

COUNCIL MEETING

Wednesday, 24th February,
2021
at 2.00 pm

Virtual Meeting

This meeting is open to the public

Members of the Council

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

Contacts

Service Director – Legal and Business Operations

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Senior Democratic Support Officer

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WARD	COUNCILLOR	WARD	COUNCILLOR
Bargate	Bogle Noon Dr Paffey	Millbrook	G Galton S Galton Taggart
Bassett	Hannides B Harris L Harris	Peartree	Bell Houghton Keogh
Bevois	Barnes-Andrews Kataria Rayment	Portswood	Cooper Mitchell Savage
Bitterne	Murphy Prior Streets	Redbridge	McEwing Spicer Whitbread
Bitterne Park	Fuller Harwood White	Shirley	Chaloner Coombs Kaur
Coxford	Professor Margetts Renyard T Thomas	Sholing	J Baillie Guthrie Vaughan
Freemantle	Leggett Shields Windle	Swaythling	Bunday Fielker Mintoff
Harefield	P Baillie Fitzhenry Laurent	Woolston	Mrs Blatchford Hammond Payne

PUBLIC INFORMATION

Role of the Council

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

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council. It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee. The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

PUBLIC INVOLVEMENT

Questions:- People who live or work in the City may ask questions of the Mayor, Chairs of Committees and Members of the Executive. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.8)

Petitions:- At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions. Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.1)

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

Deputations:- A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.7)

MEETING INFORMATION

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.

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

Southampton: Corporate Plan 2020-2025 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

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

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

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.

Proposed dates of meetings	
2020	2021
15 July	24 February (Budget)
16 September	17 March
18 November	19 May (AGM)

CONDUCT OF MEETING

FUNCTIONS OF THE COUNCIL

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

RULES OF PROCEDURE

The meeting is governed by the Council 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 16.

DISCLOSURE OF INTERESTS

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

DISCLOSABLE PECUNIARY INTERESTS

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

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship: Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
 - a) the total nominal value 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.

Richard Ivory
Service Director, Legal and Business Operations
Civic Centre, Southampton, SO14 7LY

Tuesday, 16 February 2021

TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 24TH FEBRUARY, 2021 virtually via Microsoft Teams at 2:00pm when the following business is proposed to be transacted:-

1 APOLOGIES

To receive any apologies.

2 ANNOUNCEMENTS FROM THE MAYOR AND LEADER

Matters especially brought forward by the Mayor and the Leader.

3 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

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

4 AMENDMENT TO THE CONTRACT PROCEDURE RULES - FEBRUARY 2021
(Pages 1 - 130)

Report of Service Director - Legal and Governance outlining proposed changes to the current Contract Procedure Rules and Officer Scheme of Delegation.

5 EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM

To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the exempt appendix 5 to the following Item

The appendix is considered to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this information due to an ongoing commercial dispute which is subject to a protected alternative dispute resolution procedure. If the information was disclosed then the Council's financial position would be available to other parties to the dispute and prejudice the Council's ability to achieve best value.

6 THE REVENUE BUDGET 2021/22, MEDIUM TERM FINANCIAL FORECAST 2021/22 TO 2024/25 AND CAPITAL PROGRAMME 2020/21 TO 2025/26
(Pages 131 - 276)

Report of the Cabinet Member for Finance and Income Generation detailing the Revenue Budget 2021/22, Medium Term Financial Forecast 2021/22 to 2024/25 and Capital Programme 2020/21 to 2025/26.

A handwritten signature in black ink, appearing to read 'Richard Ivory', with a horizontal line underneath.

Richard Ivory
Service Director – Legal and Business Operations

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Agenda Item 4

DECISION-MAKER:		GOVERNANCE COMMITTEE COUNCIL		
SUBJECT:		AMENDMENTS TO THE CONSTITUTION - CONTRACT PROCEDURE RULES		
DATE OF DECISION:		15 February 2021 (Governance Committee) 24 February 2021 (Full Council)		
REPORT OF:		Richard Ivory, Monitoring Officer and Service Director: Legal and Business Operations		
<u>CONTACT DETAILS</u>				
EXECUTIVE DIRECTOR:	Title	Deputy Chief Executive	Tel:	023 8083 2882
	Name	Mike Harris		
	Email	mike.harris@southampton.gov.uk		
AUTHOR:	Title	Head of Supplier Management	Tel:	023 8083 4353
	Name	Paul Paskins		
	E-mail:	paul.paskins@southampton.gov.uk		
STATEMENT OF CONFIDENTIALITY				
N/A				
BRIEF SUMMARY				
<p>This report sets out proposed changes to the current Contract Procedure Rules (CPRs) and Officer Scheme of Delegation (OSD) dated May 2020.</p> <p>The changes are urgently required to support Southampton City Council (the Council or SCC) to achieve value for money from the goods, services and works it procures, reflecting immediate changes to legislation arising as a result of the ending of the European Union (Withdrawal Agreement) Act 2020's Implementation Period on 31st December 2020 and ensure Officer delegations are correctly allocated and referenced within both documents.</p> <p>Further amendments to the CPRs are likely to be required to reflect the impact of reserving procurements for below threshold contracts by supplier location and/or to Small and Medium Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs) as detailed in the Government's Policy Procurement Note 11/20 (PPN 11/20) as well as the future legislative changes which may follow the Government's Green Paper "Transforming Public Procurement". These amendments will be included in future report(s) once the impact on the Council's procurement procedures have been reviewed and assessed.</p>				
RECOMMENDATIONS:				
Governance Committee				
	(i)	Consider and recommend to Council the proposed amendments to the CPRs and OSD as set out in this report.		

Council	
	(i) Approve the proposed amendments to the CPRs and OSD as set out in this report.
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure the Constitution through the CPRs and OSD reflect recent changes to legislation and Council policies and procedures and ensure delegations are appropriately set out and approved.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	An alternative option is to delay the changes until the May 2021 Constitution review. A number of these proposed changes contained in this report were originally planned for inclusion within the May 2020 Constitution review but were ultimately postponed as a result of the impact of the COVID-19 pandemic and the changing European Union (EU) environment. As the Implementation Period has now ended, it is recommended that the amendments detailed within this report are approved now to ensure the Constitution is up to date and the Council can realise the associated benefits at an earlier stage.
DETAIL (Including consultation carried out)	
	The paragraphs below summarise the key changes proposed to the CPRs and OSD and a brief rationale for each. Some minor changes are also proposed to rectify inconsistencies in the drafting of the CPRs and OSD.
3.	Legislative changes <ol style="list-style-type: none"> a) Inclusion of reference to the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 and Find a Tender Service which came into effect at the end of Implementation Period on 31st December 2020. b) Introduction of a definition of Small and Medium Enterprises as set out in PPN11/20, which reflects the definition used by the EU.
4.	Changes to CPR thresholds and procedures to better align these with legislative and guidance provisions and to support the Council in moving towards a complexity-based approach to determining routes to market <ol style="list-style-type: none"> a) The CPR transaction thresholds are amended as follows: <ul style="list-style-type: none"> • Low Value Transaction (LVT) 0 - £4,999 (no change) • Medium (currently Intermediate) Value Transaction (MVT): £5,000 - £24,999 (currently £5,000 to £99,999) • High Value Transaction (HVT): £25,000 – PCR (Public Contract Regulations 2015) Threshold (currently £100,000 to PCR Thresholds) • Above PCR Thresholds (no change) b) A separate procedure for PCR 2015 Schedule 3 - Social and other specific services under the “Light Touch regime” is introduced which requires the HVT Procedure to be followed. c) To support the Council’s commitment to make its procurement more accessible to local suppliers and in anticipation of the revised approach to UK

	<p>public sector procurement arising from the end of the Implementation Period, the process to be undertaken under the MVT and HVT is as follows:</p> <ul style="list-style-type: none"> • MVT – seek a minimum of three quotes, two of which should be from local suppliers where possible, unless the Council’s Procurement Teams determine there are grounds for requesting tenders. • HVT – formal tender procedure, seek a minimum of three responses or - when determined by the Council’s Procurement Teams that that its appropriate for requirement in question - seek three quotes, two of which should be from local suppliers where possible.
5.	<p>New Rule 1.3 within CPRs to support decision-making</p> <p>Introduction of a new Rule 1.3 to address the decision-making process for matters which cannot be undertaken in accordance with the procedures specified within these Rules, such as exemption requests for values which exceed the PCR Thresholds.</p>
6.	<p>Changes in terminology and Rule ordering to make the CPRs more user friendly and clarify responsibilities</p> <ul style="list-style-type: none"> • “Intermediate Value Transaction Procedure” replaced with “Medium Value Transaction Procedure”; • “Procuring Officer” replaced with “Requesting Officer”; • “Procurement Service” replaced with “Procurement Team”; • “Request for contract” or “request for quote” replaced with “Request for Procurement”; • New definition of Requesting Officer introduced; • “Outcome specifications” included and • Reordering of the Rules and introduction of a “Glossary” section.
7.	<p>Reflecting policies</p> <p>To support our commitment to make Council procurement more accessible to local suppliers in accordance with the Southampton Wealth Building initiative, the Social Value and Green City Procurement Policy and the SCC First Policy, the CPRs now require:</p> <ol style="list-style-type: none"> a) In-house delivery of a need to be considered in accordance with the SCC First Policy before considering using an external supplier and b) Social value to be considered as evaluation criteria where it is appropriate to do so.
8.	<p>Clarifying responsibilities</p> <p>To ensure that the SCC First policy is appropriately governed and procurements above £5k are managed by the Procurement Teams:</p> <ol style="list-style-type: none"> a) The “Compliance with the Rules” section is enhanced to clarify that for all procedures (except LVT), Procurement Team should be engaged as part of defining the need;

	<ul style="list-style-type: none"> b) The CPRs clarify that Officers must seek procurement advice from the Procurement Teams and that Procurement Teams shall seek advice from Legal Services where necessary and c) The CPRs clarify that an appropriate evaluation model still needs to be determined for LVT but does not require the involvement of the Procurement Teams.
9.	<p>Simplify arrangements and responsibilities for approving, maintaining and reviewing the model forms of contracts</p> <ul style="list-style-type: none"> a) Removal of the Service Director – Finance and Commercialisation from the responsibility to approve model forms of contracts; b) Replacement of Service Director – Digital and Business Operations with the Head of Procurement and Supplier Management as having joint responsibility with the Service Director – Legal and Business Operations for approving, maintaining and reviewing the model forms of contracts and c) Removing the reference to the review taking place every two years and replacing with an “as required” basis.
9.	<p>Other CPR changes</p> <ul style="list-style-type: none"> a) Clarification that past or current performance may only contribute towards a Best Value determination when considering framework usage to ensure that this does not solely prevent use of a framework and b) Reference to a common report, based on PCRs Reg 84 requirements, which is to be used for reporting at the end of all MVT and HVT projects.
10.	<p>Changes to OSD</p> <ul style="list-style-type: none"> a) Deletion of the delegations for the Service Director - Legal and Business Operations to determine the procurement route and inclusion of a replacement delegation to rest with the Head of Procurement and Supplier Management. b) Inclusion of delegations to allow the Service Director - Legal and Business Operations to approve the model forms of conditions of contract and in conjunction with the Head of Procurement and Supplier Management, keep a list of and review all model forms of conditions of contract; c) Amendments to references to Head of Supplier Management to the Head of Procurement and Supplier Management for consistency and d) Replacement of references to OJEU with PCR to reflect the end of the EU Implementation Period.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
7.	None.

<u>Property/Other</u>	
8.	None.
LEGAL IMPLICATIONS	
9.	Local Government Act 2000 requires the Council to keep its Constitution up to date. The CPR changes referred to within section 3 have been made to align Council procurement procedures with legislation.
<u>Other Legal Implications:</u>	
10.	None.
RISK MANAGEMENT IMPLICATIONS	
11.	None.
POLICY FRAMEWORK IMPLICATIONS	
12.	None.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None.
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Appendix 1 – Proposed CPR amendments (published on-line with the agenda)
2	Appendix 2 - Proposed OSD amendments (published on-line with the agenda)

Documents In Members' Rooms

1.	
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	N/A

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Contract Procedure Rules

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BEFORE PROCUREMENT

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POST PROCUREMENT

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Glossary

Terminology defined in Regulation 2 of Part 1 of the Public Contract Regulations 2015 (“the PCR 2015”) or Regulation 3 of Part 1 of the Concession Contracts Regulations 2016 (“the CCR 2016”) shall, unless stated otherwise, have the same meanings when used within these rules (the “Rules”).

Other key terms are defined in the glossary below:

<u>Term</u>	<u>Meaning</u>
<u>Best Value</u>	the securing of continuous improvement having regard to economy, efficiency and effectiveness;
<u>Contracts Finder</u>	the web-based portal provided or on behalf of the Cabinet Office for the advertisement of public sector contracts;
<u>Contracts Register</u>	the Council’s own register which includes details of its contracts, commissioned activity, purchase orders involving any one-off and recurring payments, framework agreements and any other legally enforceable agreement relating to the purchase of goods, services or works) with the Council of values of £5,000 or more;
<u>Contract Value</u>	the estimated total value of a contract (excluding VAT) over its full duration (not the annual value) including the value attributable to any extension options and contractually permissible variations;
<u>Council Contract</u>	all contracts, commissioned activity, purchase orders, framework agreements and any other legally enforceable agreements entered into by the Council relating to the purchase of goods, services or works;
<u>ICU</u>	the Integrated Commissioning Unit of the NHS Southampton Clinical Commissioning Group and the Council;
<u>Low Value Threshold</u>	as set out in Table 1;
<u>Find a Tender Service</u>	the UK e-notification service where notices for new procurements are required to be published with effect from 1 st January 2021;
<u>PCR Thresholds</u>	the thresholds prescribed for the PCR 2015 as set out in Table 1;
<u>Procurement Teams</u>	the teams (inclusive of those responsible for ICU procurement) and oversight and management of Procurement activities within the Council;
<u>Request for Procurement</u>	the document completed by the Requesting Officer and signed by an authorised signatory which is submitted to the Procurement Teams to initiate a Procurement in accordance with these Rules;
<u>Requesting Officer</u>	the officer submitting a Request for Procurement (whether for themselves or on behalf of another officer);
<u>SME</u>	Any business with fewer than 250 employees and either an annual turnover below £45m or a total balance sheet less than £40m.

1. Introduction

1.1 These ~~contract procedure rules are the Council's rules (the "Rules") for buying for the Council and are part of the Council's Constitution. The Rules govern the method by which and set out how the Council must~~ shall select suppliers to provide goods, services or works. ~~The Rules do not apply to: and form part of the Council's Constitution.~~

~~1.1.1 internal purchases or internal service provision (including where the contracting authority awards a contract to an entity which it controls);~~

~~1.1.2 contracts which establish or implement co-operation between contracting authorities;~~

~~1.1.3 contracts which cover flows of money or pooling of funds between the Council and health bodies (section 75, 76 and 256 agreements under the National Health Service Act 2006 (as amended));~~

~~1.1.4 the purchasing of land or of any interest in land;~~

1.2 Where within these Rules the Director: ~~–~~ Quality ~~&and~~ Integration and Head of Procurement ~~&and~~ Supplier Management ~~and~~ are referred to in the alternative, ~~but~~ the former will be responsible for all procurement activities and matters in respect of health and care services procured and managed via the ICU and the latter will be responsible for all other Council procurement ~~activities~~ and ~~contracts~~ ~~matters~~.

