECTOR - LEGAL AND GOVERNANCE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Mark Pirnie	<b>Tel:</b> 023 8083 3886
	<b>E-mail:</b>	Mark.pirnie@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	Richard Ivory	<b>Tel:</b> 023 8083 2794
	<b>E-mail:</b>	Richard.ivory@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
None			
<b>BRIEF SUMMARY</b>			
This item enables the Overview and Scrutiny Management Committee to monitor and track progress on recommendations made to the Executive at previous meetings.			
<b>RECOMMENDATIONS:</b>			
	(i)	That the Committee considers the responses from Cabinet Members to recommendations from previous meetings and provides feedback.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	To assist the Committee in assessing the impact and consequence of recommendations made at previous meetings.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	None.		
<b>DETAIL (Including consultation carried out)</b>			
3.	Appendix 1 of the report sets out the recommendations made to Cabinet Members at previous meetings of the Overview and Scrutiny Management Committee. It also contains summaries of any action taken by Cabinet Members in response to the recommendations.		
4.	The progress status for each recommendation is indicated and if the Overview and Scrutiny Management Committee confirms acceptance of the items marked as completed they will be removed from the list. In cases where action on the recommendation is outstanding or the Committee does not accept the matter has been adequately completed, it will be kept on the list and reported back to the next meeting. It will remain on the list until such time as the Committee accepts the recommendation as completed. Rejected recommendations will only be removed from the list after being reported to the Overview and Scrutiny Management Committee.		
<b>RESOURCE IMPLICATIONS</b>			
<b><u>Capital/Revenue</u></b>			
5.	None.		

<b><u>Property/Other</u></b>	
6.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
7.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.
<b><u>Other Legal Implications:</u></b>	
8.	None
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
9.	None
<b>KEY DECISION</b>	No
<b>WARDS/COMMUNITIES AFFECTED:</b>	None directly as a result of this report
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Monitoring Scrutiny Recommendations – 16 February 2017
<b>Documents In Members' Rooms</b>	
1.	None
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.	No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
<b>Other Background Documents</b>	
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>	
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

# Overview and Scrutiny Management Committee: Holding the Executive to Account

Scrutiny Monitoring – 16 February 2017

Date	Portfolio	Title	Action proposed	Action Taken	Progress Status
12/01/17	Leader's	Local Authority Trading Company	1) That the key milestones for the establishment of the LATCo are circulated to the Committee.	<p>The key milestones for the project currently stand as follows:</p> <ul style="list-style-type: none"> <li>▪ January – April 2017: Development of service specifications and tender documentation for the procurement process regarding the selection of one or more improvement partners; and framework for operation of the LATCo</li> <li>▪ April / May 2017: Launch of procurement with focus on initial Procurement Selection Questionnaire (SQ) stage in order to longlist participants.</li> <li>▪ May / June 2017: Start of discussions and negotiations leading to completion of Invitation to Submit Outline Solutions (ISOS) stage. This will reduce the number suppliers per bundle (service lot areas) to be taken through to the next stage;</li> <li>▪ June – September 2017: Invitation to Submit Detailed Solutions (ISDS) stage. Further dialogue with suppliers successful from previous stage to enable further shortlisting;</li> <li>▪ October – November 2017: Conclusion of negotiations leading to Invitation to Submit Final Tenders (ISFT) stage</li> <li>▪ December 2017: Recommendation to Council on the formation of the LATCo and the selection of the proposed preferred bidder(s) to support the LATCo in the delivery of services;</li> <li>▪ January – March 2018: Incorporation of</li> </ul>	

Date	Portfolio	Title	Action proposed	Action Taken	Progress Status
Page 88				<p>the LATCo; Contract Award to selected partner(s) and mobilisation of services;</p> <ul style="list-style-type: none"> <li>▪ April 2018: Services transitioned to LATCo and Go-Live.</li> </ul> <p>Please note that the decision to follow the above timetable for all services at once, or for part of the services in successive stages, will follow in due course, depending on market feedback as part of the procurement process and responsiveness on the partners' and Council's ability to transition multiple services in parallel.</p>	
			<p>2) That, ranging from low to high, the Committee are provided with the estimates of the potential profit that the LATCo could generate for the Council.</p>	<p>A review of the financial results for NORSE and CORMAC (two of the more established LATCos for Norfolk County Council and Cornwall County Council respectively) over the last 3 years suggests a range of 1.4% to 3% PBIT margins (Profit Before Interest and Tax). However, it should be noted that mix of services provided has a big impact on profitability – for example, 25% of the NORSE turnover relates to care and cleaning services which typically attract the lower range of profit potential for facilities management services. Housing management services would typically attract more.</p>	
			<p>3) That officers seek to ensure that the procurement process to be followed to recruit one or more public and/or private sector partners to support the LATCo is designed to encourage as wide a range of submissions as possible.</p>	<p>The procurement strategy is being developed in a way that maximises flexibility in terms of service design and partner support, while ensuring compliance with procurement and other regulations. The proposed strategy and emerging options will be presented to Cabinet and Council as appropriate during the process, as will the final</p>	

Date	Portfolio	Title	Action proposed	Action Taken	Progress Status
				recommendation for the establishment of the LATCo and the selection of a preferred partner(s)	
12/01/17	Education and Skills / Children's Social Care	Children and Young People's Strategy	1) That the Committee are provided with a briefing paper on the Edge of Care Social Impact Bond initiative.	Information will be circulated to the Committee in advance of the meeting.	
			2) That, reflecting the Council's aims of reducing demand for more intensive safeguarding services by promoting earlier intervention, the Committee are provided with information clarifying how capacity is being created to manage the anticipated increase in demand for early help and preventative services.	Information will be circulated to the Committee in advance of the meeting.	

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