~~1.2 The Rules apply to grants which the Council may receive or make where the grant results in payment to a third party for Where an officer considers that there is good reason to enter into a contract for goods, services or works and where the Council specifies the output or outcomes to be delivered. Grants are only exempt from the Rules if the Council is not specifying the output or outcomes to be delivered.~~

~~1.3 If in doubt about whether or how the Rules apply, advice must be sought from the Procurement Services Team acting on behalf of the Head of Procurement & Supplier Management or Director: Quality & Integration who will be able to advise whether the Rules apply in a particular case.~~

~~1.4 Every contract for the purchase of goods, services or works entered into by or on behalf of the Council including its Executive and Cabinet Members must comply even though it cannot be undertaken in accordance with:~~

~~1.3 the procedures specified within these Rules, it shall be managed in accordance with a process agreed by the Chief Executive and the relevant Executive Director.~~

~~1.4 The Rules are based upon: -~~

~~1.2.1 1.4.1 the Council's Constitution;~~

~~the Council's Constitution;~~

~~1.2.2 1.4.2 all relevant statutory provisions including the Local Government Act 1988 Part II, Local Government Act 1999, Local Government Act 2000, the Public Contracts Regulations PCR 2015 ("the PCR 2015"), the Local Government (Contracts) Act 1997, the Localism Act 2011, the Public Services (Social Value) Act 2012 and the Concession Contracts Regulations 2016 ("the CCR 2016"); (as amended The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020);~~

~~* European Union treaties and European Council Directives;~~

~~* the rules on State Aid;~~

~~1.2.31.4.3~~ any direction by the Council, ~~the Executive a~~ Cabinet Member or Committee having appropriate delegated authority; and
~~* Council policies.~~

1.4.4 Council policies and procedures relating to equality and diversity, safeguarding, Council information and communication technology security, security, data protection and social value.

1.5 The Rules do not apply to: -

1.5.1 in-house purchases or in-house service provision (including purchase or service provision from a third party where the contracting authority effectively owns/controls it and the main focus and extent of its activities concerns the contracting entity);

1.5.2 arrangements which establish or implement co-operation between contracting authorities;

1.5.3 arrangements which cover flows of money or pooling of funds between the Council and health bodies (section 75, 76 and 256 agreements under the National Health Service Act 2006 (as amended));

1.5.4 the purchase of land or of any interest in land;

1.5.5 the making or receiving of grants unless an output to be delivered is specified or the terms of the grant otherwise require compliance.

1.6 The Rules have three main purposes:

1.6.1 To ensure and enable the demonstration of compliance by the Council with public procurement law including the principles of equality of treatment, non-discrimination, transparency, mutual recognition and proportionality.

1.6.2 To ensure the Council strives for Best Value in the way it spends money, so that in turn the Council may be able to offer better and more cost-effective services to the public and other stakeholders and

1.6.3 To protect officers who follow the Rules.

1.7 With the exception of procurements undertaken in accordance with the Low Value Procedure (as detailed in Table 1), officers must not engage with a supplier without first engaging with the Procurement Team in accordance with Rules 9-15 (inclusive).

1.8 Executive Directors are responsible for ensuring that their officers comply with these Rules.

1.9 The Head of Procurement & Supplier Management ~~or~~ and the Director: - Quality & Integration will investigate any incidences of non-compliance with these Rules with assistance from the Procurement ~~Services~~-Teams.

1.10 The Head of Procurement & Supplier Management ~~or~~ and the Director: - Quality & Integration is responsible for providing advice on these Rules with assistance from the Procurement ~~Services~~-Teams.

~~1.5 The Council has a duty to obtain "Best Value". This means that the Council must always consider how each procurement (including in respect of concession arrangements) is consistent with the Council's duty to secure continuous improvement having regard to economy, efficiency and effectiveness.~~

~~1.6 The Rules have three main purposes:~~

- ~~a) To ensure compliance by the Council with public procurement law;~~
- ~~b) To obtain Best Value in the way the Council spends money, so that the Council may in turn offer better and more cost-effective services to the public and other stakeholders; and~~
- ~~c) To protect officers who follow the Rules.~~

~~1.7 With the exception of Low Value Transactions, officers must not engage with a supplier without first engaging with the Procurement Services Team in accordance with Rule 8.~~

2. Compliance with these Rules

~~2.1 Officers who do not follow 2.1 Compliance with the Rules is mandatory and any person found to have been acting in breach of these Rules and/or fail to enter into a contract on behalf of the Council in accordance with them may may be subject to disciplinary proceedings.~~

~~3. Compliance includes seeking and having proper regard to all legal, financial and professional advice obtained in accordance with these Rules. Authority to Purchase~~

~~The Executive Director: Finance & Commercialisation maintains a list of authorisation limits which details the limits within which Heads of Service and their authorised officers may buy things for the Council. This document also specifies a maximum financial limit for each transaction for each authorised officer. These limits must not be exceeded and professional advice obtained in accordance with these Rules.~~

~~3.1 Executive Directors must ensure that procurement is undertaken by authorised officers who can demonstrate knowledge and understanding of these Rules and skills appropriate to the task. These officers should already have authority under the list of authorisation limits and if not must be granted authority by the Executive Director: Finance & Commercialisation.~~

~~3.2 Officers must ensure that the appropriate budget holder has the funds in place for any proposed contracts and that the necessary budget approval from Finance has been obtained prior to commencement of the procurement process. This must be validated before a decision is made to award a contract.~~

4. Valuation of Contracts

~~2.2 Officers must seek advice from the Procurement Team in any and all instances of uncertainty about whether the Rules apply and how to apply the Rules.~~

~~2.3 The Rules work in concert with Council policies and relevant legislation. When conducting procurement activities officers must ensure they also comply with:~~

- ~~2.3.1 all requirements of public procurement law;~~
- ~~2.3.2 the Council's Constitution;~~
- ~~2.3.3 the Council's Records Review and Retention Schedule;~~
- ~~2.3.4 the Council's Green City Charter;~~
- ~~2.3.5 Council policies including:
 - ~~o the Council's Gift and Hospitality Policy~~
 - ~~o the Council's Anti-bribery Policy~~~~

- o the Council's Social Value and Green City Procurement Policy
- o the Council's SCC First Policy

2.43 Officers must ensure that any agents, consultants and contractual partners and suppliers conducting procurement activities on the Council's behalf comply with the requirements of Rule 2.3.

2.54 The Procurement Teams ~~will be able to advise on~~ whether and how the Rules apply in any particular case. Where appropriate, the Procurement Teams may seek legal advice from the Council's Legal and Governance Team.

2.65 Unless expressly directed by the Head of Procurement and Supplier Management or the Service Director - Quality and Integration, the Procurement Teams must manage all Procurements with an estimated Contract Value ~~must be established at~~ exceeding the Low Value Threshold.

3. Conflicts of Interest and Corruption

3.1 Any interest which may affect the ~~start~~ award of a contract under these Rules must be declared. Any officer of the Council participating in a contract award decision or employee of the Procurement Team must provide the Head of ~~every procurement process.~~ Procurement and Supplier Management and Supplier Management or Director – Quality and Integration with an advance written declaration of any such interests. Such interests include the ownership of shares in a potential supplier, previous employment by a potential supplier or the employment of a family member by a potential supplier.

3.2 The Head of Procurement and Supplier Management or Service Director – Quality and Integration must either certify that such interests are acceptable or take any necessary action in respect of potential conflicts of interest and the officer should not participate in the evaluation or award of the contract by the Council.

3.3 Officers must be aware of other requirements of the Council's Constitution with regard to conflicts of interest, bribery and corruption.

3.4 Each contract which the Council enters into shall include a provision which entitles the Council to terminate the contract and recover losses from the contractor resulting from such termination if the contractor or anyone acting on the contractor's behalf has:

- 3.4.1 offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do, or has done or forborne to do, any action in relation to the obtaining or execution of the contract or any other contract with the Council; or
- 3.4.2 shown or has forborne to show favour or disfavour to any person in relation to the contract or any other contract with the Council; or
- 3.4.3 committed an offence under the Prevention of Corruption Acts 1889 to 1916 (or any act or acts as may replace the same) or has given any reward the receipt of which is an offence under the Local Government Act 1972 (or any act as may replace the same) or committed an offence under the Bribery Act 2010.

4. Gifts and Hospitality

4.1 No gifts or hospitality should be accepted from any bidders to any contract being let or about to be let by the Council. Acceptance of gifts or hospitality may be a disciplinary offence. Every officer managing a procurement, letting (or planning to let) a contract or managing a contract for the Council must inform the Head of Procurement and Supplier Management or Director - Quality and Integration of any offers of gifts or hospitality. Reference should be made to the Council's policy on Gifts and Hospitality in place at such time and other relevant Council policies.

5. Exemptions to the Rules

5.1 No exemption can be given which breaches public procurement law.

5.2 An exemption to these Rules may only be agreed by:

5.2.1 the Director - Quality and Integration (or his or her delegate) or

5.2.2 the Head of Procurement and Supplier Management (or his or her delegate)

5.3 If, after considering a request for an exemption, he or she is satisfied that the exemption is justified because:

5.3.1 the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the Rules is justifiable; or

5.3.2 the requirement is for works, goods or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or

5.3.3 there are other circumstances which are genuinely exceptional.

~~No exemption requests will be considered unless and until a Request for Exemption form has been fully completed and submitted to the Procurement Team.~~

5.4 No exemption requests will be considered unless and until a Request for Exemption form has been fully completed and submitted to the Procurement Team. Officers shall not enter into contracts with suppliers, allow services or works to commence, arrange for the delivery of goods until an exemption request is formally approved by the Director - Quality and Integration (or his or her delegate) or the Head of Procurement and Supplier Management (or his or her delegate). If an exemption is granted, the provisions of the Council's Financial Procedure Rules must still be followed.

5.5 A record of the decision approving an exemption and the reasons for it must be kept by the Procurement Team, an entry made in the register of approved exemptions and the Contracts Register updated accordingly.

5.6 Approved exemptions will be conditional on the relevant Executive Director providing and agreeing a plan with the Head of Procurement and Supplier Management or the Director - Quality and Integration (as appropriate) to mitigate the need for further exemptions relating to the Contract.

5.7 An exemption will be deemed to have been approved by the Director - Quality and Integration in the case of a child placement or education funding (or any combination thereof) where:

5.7.1 The value of such placement or education funding is below the relevant PCR Threshold and

5.7.2 All compliant frameworks agreements have been considered and are unable to meet the requirement and in any such instance, Rules 5.4 to 5.6 (inclusive) shall not apply.

This Rule 5.7 applies to services for the placement of a child (including most obviously in a residential home, into foster care or into adoption) and for the provision of associated educational services to that child.

5.8 An exemption shall never be given in relation to either Rule 3 (Conflicts of Interest and Corruption) or Rule 4 (Gifts and Hospitality).

~~4.1 These Rules may also be varied or departed from when the contract value is the estimated total value over its full duration (not the annual value) and must include the value attributable to any extension options and contractually permissible variations.~~

5.9 the Service Director of Legal and Business Operations advises that statute or subordinate legislation requires such a variation.

BEFORE PROCUREMENT

6. Assessing the Need

6.1. With the exception of activity undertaken in accordance with the Low Value Transaction Procedure, the Requesting Officer must engage with the Procurement Teams as soon as a need which may result in a procurement is identified.

6.2 Prior to commencing a procurement, the following options for delivery of the need must be considered:

6.1.1. The consequences of not buying the goods or services or having the works done at all;

6.1.2. The Council making the goods or delivering the services or works in-house (in accordance with the SCC First Policy);

6.1.3. The Council providing the goods, services or works as part of a partnership arrangement with another party;

6.1.4. The Council commissioning jointly with another contracting authority;

6.1.5 The Council participating in a shared services arrangement with another council or other public sector entities for services delivery;

6.1.6 The Council utilising a pre-existing Council Contract to fulfil the requirement;

or

6.1.7 The Council achieving delivery through any combination of 6.1.2 to 6.1.6.

6.3 Where the assessment of the need determines that a procurement is required, the appropriate procedure shall be undertaken in accordance with Rule 9 (Procedure Determined by Contract Type and Value).

7. Valuation of Contracts

7.1 An estimated Contract Value likely to provide the most economically advantageous outcome for the Council must be identified prior to commencing a procurement.

7.2 Where the duration of the contract is indeterminate, the estimated Contract Value must be the estimated value of the contract over a period of four years.

7.3 The estimated Contract Value must be referenced within the “request for quote” or “request for contract” form, which must be issued by the procuring officer to the Procurement Services Team prior to the commencement of any procurement for a contract of £5,000 or above in contract valueRequest for Procurement.

7.4 If the procurement requirement is or can be related to another Council procurement or is for goods, services or works which are, or may also be, procured by another part of the Council and/or on a recurring basis, this could/may affect the Contract Value for the purpose of these Rules (i.e. the requirements for aggregation may apply). Officers must therefore obtain guidance from the Procurement Services Teams before commencing any such a procurement activity where it is possible that aggregation could apply.

7.5 The Council may decide to award a contract in the form of separate lots and may determine the size and subject-matter of such lots whilst at all times adhering to Regulation 46 of the PCR 2015. Such a decision shall be made by the Procurement Teams.

7.6 The value of contracts/any contract must never/not be deliberately or artificially:

7.6.1. underestimated deliberately or

7.6.2. calculated by disaggregating (subdividing) it from other elements of the procurement or split from other related procurements in order to reduce the perceived Contract Value and/or avoid the application of procedures set out in these Rules. Deliberately or

7.7 If the Council has a single requirement the value of which is over a threshold set out in Table 1 but which the Council wishes to meet by entering into multiple Procurements then the value of the multiple procurements may need to be aggregated for the purpose of these Rules and advice must be sought from the Procurement Team in these instances.

7.8 Artificially underestimating and/or disaggregating the Contract Value as part of any procurement procedure is a clear breach/breaches of the Rules and, where they apply, the PCR 2015, and may lead to disciplinary proceedings being instigated/initiated.

5. Defining the Need

Prior to commencing a

8. Authority to Purchase

5.1 procurement, all options for the delivery of the requirement must be considered. The procuring officer must engage with the Procurement Services Team as soon as a requirement is identified.

5.2 Under Best Value legislation the procuring officer must consider all the options for the delivery of the required goods, services or works. The options include:-

5.2.1 Not buying the goods or services or having the works done at all;

5.2.2 The Council providing the goods, services or works itself using internal resources;

~~5.2.3 Contracting with third party suppliers to provide the ongoing goods, services or works;~~

~~5.2.4 Providing the goods, services or works in partnership with someone else;~~

~~5.2.5 Commissioning jointly with another contracting authority; and/or~~

~~5.2.6 Shared service delivery with another council or public sector entities.~~

~~5.3 If it is determined in consultation with the Procurement Services Team that a procurement is the most appropriate way of meeting the requirement, the procuring officer must clearly and carefully identify and specify the goods, services or works required.~~

~~5.4 The procurement documentation shall then be developed to reflect size, scope and type of specification (i.e. input versus output specification) required and any other specific terms and conditions which are key to the subject matter.~~

~~5.5 The duration of the contract that is likely to provide the most economically advantageous outcome for the Council must be determined before a procurement process commences.~~

~~5.6 Where the procurement relates to services (or services together with the purchase or hire of goods or the carrying out of works), an assessment of the required services must be undertaken by the procuring officer in conjunction with the Procurement Services Team to ensure compliance with the Public Services (Social Value) Act 2012.~~

~~6. Use of Framework Agreements and Existing Contracts~~

~~6.1 The Head of Procurement & Supplier Management or the Director: Quality & Integration must approve the use of framework agreements (including Crown Commercial Services and other Public Purchasing Organisations) for use within the Council following an assessment of the terms of each framework undertaken by the Procurement Services Team to ensure Best Value and legal compliance.~~

~~6.2 Framework agreements approved in accordance with Rule 6.1 may be used by the Council (as part of the procurement procedures in Rule 8) where, following an assessment of the terms of the framework by the Procurement Services Team and/or Legal Services as appropriate, such frameworks are considered to offer Best Value for the requirement in question and subject to satisfactory performance on previous/current contracts by the relevant framework contractors.~~

~~6.3 Officers are responsible for planning and foreseeing future requirements and (with the exception of Low Value Transactions only), must engage with the Procurement Services Team at the earliest opportunity to ensure that any potentially appropriate framework agreements are identified at the start of the procurement procedure and to allow the requirements to be assessed and, as necessary, the need to progress to be questioned.~~

~~6.4 Where the Council has in place specific contracts with suppliers to provide goods, services or works, these contracts where capable of doing so must be used to source relevant requirements unless directed otherwise by the Head of Procurement & Supplier Management or such other person or department as he or she may direct.~~

~~7. Use of Nominated Sub-contractors~~

~~Officers must not nominate the use of specific sub-contractors without the prior written consent of the Head of Procurement & Supplier Management or Director: Quality & Integration. Any nominated sub-contractors must have been selected through use of the appropriate tender or quotation procedure as if the Council were contracting directly with the sub-contractor.~~
8.1 The Constitution governs the limits within which the Executive Directors and their authorised officers may authorise purchases on behalf of the Council and these limits must not be exceeded. The Executive Director: Finance and Commercialisation maintains a list of authorisation limits which specifies a maximum financial limit for each transaction for each authorised officer.

8.2 Executive Directors must ensure that procurement activity is undertaken by authorised officers who can demonstrate knowledge and understanding of these Rules and skills appropriate to the task. These officers should already have authority under the above list and if not, must be granted authority by the Executive Director: Finance and Commercialisation.

8.3 Officers must ensure that the appropriate budget holder has the funds in place for any proposed contracts and that the necessary budget approval from Finance has been obtained prior to commencement of the procurement process. This must be validated before a decision is made to award a contract.

PROCUREMENT

9. Procedure Determined by Contract Type and Value

9.1

~~9.1~~ Tender and Quotation Procedures

The Rules and the associated ~~procurement~~ procedures vary according to ~~the~~ Contract Value, with stricter, more rigorous procedures for higher value transactions. This is to ensure that the benefits of a more thorough, complex procurement process are not outweighed by the cost of the procedure, relative to the value of the goods, services or works in question.

9.2 Notwithstanding the Contract Value or procurement procedure utilised, all procurements undertaken by the Council must adhere to public procurement principles of equality of treatment, non-discrimination, transparency, mutual recognition and proportionality and such adherence must be demonstrable if challenged.

9.3 Officers must always engage with the Procurement Team prior to starting procurement activity for all procurements other than those with a Contract Value below the Low Value Threshold.

9.4 In respect of all procurement procedures other than those undertaken in accordance with the Low Value Transaction Procedure, unless otherwise directed by the Head of Procurement and Supplier Management or the Service Director - Quality and Integration Procedure, a Request for Procurement must be completed, signed by an officer authorised in accordance with the Officer Scheme of Delegation and submitted to the Procurement Team prior to the commencement of any procurement.

9.5 Tender or quote documentation appropriate to the procedure being undertaken must be developed to reflect size, scope, and type of specification where required (i.e. input versus output or outcome specification) and any other specific terms and conditions which are key to the subject-matter, subject always to Rule 23 (Conditions of Contract).

9.6 Where a competition has been undertaken in accordance with any of the procedures in Table 1 and only a single tender has been received, a contract may be awarded, subject to a value for money review being undertaken and an audit trail demonstrating compliance with the relevant procedure being available for inspection.

9.7 All contractual agreements entered into must specify the goods, services or works to be provided, state the price to be paid, and include appropriate terms and conditions of contract in accordance with Rule 23 (Conditions of Contract).

9.8 Where a procurement relates to services (or services together with the purchase or hire of goods or the carrying out of works), an assessment of the required services must be undertaken by the procuring officer in conjunction with the Procurement Team to ensure compliance with the Public Services (Social Value) Act 2012.

9.9 In respect of any procedure where more than one quote or tender is being requested, a quote or tender from at least one ~~capable Small and Medium-sized Enterprise (SME) (with regard to guidance provided by the European Commission on the SME Definition)~~ must be sought. ~~SME must be sought.~~

9.10 In respect of any procedure where at least three quotes are being requested, quotes from at least two local suppliers from within the Southampton city boundary must be sought subject to such suppliers existing within the local area. "Local" shall mean within the city of Southampton or if the requirement cannot be sourced within Southampton within the county of Hampshire.

9.11 Advice must be sought from the Procurement Teams at the earliest opportunity if a request for ~~concession~~ brief is received from a tenderer or a candidate.

9.12 Table 1 (below) shows the relevant procedure to be followed depending upon the nature of requirement and its estimated Contract Value.

Table 1

Type of Contract	Estimated Contract Value (excluding VAT) and relevant thresholds	Procedure to be followed	Rule (in this document)
For goods and services	£189,330* or above	The PCR Procedure	10
For works	£4,733,252* or above	The PCR Procedure	10
PCR 2015 Schedule 3 - Social and other specific services	Up to £663,540*	The High Value Transaction Procedure	12
For goods or services	£25,000 - £189,329	The High Value Transaction Procedure	12
For works	£25,000 - £4,733,251	The High Value Transaction	12

Commented [PP1]: Do we need to say anything here to make it clearer that a local supplier and an SM may be both and the same?

Type of Contract	Estimated Contract Value (excluding VAT) and relevant thresholds	Procedure to be followed	Rule (in this document)
		Procedure	
For goods, services and works	£5,000 - £24,999	The Medium Value Transaction Procedure	13
For goods, services and works	Up to £4,999 ("the Low Value Threshold")	The Low Value Transaction Procedure	14
Concession Contracts	All Contract Values	The Concession Contract Procedure	15
* Please note that these are the "PCR Thresholds" and are applicable between 1 January 2020 and 31st December 2021.			

10. The PCR Procedure

- 10.1. The PCR Procedure shall be managed by the Procurement Team and approved by the Head of Procurement and Supplier Management or the Service Director – Quality and Integration.
- 10.2. Minimum timescales relating to tender procedures are governed by the PCR 2015 and these must always be followed.
- 10.3. In accordance with Rule 10.2, a Contract Notice must be published in the Find a Tender Service and in Contracts Finder.
- 10.4. Advertisements published additional to those under Rule 10.3 (for instance in the local press or trade journals):
- 10.3.1 must not appear on Contracts Finder or in any other form of publication before a Contract Notice is published on the Find Tender System and
- 10.3.2 must not contain any information additional to that contained in the Contract Notice.
- 10.5. All contracts tendered under this procedure must allow for a ten-calendar day standstill period between when the decision to award is communicated and the contract being entered into.
- 10.6. In accordance with Rule 10.2, all contracts awarded pursuant to the PCR procedure must be publicised by means of a Contract Award Notice – transmitted no later than 30 calendar days after the date of the contract award.

11. PCR 2015 Schedule 3 - Social and other specific services

- 11.1. Regulations 74 to 76 of the PCR 2015 set out specific services which may be procured by applying this more flexible procedure.
- 11.2. In respect of procurement for these services, the High Value Transaction Procedure shall be followed unless otherwise directed by the Head of Procurement and Supplier Management and Supplier Management or the Service Director – Quality and Integration.

12. The High Value Transaction Procedure

- 12.1 Subject to Rule 12.2, the contract opportunity must be advertised by the Procurement Teams at the start of the tender procedure. Information on the contract opportunity must be published on Contracts Finder within 24 hours of being advertised elsewhere.
- 12.2 The tender procedure shall be that identified as the most appropriate by the Procurement Teams.
- 12.3 Tenders should be sought by the Procurement Team unless the Procurement Teams determines that by virtue of its complexity at least three written quotes will allow Best Value to be demonstrated.

13. The Medium Value Transaction Procedure

- 13.1 At least three quotes should be sought by the Procurement Team unless:
- 13.1.1 the Procurement Team determines that by virtue of its complexity, a tendering exercise should be undertaken to demonstrate Best Value for the requirement or
- 13.1.2 the Procurement Team determines that only one supplier exists for the specific requirement.
- 13.2 Where appropriate for the requirement in question, the opportunity will be advertised on the Council's on-line tendering system portal for electronic tendering at the start of the procurement procedure.

14. The Low Value Transaction Procedure

- 14.1 If the Contract Value of the procurement is less than the Low Value Threshold then there is no requirement for an officer to engage with the Procurement Team however, officers must contact the Procurement Team when in any doubt over the value of the procurement, how the procurement should be conducted and/or whether disaggregation applies.
- 14.2 Officers must obtain at least one written quote from a supplier before a supplier can be selected.
- 14.3 Officers must be reasonably certain, all things considered, that the contract that is being entered into represents Best Value.

15. The Concession Contracts Procedure

- 15.1. Concession Contracts are arrangements where operational risk lies with the provider and payment consists of the right to exploit the services or works or those rights along with some payment) ~~are governed by the CCR 2016 where their~~. Where the

value is equal to or above ~~the financial threshold of £4,733,252¹. Officers must obtain advice from the procurement Services Team at the earliest opportunity if the letting of a Concession Contract is being considered governed by the CCR 2016.~~

~~8.1 For procurements with an estimated contract value at or above the thresholds prescribed for the PCR 2015 (“the PCR Thresholds”) (see Rule 8.6 below), the Council is legally obliged to comply with the PCR 2015. These opportunities are published in the Official Journal of the European Union (OJEU).~~

~~8.2 The table below indicates the relevant procedure to be followed for different levels of contract value:~~

Estimated Contract Value	Procedure to be followed
<ul style="list-style-type: none"> * £189,330* or over for goods and services * £4,733,252* or over for works 	The PCR Procurement Procedure set out below
<ul style="list-style-type: none"> * £100,000 up to £189,330* for goods and services * £100,000 up to £4,733,252* for works 	The Procedure for High-Value Transactions set out below
<ul style="list-style-type: none"> * £5,000 up to £99,999 for goods, services and works 	The Procedure for Intermediate-Value Transactions set out below
<ul style="list-style-type: none"> * Up to £4,999 for goods, services and works 	The Procedure for Low-Value Transactions set out below
<ul style="list-style-type: none"> * PCR 2015 Schedule 3 Contracts (health and social care) up to £663,540 	Light Touch Regime**
* Please note that these are the PCR Thresholds and are applicable between 1 January 2020 and 31 st December 2021.	

~~8.3 ** Regulations 74 – 77 of the PCR 2015 set out the “light touch” regime and permit certain deviations from the PCR Procurement Procedure described below. In advance of commencing a procurement process for Schedule 3 services, advice must be sought from the Procurement Services Team who will advise the compliant route to market.~~

¹ CCR 2016 This is the Concession Contract Regulation threshold for works, concessions and services effective with effect from 1 January 2018²⁰²⁰.

PCR Procurement Procedure

- ~~8.4 15.2. Officers must engage with the Procurement Team as soon as a need is identified and the procurement must be conducted in accordance with the procedures specified in the PCR 2015.~~
- ~~8.5 All PCR Procurement Procedures must be approved and managed by the Head of Procurement & Supplier Management or Director: Quality & Integration or such other person or department as he or she may direct.~~
- ~~8.6 A request for contract form must be completed and signed by an officer authorised in accordance with the Officer Scheme of Delegation and submitted to the Procurement Services Team unless otherwise directed by the Head of Procurement & Supplier Management or Director: Quality & Integration.~~
- ~~8.7 Contracts must be tendered using an appropriately compliant procurement route as specified in the PCR 2015. The Procurement Team will, through a formal options appraisal conducted in conjunction with the procuring officer, advise on the most appropriate type of procurement procedure based on the particular requirement.~~
- ~~8.8 For each contract, a Contract Notice must be published in the Supplement to the Official Journal of the European Union (OJEU) and in Contracts Finder. Advertisements published additional to this (for instance in the local press or trade journals):~~
- ~~8.12.1 must not appear on Contracts Finder or in any other form of publication before a Contract Notice is published by the EU Publications Office and~~
 - ~~8.12.2 must not contain any information additional to that contained in the Contract Notice in OJEU.~~
- ~~8.9 Minimum timescales relating to tender procedures are governed by the PCR 2015 and these must always be followed.~~
- ~~8.10 For all contracts tendered under the PCR Procurement Procedures, a ten or fifteen calendar day 'standstill period' must be observed between when the decision to award is communicated and contract conclusion. The ten calendar day period applies where electronic communication has been used to communicate the decision. If, however, some other form of communication has been used, a fifteen calendar day 'standstill period' must be observed. In each case the 'standstill period' is calculated as starting on the day following the date on which the contract award decision is sent to tenderers. Once the decision to award a contract is made, each tenderer and candidate must be notified in writing of the outcome of the tender process. This notification must include:~~
- ~~8.10.1 details of the contract award criteria;~~
 - ~~8.10.2 the reasons for the decision, including the characteristics and relative advantages of the successful tender and the score the tenderer and the successful tender obtained against those award criteria;~~
 - ~~8.10.3 the name of the successful tenderer; and~~
 - ~~8.10.4 a statement as to the date the standstill period is due to expire.~~

~~Special rules apply where a tenderer or candidate requests a de-brief on the tender process. Even if a tenderer asks for a de-brief outside of the standstill period the Council is still obliged to provide this. In this instance, advice must be sought from the Procurement Services obtain advice from the Procurement Team at the earliest opportunity and always before feedback is provided to the requesting tenderer or candidate. if the letting of a Concession Contract is being considered, regardless of the estimated Contract Value.~~

~~8.11 All contracts awarded under the PCR Procurement Procedures must be announced by means of a Contract Award Notice in OJEU transmitted no later than 30 calendar days after the date of the contract award.~~

Procedure for High-Value Transactions

~~8.12 Officers must engage with the Procurement Services Team as soon as a need is identified.~~

~~8.13 The tender process must be managed by the Head of Procurement & Supplier Management or Director: Quality & Integration or such other person or department as he or she may direct, working with the relevant client departments / directorates.~~

~~8.14 A request for contract form must be completed and signed by an officer authorised in accordance with the Officer Scheme of Delegation and submitted to the Procurement Services Team unless otherwise 15.3 Unless expressly directed by the Head of Procurement & Supplier Management or the Service Director: – Quality & Integration:~~

~~8.15 The contract opportunity must be advertised by the Procurement Services Team at the start of the tender procedure. Information on the contract opportunity must be published on Contracts Finder within 24 hours of being advertised elsewhere. A contract award notice must be published on Contracts Finder in all cases.~~

~~8.16 The tender procedure shall be that identified as identify the most appropriate by the Procurement Services Team in conjunction with the Head of Procurement & Supplier Management or Director: Quality & Integration or such other person or department as he or she may direct.~~

~~8.17 Special rules apply where a tenderer or candidate requests a de-brief on the tender process. Advice must be sought from the Procurement Services Team at the earliest opportunity route to market and always before manage any feedback is provided to a requesting tenderer or candidate.~~

~~8.18 Where a competition has been undertaken in accordance with this procedure and only a single tender has been received, a contract may be awarded, subject to a value for money review being undertaken and an audit trail being available for inspection.~~

Procedure for Intermediate-Value Transactions

~~8.19 Officers must engage with the Procurement Services Team as soon as a need is identified, except when sourcing temporary staff, in which case Officers must utilise a framework agreement approved in accordance with Rule 6.1 or be able to evidence that Best Value can be achieved (in accordance with the procedures approved by the Head of Procurement & Supplier Management from the supplier utilised.~~

~~8.20 A request for quote form must be completed and signed by an officer authorised in accordance with the Officer Scheme of Delegation and submitted to the Procurement Services Team unless otherwise directed by the Head of Procurement & Supplier Management or Director: Quality & Integration.~~

~~8.21 The Procurement Services Team will invite at least three written quotations from capable suppliers before a supplier can be selected unless the contract value is less than £25,000 and it is determined by the Procurement Services Team that only one supplier and no competitors exist for the requirement.~~

~~Where appropriate for the requirement in question, a request for quote will be advertised on the Council's e-portal at the start of the related procurement procedure for Concession Contracts.~~

~~8.22 Where the contract value for a contract for goods or services is £25,000 or over a request for quote must be advertised on the Council's e-portal and Contracts Finder within 24 hours of the time when the procurement is advertised in any other way. A contract award notice must be published on Contracts Finder in all cases.~~

~~8.23 The contractual agreement with the supplier must specify the goods, services or works to be provided, the price to be paid and include the Council's standard form of terms and conditions of purchase.~~

~~8.24 Where a competition has been undertaken in accordance with this procedure and only a single quote has been received, a contract may be awarded, subject to a value for money review being undertaken and an audit trail being available for inspection.~~

Procedure for Low-Value Transactions

~~8.25 Officers must obtain at least one written quotation from a capable supplier before a supplier can be selected.~~

~~8.26 Officers must be able to demonstrate and record that the written quotation and resulting contract represents Best Value.~~

~~8.27 The contractual agreement with the supplier must specify the goods, services or works to be provided, the price to be paid and include the Council's standard form of terms and conditions of purchase.~~

9

16. Receiving and Opening Tenders and QuotationsQuotes

16.1 Responses to an invitation to tender or quote must be received according to the format of response specified in the invitation to tender or quote and no later than the time specified for submission of tenders or quotes in the invitation to tender or quote.

16.2 Emailed tenders and quotationsquotes received are acceptable but copies must be retained

in the relevant file by the Procurement ~~Service~~ Team (for PCR ~~Procurement Procedures, High~~ and ~~High-Medium Value Transaction~~ and ~~Intermediate-Value TransactionsConcession Contract Procedures~~) and the procuring officer (for ~~those undertaken in accordance with the Low-Value TransactionsTransaction Procedure~~).

16.3 Tenders or quotations received for all procurement procedures (except the Low Value Transaction Procedure ~~for Low Value Transactions~~);

~~16.2.1~~16.3.1 must be managed by the Procurement ~~Services~~ Teams using the Council's on-line tendering system portal for electronic tendering where appropriate. Electronic tender responses must be received, time stamped and opened in accordance with the approved procedures implemented in that system ~~and~~

~~16.2.2~~16.3.2 a record of opened and rejected tenders and quotations as well as candidates who did not submit a tender or quotations must be recorded on a list of tenders or quotations invited by the Procurement Team.

**10-
17. Evaluating Tenders and Quotations**

~~With the exception of Low Value Transactions an appropriate evaluation model~~ 17.1 All tenders and quotes should be evaluated against criteria that states the basis for how the contract will be awarded. In respect of procurements exceeding the Low Value Threshold, this evaluation must be determined in liaison with the Procurement Services Team prior to the issue of the invitation to tender or quote and must include mandatory and desirable requirements linked to the subject matter of the contract.

17.2 The evaluation criteria must be detailed in the document used to invite tenders or quotations and must not be changed during the procurement process. Requests for variant bids (i.e. a proposal for a solution that differs from the solution set out by the Council) must be scored against the same evaluation criteria as a tender or quotation which meets the Council's stipulated requirements.

17.3 Contract awards must be based on the identification of the most economically advantageous tender or quotation and the evaluation criteria must reflect this.

17.5 An evaluation to determine the most economically advantageous tender or quotation involves scoring tenders or quotations objectively using criteria which must:

- 17.5.1 be relevant to the particular specific procurement's size and scope;
- 17.5.2 be pre-determined and listed in the invitation to submit a tender or quotation documentation, as the case may be;
- 17.5.3 be strictly observed at all times throughout the procurement procedure;
- 17.5.4 reflect the principles of Best Value;
- 17.5.5 include price, quality and social value (where appropriate);
- 17.5.6 consider whole-life costings, particularly in the case of capital equipment where the full cost of maintenance, decommissioning and disposal must be taken into account;
- 17.5.7 indicate how the Council will score tenders or quotations and be capable of objective assessment;
- 17.5.8 be weighted according to their respective importance which must be detailed in the document used to invite tenders or quotations;
- 17.5.9 include address, where applicable, the quality of the bidder's proposal to accept a transfer of staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE); and
- 17.5.10 avoid discrimination or perceived discrimination on the basis of nationality or other cause contrary to the any of the Council's policies.

17.6 Any resulting contract awarded must be awarded to the ~~tenderer who submits the most economically advantageous tender or quotation (i.e. the quotation or tender that achieves the highest score in the objective assessment)~~ bidder who submits the

The Council most economically advantageous tender or quote (i.e. the quote or tender that achieves the highest score in the evaluation).

17.7 The Procurement Team (or procuring officer in respect of procurements under the Low Value Transaction Procedure) must obtain clarification or explanation from suppliers who submit tenders or quotes which appear abnormally low and may reject a tender or quote if the evidence supplied is not satisfactory to justify the low tender or quote.

17.8 The results of the evaluation process must be recorded in writing.

17.9 ~~The~~Unless otherwise required by law, evaluators must not disclose information contained within tenders or quotes returned by a supplier to any third party ~~not involved with the procurement process. Disclosing information relating to a bid to a competing supplier is a breach of the PCR 2015 and any failure to comply with this may lead to disciplinary proceedings being instigated.~~

18. Framework Agreements and use of Council Contracts

18.1. Before first use by the Council, the use and terms of all framework agreements (including those of the Crown Commercial Services and other public purchasing organisations), must be approved in writing by:

18.1.1 a solicitor from the Council's Legal and Governance Team and

18.1.2 the Head of Procurement and Supplier Management or the Service Director - Quality and Integration.

18.2. Framework agreements approved in accordance with Rule 18.1 may be used by the Council (as part of the procurement procedures in Rules 9-15) following an assessment by the Procurement ~~Services~~ Team, including whether they are considered to offer Best Value for the need in question and when considering performance on previous or current contracts (or both) by the relevant framework contractors.

18.3. Where the Council has in place specific contracts with suppliers to provide goods, services or works which are suitable for the requirement, these contracts, where capable of doing so, must be used to source relevant needs unless directed otherwise by the Head of Procurement and Supplier Management or the Service Director - Quality and Integration.

19.

14 Use of Nominated Sub-contractors

19.1 Officers must not nominate the use of specific sub-contractors without the prior written consent of the Head of Procurement and Supplier Management or the Service Director - Quality and Integration.

19.2 Any nominated sub-contractors must have been selected through use of the appropriate tender or quote procedure as if the Council were contracting directly with the sub-contractor.

20. Awarding Contracts and Audit Trails

20.1 Executive Directors must ensure that the appropriate budget holder has the funds in place to sustain the contract prior to award.

20.2 A contract must only be awarded and signed by an officer authorised to do so in accordance with the officer's scheme of delegation subject to receipt of confirmation from an Executive Director (prior to award) that the appropriate budget holder has the funds in place to sustain the contract.

20.3 For all contracts where the Contract Value exceeds the PCR ~~Thresholds of~~ Threshold ~~for goods or services or,~~ in the case of a works contract, £200,000, the contract must either:

20.3.1 be made under the Council's seal in accordance with the Constitution; or
20.3.2 signed by at least two duly authorised officers of the Council authorised by the Service Director ~~of~~ Legal & Business Operations.

20.4 The decision as to whether to sign or to seal a contract shall rest with the Service Director ~~of~~ Service Director of Legal & Business Operations . For the avoidance of doubt, no contract shall be attested by or signed by any councillor.

20.5 A full and complete audit trail of all procurement activity resulting in the award of a ~~contract, framework or dynamic purchasing system must be retained as required by regulation 84 of the PCR 2015 and in accordance with the Council's Records Review and Retention Schedule.~~

In respect contract, framework or dynamic purchasing system must be retained by the Procurement Team as required by regulation 84 of the PCR 2015 and in accordance with the Council's Records Review and Retention Schedule.

20.6 With the exception of procurements undertaken in accordance with the Low Value Procurement Procedure, High Value Transaction Procedure and Intermediate Value Transaction Procedure, the Council must the Procurement Team shall produce and retain:

~~20.5.4~~20.6.1 a report containing information including contract value, the names of bidders

rejected at the selection stage and the reasons for their rejection (for the PCR ~~Procurement~~ Procedure) and including any conflicts of interest identified and how they were addressed. ~~This report will be produced and retained by the Procurement Services Team and~~

~~20.5.220.6.2~~ an audit trail of the Procurement and decision-making process in respect of any procurement which is withdrawn prior to contract award ~~shall also be retained by the Procurement Services Team.~~

~~20.620.7~~ In respect of all contracts awarded exceeding £25,000 in Contract Value (including those awarded as call-off contracts under framework agreements), the name of the contractor, the date on which the contract was entered into and the value of the contract must be published on Contracts Finder within a reasonable time of the contract award.

~~12.~~

21 Ordering and Paying for Goods, Services and Works

21.1 No pre-payment for goods, services or works may be allowed above the value of ~~£5,000~~ the Low Value Threshold, without the prior written consent of the Executive Director: Finance & Commercialisation and the Service Director: of Legal & Business Operations.

~~13~~

22. Parent Company Guarantees and Performance Bonds

22.1 The requirement for a bond, parent company guarantee or other security must be determined in consultation with the ~~Executive Director: Finance & Commercialisation and the Procurement Services Team~~ Head of Procurement and Supplier Management or the Service Director - Quality and Integration.

~~14.~~

23. Conditions of Contract

23.1 Unless expressly agreed by the Service Director of Legal and Business Operations all transactions regardless of value must use a model form of conditions of contract provided and approved by the ~~Executive Service~~ Director: ~~Finance & Commercialisation.~~ Director of Legal & Governance Business Operations.

23.2 The Head of Procurement &and Supplier Management ~~–~~ in conjunction with the Service Director: of Legal &and Business Operations, must:

23.2.1 keep a list of all model forms of conditions of contract that gives details of when the conditions were last updated; and

23.2.2 review all current model forms of conditions of contract, ~~at least every 2 years, or~~ on a regular basis including when applicable legislation is introduced.

~~15.~~

POST PROCUREMENT

24 Contracts Register

24.1 The Head of Procurement &and Supplier Management and the Service Director: ~~–~~ Quality &and Integration must maintain and publish ~~a register (the Contracts Register) which includes details of contracts, commissioned activity, purchase orders~~

~~involving any one-off and recurring payments, framework agreements and any other legally enforceable agreement with values of £5,000 and above.~~

~~24.2 The Contracts Register is maintained by the Procurement Team and published on the Council's website to enable the Council to meet its obligations in respect of the Local Government Transparency Code 2015. The register is maintained by the Procurement Services Team and published on the Council's website.~~

~~16.~~

~~25. Variations and Extensions~~

~~25.1 Any extension and/or variation to an existing contract (including an extension to contract duration) must demonstrate Best Value and must not be instigated solely to avoid or delay the requirement to conduct a procurement.~~

~~25.2 All variations to a contract must be made in accordance with the provisions of the PCR 2015 where relevant.~~

~~25.2~~ Officers must ensure that the appropriate budget holder has the funds in place for the variation or extension and that the necessary budget approval from Finance has been obtained.

~~25.3~~

~~16.1 All extensions and variations must be documented in writing and signed by an authorised signatory on behalf of the Council and counter-signed by the supplier.~~

~~16.2 Officers must ensure that any agreed extensions or variations to contracts are communicated to the Procurement Services Team to ensure the Contract Register remains up to date.~~

~~16.3 The Procurement Services Team shall record all implemented extensions and variations on the Contracts Register.~~

~~16.4 Subject to any statutory restrictions and compliance with these Rules, Service Directors may authorise an extension or variation to an existing contract where an extension or variation is provided for within the terms and conditions of the contract.~~

~~16.5 Extensions~~

~~16.5.1 Officers must always seek advice from the Procurement Services Team before agreeing any extension to a contract with a supplier if the extension is not already expressly provided for within the terms and conditions of the contract. Any such extensions must be authorised by the Director: Quality & Integration (or the Head of Procurement & Supplier Management (or such other person or department as he or she may direct).~~

~~16.6 Variations~~

~~Officers must always obtain advice from the Procurement~~

~~25.4 All variations to a contract must be made in accordance with the provisions of the PCR 2015. Officers must always seek advice from the Procurement Services Team before agreeing any variations to contracts if the variation is not already expressly provided for within the terms and conditions of the contract.~~

~~In respect of contracts below the PCR Threshold in value and subject to any statutory~~ All variations approved in accordance with these Rules must be

documented in writing and signed by an authorised signatory on behalf of the Council and counter-signed by the supplier.

25.5

~~25.6~~25.6 Subject to any legal restrictions and compliance with these Rules, ~~Service~~Executive Directors ~~may~~must authorise a variation to an existing contract where ~~the consequent change in price (determined in accordance with the contract terms) is such that the annual value of the variation is less than £25,000 or 15% of the original annual contract value (whichever is the lesser) provided that for within the value terms and conditions of the contract post variation remains below the PCR Threshold.~~

~~25.6~~25.7 In respect of contracts below the PCR Threshold ~~in value~~ and subject to any ~~statutory~~legal restrictions and compliance with these Rules, any variation to an existing contract where the consequent change in price (determined in accordance with the contract terms) is ~~greater than £25,000 or 15% of the original annual contract value (whichever is the lesser) must be authorised by:~~ such that the annual value of the variation is:

16.6.1.1 ~~less than £25,000 or 15% of the Director: Quality & Integration (or his or her delegate) in respect of variations relating to contracts for health and care services procured and managed via original annual Contract Value (whichever is the Integrated Commissioning Unit or;~~

16.6.1.2 ~~lesser), the Head of Procurement & Supplier Management for all other Council contracts~~

~~25.6.4~~25.7.1 ~~provided always variation must be authorised by the relevant Executive Director, provided that the value of the contract post-variation remains below the PCR Threshold.~~

17. Conflicts equal to or greater than £25,000 or 15% of **Interest and Corruption**

~~25.6~~25.7.2 Any interest which may affect the award of a contract under these Rules ~~original annual Contract Value (whichever is the lesser), the variation must be declared. Such interests may include the ownership of shares in a potential supplier, previous employment authorised by a potential supplier or the employment of a family member by a potential supplier. Any officer of the Council participating in a contract award decision or employee of the Procurement Services Team must provide Director - Quality and Integration (or his or her delegate) or the Head of Procurement & Supplier Management or Director: Quality & Integration with an advance written declaration of any such interests.~~

~~25.8~~ The Head of Procurement & Supplier Management or Director: Quality & Integration ~~25.11~~ In respect of contracts above £5,000 in Contract Value, officers must either ~~certify~~ensure that such interests ~~any agreed variations are acceptable or take any necessary action in respect of potential conflicts of interest and the officer should not participate in~~ communicated to the Procurement Team and ~~the award of the contract by the Council.~~

~~Officers must be aware of other requirements of the Council's Constitution with Procurement Team regard to conflicts of interest, bribery and corruption.~~

~~Each contract which the Council enters into shall include a provision which entitles record all such variations; the Council to terminate the contract and recover losses from the contractor resulting from such termination if the contractor or any one acting on the contractor's behalf has:~~

~~offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do, or has done or forbore to do, any action in relation to the obtaining or execution of the contract or any other contract with the Council; or shown or has forbore to show favour or disfavour to any person in relation to the contract or any other contract with the Council; or committed an offence under the Prevention of Corruption Acts 1999 to 1916 (or any act or acts as may replace the same) or has given any reward the receipt of which is an offence under the Local Government Act 1972 (or any act as may replace the same) or committed an offence under the Bribery Act 2010.~~

~~18. — Gifts and Hospitality~~

~~No gifts or hospitality should be accepted from any bidders to any contract being let or about to be let by the Council. Acceptance of gifts or hospitality may be a disciplinary offence. Every officer (whether of the Council or Procurement Services Team managing a procurement, letting (or planning to let) a contract or managing a contract for the Council) must inform the Executive Director: Finance & Commercialisation of any offers of gifts or hospitality. Reference should be made to the Council's policy on Gifts and Hospitality in place at such time and other relevant Council policies.~~

~~19. — Exemptions to the Rules~~

~~No exemption can be given which breaches public procurement law.~~

~~An exemption to these Rules may only be agreed by:~~

- ~~a) — the Director: Quality & Integration (or his or her delegate) or~~
- ~~b) — the Head of Procurement & Supplier Management (or his or her delegate).~~

~~If, after considering a request for Exemption, he or she is satisfied that the exemption is justified because:~~

~~the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the Rules is justifiable; or~~

~~the contract is for works, goods or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or there are other circumstances which are genuinely exceptional.~~

~~No exemption requests will be considered unless and until a Request for Exemption form has been fully completed and submitted to the Procurement Services Team.~~

~~A record of the decision approving an exemption and the reasons for it must be kept by the Procurement Services Team, an entry made in the register of approved exemptions and the Contracts Register updated accordingly.~~

~~Approved exemptions will be conditional on the relevant Service Director providing and agreeing a plan with the Head of Procurement & Supplier Management or the~~

~~Director: Quality & Integration (as appropriate) to mitigate the need for further exemptions relating to the contract.~~

~~An exemption will be deemed to have been approved by the Director: Quality & Integration in the case of a child placement or education funding (or any combination thereof) where:~~

~~The value of such placement or education funding is below the relevant OJEU threshold and~~

~~All compliant frameworks have been considered and are unable to meet the requirement and in any such instance, Rules 19.4 to 19.6 (inclusive) shall not apply.~~

~~This Rule 19.7 applies to services for the placement of a child (including most obviously in a residential home, into foster care or into adoption) and for the provision of associated educational services to that child.~~

~~An exemption shall never be given in relation to either Rule 17 or Rule 18.~~

~~These Rules may also be varied or departed from when, but only when, the Service Director: Legal & Business Operations advises that statute or subordinate legislation requires.~~

PART 10: OFFICER SCHEME OF DELEGATION AND ASSOCIATED DOCUMENTATION, RULES & GUIDANCE



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GENERAL NOTES

NB: These notes form part of the Register of Delegated Powers

1. All delegated functions shall be deemed to be exercised on behalf of and in the name of the Council.
2. The exercise of a delegated power, duty or function shall:
 - a. be subject to the City Council's Policy Framework and/or Budget;
 - b. be subject to any Special Procedure and/or Protocol;
 - c. be subject to the requirements of the Constitution and Corporate Standards; and
 - d. be subject to the requirements of the Council Procedure Rules, Financial Procedure Rules, Contract Procedure Rules, Corporate Standards and any delegations contained therein.
3. An officer to whom a power, duty or function is delegated may authorise another officer to exercise that power, duty or function, subject to the requirements that follow:
 - a. such authorisations shall be in writing and shall only be given to an officer over which the officer with the original delegated power etc. has control;
 - b. such authorisations should only be given where there is significant administrative convenience in doing so;
 - c. the officer authorised by the other should act in the name of the officer who received the original delegation;
 - d. no authorisation may be given if the statute or law prohibits it.

Authorisations of this kind should not be considered to be the norm but used only in appropriate circumstances and after careful thought. There can be no additional such delegation. Any mis-categorisation of a delegation as being Executive, non-Executive or anything else shall not invalidate the delegation.
4. References to any Act, Regulation, Order or Byelaw shall be construed as including any re-enactment or re-making of the same, whether or not with amendments.
5. Any reference to any Act of Parliament includes reference to Regulations, subordinate and EU legislation upon which either UK legislation is based, or from which powers, duties and functions of the Council are derived.
6. Where the exercise of powers is subject to prior consultation with another officer, that officer may give his or her views in general terms in advance to apply to any particular circumstances, to remove the need for consultation for each proposal.
7. Subject to any express instructions to the contrary from the delegating body, any power to approve also includes the power to refuse, and the power to impose appropriate conditions.
8. Delegations to officers are subject to:
 - a. the right of the delegating body to decide any matter in a particular case;
 - b. the officer may, in lieu of exercising his/her delegated power, refer to the delegating body for a decision; and
 - c. any restrictions, conditions or directions of the delegating body.

GENERAL NOTES

9. In exercising delegated powers, the officer shall:
 - a. take account of the requirements of the Corporate Standards and Special Procedures and shall address all legal, financial and other professional safeguards as if the matter were not delegated;
 - b. shall exercise the delegation so as to promote the efficient, effective and economic running of that Division, Directorate and the Council, and in furtherance of the Council's visions and values; and
 - c. shall, where and when appropriate, report back to the appropriate delegating body as to the exercise of those delegated powers.
10. Except where otherwise expressly provided either within this Scheme of Delegation or by resolution of the delegating body, the exercise of any delegated power, duty or function is subject to having the appropriate and necessary budgetary provision in place to take the action in the name of and/or on behalf of the Council.
11. Save in respect of any statutory roles that are not capable of delegation, any power conferred on a subordinate officer shall be exercisable by the Executive Director.
12. The compilation of a Register of Delegated Powers is a statutory requirement. The Register is maintained by the Service Director: Legal & Business Operations, and delegations are added to it as they are made by delegating bodies. Officers should take care to inform themselves of any subsequent changes to the Register before solely relying on this document.
13. The Service Director: Legal & Business Operations shall have the power to amend this Register to reflect re-organisations, changes in job titles and vacancies, where said changes result in re-distributing existing delegations and not the creation of new ones.
14. Any post specifically referred to below shall be deemed to include any successor post, or a post which includes within the job description, elements relevant to any particular delegation, which were also present in the earlier post and shall include anyone acting up or seconded. Any power contained within this Register in anticipation of any reorganisation may be exercised in accordance with the preceding Register to the date of that reorganisation.
15. Any reference to a Committee, Panel or Sub-Committee shall be deemed to include reference to a successor Committee or Sub-Committee provided that the subject matter of a particular delegation can be found within the terms of reference of both the earlier and the successor Committee or Sub-Committee.
16. Where a power or duty is delegated to an officer, and the exercise of that power or duty is contingent upon the opinion of the Council that particular conditions or factual circumstances exist, then the officer in question has the power to determine whether or not those circumstances exist or those conditions have been fulfilled in the name of and with the authority of the Council.
17. All enquiries about this register should be made to the Service Director: Legal & Business Operations.
18. All matters of interpretation of this document will be determined by the Service Director: Legal & Business Operations.

GENERAL NOTES

19. If a matter is delegated to an officer, but that delegation cannot be implemented, that should be reported to the delegating body.
20. Functions, matters, powers, authorisations, delegations, duties and responsibilities, etc within this Scheme shall be construed in a broad and inclusive fashion and shall include the doing of anything which is calculated to facilitate or is conducive or incidental to the discharge of anything specified.
21. Non-executive functions are specified in Schedules 1 and 2 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended. Any function that is not therefore specified must be assumed to be executive.
22. Advice on procedures, and matters to be taken into account in exercising officer delegated powers, is set out in the Guidance on Decision-Making issued by the Service Director: Legal & Business Operations.
23. This Scheme of Delegated Powers was approved as part of the Council's Constitution on 18th May 2020. Ad hoc additional revisions will be considered by the Council as appropriate and page revision numbers indicated on replacement pages.
24. For the avoidance of doubt, where a power or duty delegated under this scheme includes at source a power to recover costs, fees or charges, the delegation shall include the power to take all necessary action to recover such fees cost or charges by way of civil debt or otherwise and shall be without prejudice to any other power to charge or recover costs that the Council may have under legislation.
25. Delegations set out in Section 2 onwards, can also be exercised by their relevant officers in relation to functions for which they are responsible and/or manage.
26. Where there is doubt over the responsibility for the exercise of the delegated power, the Chief Executive, Deputy Chief Executive or Service Director: Legal & Business Operations or his or her nominee is authorised to act.

CHIEF EXECUTIVE

1. CHIEF EXECUTIVE

- 1.1 The Chief Executive shall be the Head of Paid Service and be provided by the authority with such resources as s/he deems necessary to perform that role. The Head of Paid Service shall have overall corporate management and operational responsibility for the way in which the organisation delivers its services.
- 1.2 The Chief Executive may decide that any function, question or matter is urgent and:
- a. a decision must be made before the next scheduled meeting of the Executive, Council or of the appropriate Committee or Sub-Committee; or
 - b. a recommendation to the Executive, Council or within the terms of reference of a Committee or Sub-Committee should be implemented prior to the next scheduled meeting of the Executive, Council, Committee or Sub-Committee by which it could be approved;
- in either case, if the Chief Executive is satisfied that it is not expedient, practicable or necessary in the circumstances to convene a special meeting of the Executive, Council or a special meeting or urgent business sub-committee meeting of the Committee or Sub-Committee in question then paragraph 1.4 shall apply.
- 1.3 The Chief Executive shall have the power (or may designate the Deputy Chief Executive or an Executive Director who will then have power) to determine the question or matter or to implement the recommendation (as the case may be) in the name of and without further reference to the Executive, Council or to the appropriate Committee or Sub-Committee.
- 1.4 The exercise by the Chief Executive, Deputy Chief Executive and Executive Director of any powers under this Urgent Matters delegation shall be subject to the following conditions:
- a. that the determination of the question or other matter or implementation of the recommendation is capable of determination under law in this manner;
 - b. that the Chief Executive, Deputy Chief Executive or designated Executive Director before making a decision shall consult with the Leader;
 - c. that the Chief Executive, Deputy Chief Executive or designated Executive Director before making a decision shall consult with the Service Director: Legal & Business Operations and the Executive Director: Finance & Commercialisation or their nominated deputies;
 - d. that a record of all decisions made or recommendations implemented, together with the consultations shall be recorded and maintained by the Service Director: Legal & Business Operations; and
 - e. that any decisions made or recommendations implemented under this provision shall be reported to the next scheduled meeting of the Executive, Council, Committee or Sub-Committee, which would otherwise have dealt with the question or matter.
- 1.5 The Deputy Chief Executive and each Executive Director (in their service area) and Service Director: Legal & Business Operations (all areas) may each exercise the

CHIEF EXECUTIVE

powers of the Chief Executive in the event of his/her incapacity, absence or unavailability.

- 1.6 To appoint annually on 1st April the Chairs of the Local Safeguarding Children's Board and the Local Safeguarding Adults Board.

CHIEF OFFICERS

2. CHIEF OFFICERS (EXECUTIVE MANAGEMENT BOARD MEMBERS, MONITORING OFFICER & DIRECTOR OF PUBLIC HEALTH)

- 2.1 If a function, power or responsibility has not been specifically reserved to the Council, a Committee or the Executive, the Chief Executive, the Deputy Chief Executive, and Executive Director within whose remit the matter falls is authorised to act.
- 2.2 The Council, its Committees and the Executive will make decisions on matters of significant policy. The Deputy Chief Executive and Executive Directors are given express authority to take all necessary actions to implement Council, Committee and Executive decisions that commit resources within agreed budgets in the case of financial resources, as necessary and appropriate.
- 2.3 In relation to all delegated authorities conferred on the Deputy Chief Executive and Executive Directors, the Chief Executive may allocate or reallocate responsibility for exercising particular powers in the interests of effective corporate management as he or she thinks fit.
- 2.4 To take all routine and day-to-day operational service decisions within agreed policies provided they are met from within overall approved budgets in relation to the services for which they are responsible, subject to any other requirements imposed by the Constitution (eg Financial Procedure Rules).
- 2.5 To take all decisions necessary to give effect to implement the contents of any approved Policy Framework plan, in relation to the services for which they are responsible, and within agreed budgets in the case of financial resources, as necessary and appropriate.
- 2.6 To take any action on urgent matters which would otherwise require reference to, or consultation with, the Council, a committee or the Executive if there is no such time for such reference or consultation to be made and provided the Chief Executive, Executive Director: Finance & Commercialisation and Service Director: Legal & Business Operations (or their nominees) agree to the proposed course of action before it is decided. All such decisions shall be reported to the next meeting of the Council, Committee or Executive.
- 2.7 To act and to exercise the functions of the Council under all current or future legislation and Council plans, policies, guidelines and procedures relating to the services and functions managed, operated and controlled by the Executive Director. This should be taken to include all regulations, orders and guidance subsequently issued by Ministers in relation to such services and functions.
- 2.8 To set, approve or vary, following consultation with the relevant Cabinet Member, Executive Director: Finance & Commercialisation and the Service Director: Legal & Business Operations, the scale of fees and charges for all services within their service area. The revised scale of fees and charges must be made available on the Council's internet and/or be available in paper form on request and is subject always to any statutory or common law duty to consult the public or service users.
- 2.9 To write off debt, following consultation with the Executive Director: Finance & Commercialisation, in line with guidance that is issued by the Executive Director: Finance & Commercialisation.

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- 2.10 To act under all current or future legislation and Council plans, policies, guidelines and procedures relating to their services and functions managed, operated and controlled by them or their Heads of Service, and shall have the authority to vary or change their services or functions following consultation with the Chief Executive (where there are Head of Paid Service issues), and the Executive Director: Finance & Commercialisation and Service Director: Legal & Business Operations where legislation, regulations, orders or guidance subsequently issued by Ministers in relation to such services or functions require a change in service delivery greater than “de minimus”.
- 2.11 To have the authority and to authorise officers within their functional responsibilities to undertake activities and have powers to undertake those activities including powers of entry, in accordance with relevant legislation as advised from time to time by the Service Director: Legal & Business Operations.
- 2.12 Following consultation with the Service Director: Legal & Business Operations, to take decisions, serve notices, requirements or orders, make applications, exercise powers of entry, provide reports and institute or defend any proceedings before any Magistrate, Court or other Tribunal on behalf of the Council in discharge of the Council’s functions arising under any law or Act within the postholder’s management or control.
- 2.13 Following consultation with the Service Director: Legal & Business Operations, to authorise appropriate officers to administer formal cautions in respect of any criminal offence.
- 2.14 To act under all current and future legislation and Council plans, policies, guidelines and procedures relating to the services and functions managed, operated and controlled by the Executive Director. This should be taken to include all regulations, orders and guidance subsequently issued by Ministers in relation to such services and functions.
- 2.15 To undertake all and any functions and tasks necessary in support of or related to supporting approved partnerships and joint working. This includes joint working with other public bodies and agencies, including the CCG, NHS Trusts and associated bodies, other local authorities and other appropriate bodies. Such organisations may also include representatives of the private sector. This would include Solent LEP, Partnership for South Hampshire (PfSH) and Transport for South Hampshire (TfSH).
- 2.16 To respond to consultations and requests for submission from Government Departments, other local authorities, international, European, academic, research, business representatives and other bodies in respect of: provision and sharing of data and research initiatives; policies, strategies and plans; performance and partnership working.
- 2.17 Following consultation with the Service Director: Legal & Business Operations and Executive Director: Finance & Commercialisation, to submit bids for or tenders involving funding or assistance from central government, the European Commission or from any other source (direct or indirect to the council itself), and to take any further steps including the entering into of any relevant agreements to fulfil the requirements of any bid or tender and to take any necessary or expedient action (including the purchase of services, supplies and works) in the consequential administration of any

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such bids or tenders. (NB: this delegation applies not only to lottery bids, but also to any new schemes as yet not in place, and is framed broadly and should apply in the same way).

- 2.18 To complete and submit expressions of interest, enter into and vary, research and development projects and associated partnerships within estimates, including seeking external funding or joining funding partnerships, providing the whole life cost of the project does not have an adverse impact on the council's financial position.
- 2.19 To authorise the attendance by any Member at a conference, meeting or other event, following consultation with the Service Director: Legal & Business Operations, provided the costs are to be met from the relevant Portfolio budget.
- 2.20 Following consultation with the Executive Director: Finance & Commercialisation and the appropriate officers dealing with international matters, to complete and submit expressions of interest for funding or initiatives to any UK or international funding agencies.
- 2.21 To purchase services or sell spare capacity where there is a financial, service or other benefit to the authority, in consultation with the Executive Director: Finance & Commercialisation and Service Director: Legal & Business Operations.
- 2.22 To obtain information under Section 330 of the Town and Country Planning Act 1990 and Section 16 Local Government (Miscellaneous Provisions) Act 1976 about interests in land.^{1&2}
- 2.23 Within the scope of the postholder's employment, to manage investigations and grant authorisations under Section 28 and 29 of the Regulation of Investigatory Powers Act 2000, subject to having completed the required Authorised Officer training.
- 2.24 To execute and authorise the execution of works in default of compliance of any statutory notice served and to demand the recovery of expenses incurred by the local authority.
- 2.25 To serve notice requiring payment for works carried out in default.
- 2.26 To authorise staff to enter premises where such action is necessary to conduct duties and is authorised by legislation appropriate to that Director's service areas.
- 2.27 To make payments of trust monies for the maintenance, advancement or benefit of a beneficiary following consultation with the Executive Director: Finance & Commercialisation.
- 2.28 To pay expenses such as travel expenses, facilitators' expenses for disabled people, interpreters' expenses for non-English speakers and carers' expenses for people with caring responsibilities to enable participation at consultation meetings.

¹ This section of the scheme of delegation should be interpreted widely to aid the smooth running of the organisation and effective deployment of resources and the efficient delivery of services.

² In determining the services for which Executive Directors are responsible, regard should be had to Article 11 of the Council's Constitution which sets out the functions and areas of responsibility for each of the Executive Directors.

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- 2.29 To undertake benchmarking, cost comparison consultation and all activities associated with Best Value and to take all actions necessary and expedient to ensure best professional practice and Best Value.
- 2.30 To seek planning permission, conservation area consent and listed building consent in accordance with the Town and Country Planning Act 1990 and The Planning (Listed Buildings and Conservation Areas) Act 1990, subject to:
- i. the Executive Director: Place being given 14 days to comment on the proposal prior to the submission of the formal application; and
 - ii. the Executive Director: Place agreeing that the proposal was not in conflict with any planning policy of the Council and could be dealt with under delegated powers; if he did not agree his reasons to be given in writing.
- 2.31 Subject to the approval of the Service Director: Legal & Business Operations, to enter into any contract in line with Contract Procedure Rules etc for the provision of services, goods or materials for another body where to do so is considered beneficial to the City Council, providing the payment terms are in line with agreed council policy if there is any variation to these terms or payment is via another means than invoice (ie direct debit) than approval should also be sought from the Executive Director Finance and Commercialisation.
- 2.32 To use all powers necessary to effect the acquisition of services from other authorities or bodies and to set up joint, consortium or other bodies and panels to secure the provision of those services needed to discharge the functions of the Council.
- 2.33 To take any consequential action necessary or expedient in respect of a bid or tender involving funding or assistance from central government, the European Commission or from any other source.
- 2.34 To act in all matters associated with the delivery of regeneration and other programmes, partnerships or arrangements managed and delivered by external partnership bodies where the Council is the accountable body or is responsible for or is a significant stakeholder in the programme, partnership or arrangement, and in particular to do so following consultation with the appropriate board, other body responsible for the management of the programme, partnership or arrangement, and to seek and replace members of such bodies and the Cabinet Member.
- 2.35 To authorise all suitably qualified members of staff under their line management or control to carry out all powers delegated and, following consultation with the Service Director: Legal & Business Operations, to sign statutory notices on behalf of the Council.
- 2.36 To investigate and respond to all complaints, whether under the Council's Customer Complaints procedure or otherwise.
- 2.37 To dispose of any surplus equipment.
- 2.38 To undertake any preparatory work necessary on any project, scheme or other matter intended to be placed before the Executive, the Council, a Committee, Sub-Committee or Officer with appropriate delegated powers so that the Executive, Council, Committee Sub-Committee or Officer with appropriate delegated powers can, with the

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benefit of full background information and advice, determine whether or not to proceed with said project, scheme or other matter with or without variation.

- 2.39 a. To settle ex-gratia payments of up to £5,000.
- 2.39 b. In relation to the Customer Complaints Policy, a complaint being considered by the Local Government Ombudsman, or matter being referred or considered by an Officer as instructed by the Chief Executive or by any third party tribunal or entity, to settle and make a payment of compensation, including (but not limited to) an ex-gratia payment of up to £10,000 following consultation with the Service Director: Legal & Business Operations.
- 2.40 To arrange visits, lectures and similar visits to publicise Council and City activities.
- 2.41 To grant a civic reception or luncheon subject to approval of the Service Director: Legal & Business Operations who shall consult with the Mayor.
- 2.42 Where a decision is required to be made by the Council, Executive or any officer, following consultation with the community or part of a community, the relevant Executive Director is authorised to commence that consultation, following consultation with the relevant Cabinet Member, and the decision shall be reported back to the relevant decision-maker for it to then determine whether or not to proceed (including the results of that consultation).
- 2.43 Under the direction of the Service Director: Legal & Business Operations, to take such action as is required or necessary in respect of commissioning, monitoring or approving all reports for submission to any decision-making body of the Council or any partner body.
- 2.44 To make arrangements for managing and ensuring the quality of the information to be included within the Forward Plan in accordance with the Council's Constitution, the Local Government Act 2000 and secondary legislation.
- 2.45 As directed from time to time by the Head of Communications, to take such action as necessary in relation to internal or external communications.
- 2.46 Following consultation with the relevant Cabinet Member and Service Director: Legal & Business Operations to make applications to the Secretary of State in respect of works on common land.
- 2.47 The power to enter into grant agreements for the award of grants derived from Government funded programmes and to determine when a legal charge is required on property to secure the repayment of any grant award.

EXECUTIVE DIRECTOR WELLBEING (HEALTH & ADULTS) (DASS)

3. EXECUTIVE DIRECTOR WELLBEING (HEALTH & ADULTS) (DASS)

- 3.1 To discharge the Council's functions with regard to the assessment of need for, and provision of, community care services in accordance with the Part III of the National Health Service and Community Care Act 1990 and any Regulations thereunder.
- 3.2 To act as receiver under legislation relating to mental health.
- 3.3 All Adults Social Care functions exercisable by the Council in its capacity as a local authority, including acting as the Council's Caldicott Guardian (CG).
- 3.4 To accept guardianship applications and subsequent and to determine subsequent applications for discharge by the Authority.
- 3.5 To approve expenditure incurred under Section 48 of the National Assistance Act 1948, in the protection of movable property of persons and to recover such expenditure where applicable.
- 3.6 For the purposes of Section 114 of the Mental Health Act 1983, to issue approvals on behalf of the Council in respect of mental health social workers.
- 3.7 To discharge the Council's functions with regard to the assessment of need for, and provision of, community care services in accordance with the Part III of the National Health Service and Community Care Act 1990 and any Regulations thereunder.
- 3.8 To discharge the Council's functions for care and support in accordance with the Care Act 2014 and any regulations thereunder.
- 3.9 To enter into any agreements including partnership arrangements to authorise a person or organisation to discharge the Council's functions under the Care Act 2014.
- 3.10 Following consultation with the Executive Director: Finance & Commercialisation, to write off debt or waive future charges in respect of care provision where it is felt that an individual would be at risk if the debt were pursued or they chose to withdraw from care on financial grounds. A written record of these decisions setting out the reasons for the write-off or waiving of charges should be kept and a copy provided to the Income & Expenditure Manager. Such reductions or waiving of charges would only be for the minimum period that such risks exist.

4. DIRECTOR OF PUBLIC HEALTH

- 4.1 To undertake overall responsibility for all of the local authority's duties to take steps to improve public health and to provide officers and elected members with appropriate advice, based on a patterns of local health need of what works and potential returns on public health investment.
- 4.2 To undertake any of the Secretary of State's public health protection or health improvement functions delegated to local authorities.
- 4.3 To plan for, and respond to, emergencies that present a risk to public health, after consultation with the council's emergency planning officer where appropriate. For the avoidance of doubt this includes all appropriate functions under the Coronavirus Act 2020 and secondary legislation, including Directions and similar statutory orders.
- 4.4 To undertake local authority's role in co-operating with the police, the probation service and the prison service to assess the risks posed by violent or sexual offenders.
- 4.5 To be responsible for the local authority's public health response as a responsible authority under the Licensing Act 2003, including making representations about licensing applications under sections 5(3), 13(4), 69(4) and 172B(4) of the Licensing Act.
- 4.6 To be responsible for providing Healthy Start vitamins at any maternity or child health clinic commissioned by the Council, in accordance with the Healthy Start and Welfare Food Regulations 2005 as amended.
- 4.7 To produce and update as necessary the Southampton Joint Strategic Needs Assessment in partnership with Southampton City Clinical Commissioning Group.
- 4.8 To lead on and co-ordinate the development, production, publication and updating of the Southampton Joint Health and Wellbeing Strategy in partnership with Southampton City Clinical Commissioning Group.
- 4.9 To produce the Director of Public Health's annual report.
- 4.10 To provide public health advice to NHS commissioners to help secure:
 - a. Commissioning strategies that meet the needs of vulnerable groups
 - b. The development of evidence-based care pathways and service specifications
 - c. Evidence-based prioritisation policies
 - d. Health needs audits and health equity audits and health impact assessments
- 4.11 To ensure delivery of the National Child Measurement Programme.
- 4.12 To secure the delivery of the NHS Health Check assessment.
- 4.13 To ensure appropriate access to sexual health services.
- 4.14 To ensure appropriate clinical governance arrangements are in place in respect of any clinical services commissioned, including sexual health and drug and alcohol services.
- 4.15 To maintain a particular focus on ensuring disadvantaged groups receive the attention they need, with the aim of reducing health inequalities.

DIRECTOR QUALITY & INTEGRATION

5. DIRECTOR: QUALITY & INTEGRATION

- 5.1 To discharge the Council's functions with regard to the assessment of need for, and provision of, community care services in accordance with the Part III of the National Health Service and Community Care Act 1990 as amended or re-enacted, and any Regulations thereunder.
- 5.2 To approve expenditure on the following matters:
 - a. to approve, allocate, modify and amend grants to voluntary organisations, following consultation with the relevant Cabinet Members, the Deputy Chief Executive and Executive Director: Finance & Commercialisation and make decisions to vary the budget allocation within Financial Procedure Rules.
 - b. to approve contributions towards the running costs of new meals-on-wheels schemes and luncheon clubs and variations in costs of existing schemes.
- 5.3 To act as receiver under legislation relating to mental health.
- 5.4 To approve expenditure incurred under Section 48 of the National Assistance Act 1948, in the protection of movable property of persons and to recover such expenditure where applicable.
- 5.5 To take any decision and/or develop approaches that commit Council resources that are within budget and policy to deliver better outcomes for local people to meet the requirements of the Care Act, Children's Act and allied legislation and Public Health responsibilities, after consultation with the Executive Director: Wellbeing (Children & Learning) and the relevant Cabinet Member.
- 5.6 To approve, amend or terminate contracts with providers whose services are commissioned by Southampton City Council or jointly with partners, including the Joint Commissioning Board.
- 5.7 To be responsible for all procurement activities and matters in respect of health and care services procured and managed via the ICU including:
 - a. Providing advice on the Contract Procedure Rules (CPRs);
 - b. Managing procurements with an estimated contract value exceeding £5,000;
 - c. Investigating and advising relevant Chief Officers in respect of incidences of non-compliance with the CPRs;
 - d. Certifying that any interest which may affect the award of a contract under Contract Procedure Rules are acceptable or take any necessary action in respect of potential conflicts of interest and instruct that the officer should not participate in the award of the contract by the Council;
 - e. Approving the appropriate procurement route for any procurement governed by public procurement law or any other legislation and make all subsequent decisions in relation to such procurement whether governed by public procurement law or not.;
 - f. Authorising the nomination by the Council of specific sub-contractors;
 - g. Maintaining the Contracts Register;

DIRECTOR QUALITY & INTEGRATION

- h. Approving the use of framework agreements (including Crown Commercial Services and other Public Purchasing Organisations) in respect of frameworks for health and care services procured and managed via the Integrated Commissioning Unit;
 - i. Authorising extensions to contracts for health and care services procured and managed via the Integrated Commissioning Unit;
 - j. Authorising variations relating to contracts for health and care services procured and managed via the Integrated Commissioning Unit or where the consequent change in price (determined in accordance with the contract terms) is greater than £25,000 or 15% of the original annual contract value (whichever is the lesser);
 - k. Agreeing exemptions to the Contract Procedure Rules relating to health and care services procured and managed via the Integrated Commissioning Unit;
 - l. Approving payments in advance, only with prior written approval of the Service Director: Legal & Business Operations.
- 5.8 Approve the use of framework agreements (including Crown Commercial Services and other Public Purchasing Organisations) in respect of frameworks for health and care services procured and managed via the Integrated Commissioning Unit.
- 5.9 Authorise extensions to contracts for health and care services procured and managed via the Integrated Commissioning Unit.
- 5.10 Authorise variations relating to contracts for health and care services procured and managed via the Integrated Commissioning Unit or where the consequent change in price (determined in accordance with the contract terms) is greater than £25,000 or 15% of the original annual contract value (whichever is the lesser). Agree exemptions to the Contract Procedure Rules relating to health and care services procured and managed via the Integrated Commissioning Unit.
- 5.11 To enter into partnership arrangements with Health bodies and approve future variations to the arrangements under Section 75 of the National Health Services Act 2006 after consultation with the relevant Cabinet Members and the Service Director: Legal & Business Operations.
- 5.12 Following consultation with the Executive Director: Finance & Commercialisation and the Service Director: Legal & Business Operations, to extend, re-negotiate or enter into any further agreements with health bodies in relation to any funding streams allocated to the Southampton City Clinical Commissioning Group, or successor body, or exercised within the Terms of Reference of the Joint Commissioning Board with the specific purpose of being transferred to or from the local authority under a Section 256 or Section 76 of the NHS Act 2006 arrangement and add any such sums to the budget.
- 5.13 Any function exercised on behalf of an NHS body or Joint Commissioning Board relating to children contained within the Health Acts.
- 5.14 To set the fees and charges associated with the Southampton Shared Lives Scheme (formally known as the Adult Placement Scheme).

DIRECTOR QUALITY & INTEGRATION

- 5.15 To exercise all adult social care and health (adults and children) functions and to take any decisions falling within the Terms of Reference of the Joint Commissioning Board between the Council and the CCG / Health Partners, subject to financial procedure Rules and approved budgets.

HEAD OF ADULT SOCIAL CARE

6. HEAD OF ADULT SOCIAL CARE

- 6.1 To discharge the Council's functions with regard to the assessment of need for, and provision of, community care services in accordance with the Part III of the National Health Service and Community Care Act 1990 and any Regulations thereunder.
- 6.2 To act as receiver under legislation relating to mental health.
- 6.3 To accept guardianship applications and subsequent and to determine subsequent applications for discharge by the Authority.
- 6.4 To approve expenditure incurred under Section 48 of the National Assistance Act 1948, in the protection of movable property of persons and to recover such expenditure where applicable.
- 6.5 For the purposes of Section 114 of the Mental Health Act 1983, to issue approvals on behalf of the Council in respect of mental health social workers.
- 6.6 To discharge the Council's functions with regard to the assessment of need for, and provision of, community care services in accordance with the Part III of the National Health Service and Community Care Act 1990 and any Regulations thereunder.
- 6.7 To discharge the Council's functions for care and support in accordance with the Care Act 2014 and any regulations thereunder.
- 6.8 To enter into any agreements including partnership arrangements to authorise a person or organisation to discharge the Council's functions under the Care Act 2014.

7. HEAD OF SUPPORTED HOUSING & COMMUNITY SUPPORT

There are no specific delegations at this point.

8. EXECUTIVE DIRECTOR WELLBEING (CHILDREN & LEARNING) (DCS)

- 8.1 To exercise all the powers and duties exercisable by the Council relating to the enforcement of legislation and byelaws (which for the avoidance of doubt also includes regulations, orders etc) relating to Children's Services, including the licensing of the employment of children.
- 8.2 To act as the Council's Director of Children's Services (DCS) and Caldicott Guardian (CG) in relation to all children's services and children's safeguarding functions, duties and powers.
- 8.3 Following consultation with Service Director: Legal & Business Operations, to institute any proceedings in any court or tribunal for an order under the Children Act 1989 and other associated children's legislation where it is considered appropriate to do so, and to appear on behalf of the Council in any court proceedings:
- 8.4 To pay allowances in respect of children being looked after by the Council in accordance with the scheme approved by the Council for the time being.
- 8.5 To give consents on behalf of the Council where necessary in the interests of children and young persons of whom the Council is in loco parentis.
- 8.6 To approve levels of and variations in fees where the Council has accepted responsibility for children, young persons, or adults attending establishments not maintained or assisted by the Council and alterations in charges for the maintenance of such residents.
- 8.7 To take such actions and decisions as may be required on behalf of the Council acting as an adoption agency.
- 8.8 To approve the reimbursement of or a contribution towards the legal expenses of prospective adopters reasonably incurred during the course of applications to adopt children in the care of the Council, where considered that the prospective adopter's application is in the best interests of the child.
- 8.9 To reduce or waive the charge of providing a home study report for prospective inter-country adopters.
- 8.10 To exercise the functions of the Council in relation to individual children boarded out under the Children Act 1989 and other Regulations.
- 8.11 To take such actions and decisions as are necessary to discharge the Council's duties to promote the welfare of individual children and young persons in the Council's care including (but not limited to):
 - a. giving consent for medical, dental and other treatment, for the issue of passports; and for such other purposes as may be required from time to time;
 - b. appointing persons to review cases where children are kept in secure accommodation;
 - c. appointing an independent person to be a visitor to a particular child in the circumstances set out in paragraph 17 of Schedule 2 to the Children Act 1989 in accordance with the Definition of Independent Visitors (Children) Regulations 1991.

EXECUTIVE DIRECTOR WELLBEING (CHILDREN & LEARNING) (DCS)

- 8.12 To have discretion to reduce or waive any charge in any particular case of exceptional hardship.
- 8.13 To administer boarding policies and fees.
- 8.14 To appoint such professional and technical support staff for the supply of children's activities as are deemed to be acceptable under the Children Act 1989 and to sign and issue written instruments of appointment.
- 8.15 Any function exercised on behalf of an NHS body relating to children.
- 8.16 To make such directions and to take such other steps as necessary or expedient to prevent a breakdown, or continuing breakdown, of discipline or governance at any school or suspend the financial delegation of any school in accordance with the Education Acts.
- 8.17 To exercise all functions under sections 10 to 17 inclusive and 20(9) of the Children Act 2004.
- 8.18 Following consultation with the Local Education Authority Governors' Appointment Panel, to nominate LA governors.
- 8.19 To approve nominations of LA representatives to serve on College Governing Bodies.
- 8.20 Following consultation with the appropriate Governing Body, to short-list candidates for interview for appointment as head teacher.
- 8.21 To approve individual exceptions to the general principle of including the names and addresses of all governors in written information for parents.
- 8.22 To administer within budgetary provision any scheme of aid to pupils with outstanding ability in sport.
- 8.23 To write off bad debts (up to a limit of £5,000) owed to the Council, linked with, attributed to or associated with the discharge of the Council's Children's Services functions.
- 8.24 To exercise (following consultation with the Executive Director: Finance & Commercialisation where affecting the level of Council Tax) all the powers and duties exercisable by the Council under the legislation (which for the avoidance of doubt also includes regulations, orders, etc.)
- | | |
|------------------------------|---|
| Mandatory Awards | Discretionary Major and Minor Awards |
| Special Discretionary Awards | Discretionary European Fees Only Awards |
| Study Awards | Disabled Students Allowances |
- reserving only to the Council those functions precluded from delegation by legislation and referring to the relevant Appeals Panel any appeal that cannot be resolved.
- 8.25 To make modifications / amendments to the approved standard conditions of grant aid.
- 8.26 Following consultation with the relevant Cabinet Member, the Service Director: Legal & Business Operations and the Executive Director: Finance & Commercialisation to amend the terms of reference and membership set for the Schools' Forum and Admissions Forum so far as may be necessary to give effect to any new Act, Regulation or Code of Practice.

EXECUTIVE DIRECTOR WELLBEING (CHILDREN & LEARNING) (DCS)

- 8.27 To issue penalty notices for non-attendance at all Southampton schools in accordance with the Education (Penalty Notices) (England) Regulations 2004 as amended.
- 8.28 To provide financial assistance to community organisations hiring education facilities in the City in order to encourage dual use.
- 8.29 To determine all matters, decisions and appeals relating to school transport and following a consultation with a three person panel comprising senior officers.
- 8.30 Following consultation with the Executive Director: Finance & Commercialisation, to approve all staffing and insurance arrangements for the visits of Youth Bands Orchestras and Choirs.
- 8.31 In exceptional cases, to make available awards to pupils with musical talent who do not attend Southampton schools.
- 8.32 To approve, for music or performing arts courses, any college a Discretionary Award applicant wishes to attend.
- 8.33 To make suitable adjustments annually to the maximum grant available for uniform / dress allowances to pupils of secondary school age to take account of inflation.
- 8.34 Where a family is in receipt of relevant benefits to pay for all initial replacement clothing and incidental expenses while the child is at a boarding school, as long as the family's financial circumstances make them eligible.
- 8.35 To make the maximum clothing grant available to children at boarding schools with expensive clothing lists where families have a very low income, although not qualifying for relevant benefits.
- 8.36 To refer disputes with the governing bodies of schools to the Secretary of State under Section 495 of the Education Act 1996 and to apply to the Secretary of State for him to use his powers to prevent the unreasonable exercise of functions under Section 496 and to use his powers under Section 497 (General Default Powers) and 498 (Appointment of Governors) of the 1996 Act.
- 8.37 To permit playgroups to use any surplus school furniture or equipment as appropriate.
- 8.38 To review and amend the scale of grants for extra-curricular activities to pupils at non-maintained schools as necessary.
- 8.39 To approve educational arrangements with regard to swimming.
- 8.40 Following consultation with the relevant Cabinet Member, schools and governing bodies, to determine school term and holiday dates for future academic years
- 8.41 To appoint supervisors on buses where this is considered to be necessary to ensure the safety of children who are legally entitled to be transported to and from school.
- 8.42 To determine when supervision is necessary in motorcars and to arrange accordingly for pupils attending day schools.
- 8.43 To arrange with parents or private motorists for the transport of children who qualify for transport to ordinary or special schools and to pay mileage rates as set out in the Council's Home to School Transport Policy.
- 8.44 To arrange transport where this is justified by exceptional family circumstances or on medical grounds.

EXECUTIVE DIRECTOR WELLBEING (CHILDREN & LEARNING) (DCS)

- 8.45 To accept a route other than the shortest available in cases where the shortest route could constitute a temporary danger to a pupil.
- 8.46 To vary the charge for privilege transport from time to time.
- 8.47 To approve additional payments in exceptional cases in respect of travel expenses incurred by pupils with special educational needs attending boarding schools.
- 8.48 To approve the payment of travelling expenses to parents of disabled children at residential special schools in cases of hardship where the frequency of visits per term for essential social reasons is in excess of the number of normally permitted visits.
- 8.49 To act in all cases relating to the placement of, or the provision of equipment for disabled children, with professional advice as to the appropriate form of action to be taken.
- 8.50 Following consultation with the relevant Cabinet Member to remove providers of nursery education who are failing to meet the national Code of Practice, or local conditions of funding, from the Directory of Registered Providers and where conditions of funding have been breached and cannot otherwise be remedied to the satisfaction of the Council, to seek the recovery of all or part of any nursery education grant paid to them.
- 8.51 Following consultation with the relevant Cabinet Member and Service Director: Legal & Business Operations, to develop and agree an appropriate process for any decisions to remove nursery education providers from the Directory of Registered Providers with the Southampton Early Years Development and Childcare Partnership, including a right to appeal the decision to an Appeals Panel comprising the Chair of the Early Years and Development Childcare Partnership, the Early Years and Development Childcare Manager and an independent representative for providers (or their respective nominees). All appeals will be conducted in accordance with the agreed procedure.
- 8.52 To oversee arrangements for early years settings on the Directory of Registered Providers in respect of eligible pre-school children receiving their entitlement to early years education and for the annual review of the funding rate that will apply to each provider under the authority's early years funding formula.
- 8.53 To approve the data and inflation rates used in calculating school budget shares including numbers of special unit places.
- 8.54 To approve a catchment area, within the limits imposed by the Secretary of State from time to time, for each school on the Council's approved list, for travelling expenses to be paid within that area or adjacent to it in the light of school organisation changes.
- 8.55 Following consultation with the appropriate Governing Body, to raise or lower the admission limit for a school on a temporary basis.
- 8.56 To agree, following consultation with the Service Director: Legal & Business Operations, the wording, form and content of any Statutory Notice for School Organisational Changes and the arrangements for their publication.

EXECUTIVE DIRECTOR WELLBEING (CHILDREN & LEARNING) (DCS)

- 8.57 Following consultation with the Service Director: Legal & Business Operations, to issue regulations relating to safety matters in educational establishments as the need arises and to secure appropriate monthly arrangements for the review of such safety matters.
- 8.58 To determine requests for the provision of school meals in school holidays.
- 8.59 To approve the granting of a free meal at a further education establishment to certain students enrolled on courses for the unemployed sponsored by the Council, in accordance with the current eligibility for free school meals.
- 8.60 Following consultation with the Executive Director: Finance & Commercialisation, to determine (raise or lower) charges for all types of school meals in accordance with the general policy of the Council on the School Meals Service.
- 8.61 To exercise all functions under Sections 23C to 24D of the Children Act 1989.

9. HEAD OF EDUCATION & LEARNING

- 9.1 Following consultation with the Local Education Authority Governors' Appointment Panel, to nominate LA governors.
- 9.2 To approve nominations of LA representatives to serve on College Governing Bodies.
- 9.3 Following consultation with the appropriate Governing Body, to short-list candidates for interview for appointment as head teacher.
- 9.4 To approve individual exceptions to the general principle of including the names and addresses of all governors in written information for parents.
- 9.5 To administer within budgetary provision any scheme of aid to pupils with outstanding ability in sport.
- 9.6 Following consultation with the relevant Cabinet Member, the Service Director: Legal & Business Operations and the Executive Director: Finance & Commercialisation to amend the terms of reference and membership set for the Schools' Forum and Admissions Forum so far as may be necessary to give effect to any new Act, Regulation or Code of Practice.
- 9.7 To issue penalty notices for non-attendance at all Southampton schools in accordance with the Education (Penalty Notices) (England) Regulations 2004 as amended.
- 9.8 To provide financial assistance to community organisations hiring education facilities in the City in order to encourage dual use.
- 9.9 To determine all matters, decisions and appeals relating to school transport and following a consultation with a three person panel comprising senior officers.
- 9.10 Following consultation with the Executive Director: Finance & Commercialisation, to approve all staffing and insurance arrangements for the visits of Youth Bands Orchestras and Choirs.
- 9.11 In exceptional cases, to make available awards to pupils with musical talent who do not attend Southampton schools.
- 9.12 To approve, for music or performing arts courses, any college a Discretionary Award applicant wishes to attend.
- 9.13 To make suitable adjustments annually to the maximum grant available for uniform / dress allowances to pupils of secondary school age to take account of inflation.
- 9.14 Where a family is in receipt of relevant benefits to pay for all initial replacement clothing and incidental expenses while the child is at a boarding school, as long as the family's financial circumstances make them eligible.
- 9.15 To make the maximum clothing grant available to children at boarding schools with expensive clothing lists where families have a very low income, although not qualifying for relevant benefits.
- 9.16 To refer disputes with the governing bodies of schools to the Secretary of State under Section 495 of the Education Act 1996 and to apply to the Secretary of State for him to use his powers to prevent the unreasonable exercise of functions under Section 496 and to use his powers under Section 497 (General Default Powers) and 498 (Appointment of Governors) of the 1996 Act.

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- 9.17 To permit playgroups to use any surplus school furniture or equipment as appropriate.
- 9.18 To review and amend the scale of grants for extra-curricular activities to pupils at non-maintained schools as necessary.
- 9.19 To approve educational arrangements with regard to swimming.
- 9.20 Following consultation with the relevant Cabinet Member, schools and governing bodies, to determine school term and holiday dates for future academic years
- 9.21 To appoint supervisors on buses where this is considered to be necessary to ensure the safety of children who are legally entitled to be transported to and from school.
- 9.22 To determine when supervision is necessary in motorcars and to arrange accordingly for pupils attending day schools.
- 9.23 To arrange with parents or private motorists for the transport of children who qualify for transport to ordinary or special schools and to pay mileage rates as set out in the Council's Home to School Transport Policy.
- 9.24 To arrange transport where this is justified by exceptional family circumstances or on medical grounds.
- 9.25 To accept a route other than the shortest available in cases where the shortest route could constitute a temporary danger to a pupil.
- 9.26 To vary the charge for privilege transport from time to time.
- 9.27 To approve additional payments in exceptional cases in respect of travel expenses incurred by pupils with special educational needs attending boarding schools.
- 9.28 To approve the payment of travelling expenses to parents of disabled children at residential special schools in cases of hardship where the frequency of visits per term for essential social reasons is in excess of the number of normally permitted visits.
- 9.29 To act in all cases relating to the placement of, or the provision of equipment for disabled children, with professional advice as to the appropriate form of action to be taken.
- 9.30 Following consultation with the relevant Cabinet Member to remove providers of nursery education who are failing to meet the national Code of Practice, or local conditions of funding, from the Directory of Registered Providers and where conditions of funding have been breached and cannot otherwise be remedied to the satisfaction of the Council, to seek the recovery of all or part of any nursery education grant paid to them.
- 9.31 Following consultation with the relevant Cabinet Member and Service Director: Legal & Business Operations, to develop and agree an appropriate process for any decisions to remove nursery education providers from the Directory of Registered Providers with the Southampton Early Years Development and Childcare Partnership, including a right to appeal the decision to an Appeals Panel comprising the Chair of the Early Years and Development Childcare Partnership, the Early Years and Development Childcare Manager and an independent representative for providers (or their respective nominees). All appeals will be conducted in accordance with the agreed procedure.

HEAD OF EDUCATION & LEARNING

- 9.32 To oversee arrangements for early years settings on the Directory of Registered Providers in respect of eligible pre-school children receiving their entitlement to early years education and for the annual review of the funding rate that will apply to each provider under the authority's early years funding formula.
- 9.33 To approve the data and inflation rates used in calculating school budget shares including numbers of special unit places.
- 9.34 To approve a catchment area, within the limits imposed by the Secretary of State from time to time, for each school on the Council's approved list, for travelling expenses to be paid within that area or adjacent to it in the light of school organisation changes.
- 9.35 Following consultation with the appropriate Governing Body, to raise or lower the admission limit for a school on a temporary basis.
- 9.36 To agree, following consultation with the Service Director: Legal & Business Operations, the wording, form and content of any Statutory Notice for School Organisational Changes and the arrangements for their publication.
- 9.37 Following consultation with the Service Director: Legal & Business Operations, to issue regulations relating to safety matters in educational establishments as the need arises and to secure appropriate monthly arrangements for the review of such safety matters.
- 9.38 To decline requests for the provision of school meals in school holidays.
- 9.39 To approve the granting of a free meal at a further education establishment to certain students enrolled on courses for the unemployed sponsored by the Council, in accordance with the current eligibility for free school meals.
- 9.40 Following consultation with the Executive Director: Finance & Commercialisation, to determine (raise or lower) charges for all types of school meals in accordance with the general policy of the Council on the School Meals Service.
- 9.41 To represent the interests of Southampton City Council through attendance at the Sub Regional Group on post 16 commissioning and to take all decisions required pursuant to membership on the group in relation to the exercise of statutory duties for the commissioning of learning and skills for children and young people.
- 9.42 To exercise all powers and duties granted or imposed under the Apprenticeship, Skills, Children and Learning Act 2009 and to do anything necessary to commission services as provided for in accordance with the Council's 16-19 obligations.
- 9.43 To formally sign off regeneration Delivery Plans and Funding Agreements with the appropriate Funding Agencies for all externally funded projects and programmes relating to equalities, cohesion, community safety and community involvement following consultation with the Executive Director: Finance & Commercialisation.
- 9.44 After consultation with the Executive Director: Finance & Commercialisation, to approve, cancel or amend funding agreements for learning providers in relation to post-16 learning.
- 9.45 To pay travelling allowances to eligible students at Further Education establishments on the basis of public transport season ticket costs.
- 9.46 To pay travelling allowances to students qualifying for transport who provide their own vehicles to travel to schools/colleges according to a scale to be determined and varied

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as required following consultation with the Executive Director: Finance & Commercialisation.

- 9.47 To implement in respect of further education students, where appropriate, any changes in transport regulations made which affect pupils aged 16-19 attending secondary schools and colleges.
- 9.48 To work with Post-16 learning providers to ensure that transport is not a barrier to participation in learning, and to implement activities and provide financial support where appropriate.

10. HEAD OF CHILDREN'S SOCIAL CARE

- 10.1 Following consultation with Service Director: Legal & Business Operations, to institute any proceedings in any court or tribunal for an order under the Children Act 1989 and other associated children's legislation where it is considered appropriate to do so, and to appear on behalf of the Council in any court proceedings:
- 10.2 To pay allowances in respect of children being looked after by the Council in accordance with the scheme approved by the Council for the time being.
- 10.3 To give consents on behalf of the Council where necessary in the interests of children and young persons of whom the Council is in loco parentis.
- 10.4 To approve levels of and variations in fees where the Council has accepted responsibility for children, young persons, or adults attending establishments not maintained or assisted by the Council and alterations in charges for the maintenance of such residents.
- 10.5 To take such actions and decisions as may be required on behalf of the Council acting as an adoption agency.
- 10.6 To approve the reimbursement of or a contribution towards the legal expenses of prospective adopters reasonably incurred during the course of applications to adopt children in the care of the Council, where considered that the prospective adopter's application is in the best interests of the child.
- 10.7 To reduce or waive the charge of providing a home study report for prospective inter-country adopters.
- 10.8 To exercise the functions of the Council in relation to individual children boarded out under the Children Act 1989 and other Regulations.
- 10.9 To take such actions and decisions as are necessary to discharge the Council's duties to promote the welfare of individual children and young persons in the Council's care including (but not limited to):
 - a. giving consent for medical, dental and other treatment, for the issue of passports; and for such other purposes as may be required from time to time;
 - b. appointing persons to review cases where children are kept in secure accommodation;
 - c. appointing an independent person to be a visitor to a particular child in the circumstances set out in paragraph 17 of Schedule 2 to the Children Act 1989 in accordance with the Definition of Independent Visitors (Children) Regulations 1991.
- 10.10 To have discretion to reduce or waive any charge in any particular case of exceptional hardship.
- 10.11 To administer boarding policies and fees.
- 10.12 To appoint such professional and technical support staff for the supply of children's activities as are deemed to be acceptable under the Children Act 1989 and to sign and issue written instruments of appointment.
- 10.13 Any function exercised on behalf of an NHS body relating to children.

HEAD OF CHILDREN'S SOCIAL CARE

- 10.14 To make such directions and to take such other steps as necessary or expedient to prevent a breakdown, or continuing breakdown, of discipline or governance at any school or suspend the financial delegation of any school in accordance with the Education Acts.
- 10.15 To exercise all functions under sections 10 to 17 inclusive and 20(9) of the Children Act 2004.
- 10.16 To write off bad debts (up to a limit of £5,000) owed to the Council, linked with, attributed to or associated with the discharge of the Council's Children's Services functions.
- 10.17 To exercise (following consultation with the Executive Director: Finance & Commercialisation where affecting the level of Council Tax) all the powers and duties exercisable by the Council under the legislation (which for the avoidance of doubt also includes regulations, orders, etc.)
- | | |
|------------------------------|---|
| Mandatory Awards | Discretionary Major and Minor Awards |
| Special Discretionary Awards | Discretionary European Fees Only Awards |
| Study Awards | Disabled Students Allowances |
- reserving only to the Council those functions precluded from delegation by legislation and referring to the relevant Appeals Panel any appeal that cannot be resolved.
- 10.18 To make modifications / amendments to the approved standard conditions of grant aid.

11. HEAD OF CHILDREN'S SAFEGUARDING

- 11.1 Following consultation with Service Director: Legal & Business Operations, to institute any proceedings in any court or tribunal for an order under the Children Act 1989 and other associated children's legislation where it is considered appropriate to do so, and to appear on behalf of the Council in any court proceedings:
- 11.2 To pay allowances in respect of children being looked after by the Council in accordance with the scheme approved by the Council for the time being.
- 11.3 To give consents on behalf of the Council where necessary in the interests of children and young persons of whom the Council is in loco parentis.
- 11.4 To approve levels of and variations in fees where the Council has accepted responsibility for children, young persons, or adults attending establishments not maintained or assisted by the Council and alterations in charges for the maintenance of such residents.
- 11.5 To take such actions and decisions as may be required on behalf of the Council acting as an adoption agency.
- 11.6 To approve the reimbursement of or a contribution towards the legal expenses of prospective adopters reasonably incurred during the course of applications to adopt children in the care of the Council, where considered that the prospective adopter's application is in the best interests of the child.
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- 11.8 To exercise the functions of the Council in relation to individual children boarded out under the Children Act 1989 and other Regulations.
- 11.9 To take such actions and decisions as are necessary to discharge the Council's duties to promote the welfare of individual children and young persons in the Council's care including (but not limited to):
 - a. giving consent for medical, dental and other treatment, for the issue of passports; and for such other purposes as may be required from time to time;
 - b. appointing persons to review cases where children are kept in secure accommodation;
 - c. appointing an independent person to be a visitor to a particular child in the circumstances set out in paragraph 17 of Schedule 2 to the Children Act 1989 in accordance with the Definition of Independent Visitors (Children) Regulations 1991.
- 11.10 To have discretion to reduce or waive any charge in any particular case of exceptional hardship.
- 11.11 To administer boarding policies and fees.
- 11.12 To appoint such professional and technical support staff for the supply of children's activities as are deemed to be acceptable under the Children Act 1989 and to sign and issue written instruments of appointment.
- 11.13 Any function exercised on behalf of an NHS body relating to children.

HEAD OF CHILDREN'S SAFEGUARDING

- 11.14 To make such directions and to take such other steps as necessary or expedient to prevent a breakdown, or continuing breakdown, of discipline or governance at any school or suspend the financial delegation of any school in accordance with the Education Acts.
- 11.15 To exercise all functions under sections 10 to 17 inclusive and 20(9) of the Children Act 2004.
- 11.16 To write off bad debts (up to a limit of £5,000) owed to the Council, linked with, attributed to or associated with the discharge of the Council's Children's Services functions.
- 11.17 To exercise (following consultation with the Executive Director: Finance & Commercialisation where affecting the level of Council Tax) all the powers and duties exercisable by the Council under the legislation (which for the avoidance of doubt also includes regulations, orders, etc.)
- | | |
|------------------------------|---|
| Mandatory Awards | Discretionary Major and Minor Awards |
| Special Discretionary Awards | Discretionary European Fees Only Awards |
| Study Awards | Disabled Students Allowances |
- reserving only to the Council those functions precluded from delegation by legislation and referring to the relevant Appeals Panel any appeal that cannot be resolved.
- 11.18 To make modifications / amendments to the approved standard conditions of grant aid.

12. EXECUTIVE DIRECTOR: PLACE

- 12.1 To enter into professional transport, sustainability, planning and building control memberships in the interests of the authority.
- 12.2 To liaise with relevant authorities in Hampshire, PfSH, Solent Transport, Transport for the South East and the Solent LEP on strategic spatial planning, transport and energy issues.
- 12.3 To determine fees and charges under the Building (Local Authority Charges) Regulations, after consultation with the BC Partnership.
- 12.4 To issue and refuse safety certificates, under the Safety at Sports Grounds Act 1975 and Fire Safety and Safety of Places of Sports Act 1987.
- 12.5 Power to obtain information under Section 330 of the Town and Country Planning Act 1990 about interests in land or under section 171C Town and Country Planning Act 1990.
- 12.6 Following appropriate consultation with the relevant Cabinet Member, the spokespersons of other political groups for Environment and Transport and where appropriate, with members of partner authorities to prepare “proofs of evidence” presented on behalf of the Council to any relevant examination or inquiry.
- 12.7 To monitor the application of the Planning Enforcement Policy, conduct any necessary reviews of the policy and, after consultation with the Service Director: Legal & Business Operations, to make any changes to the policy necessary.
- 12.8 To formally sign off regeneration Delivery Plans and Funding Agreements with the appropriate Funding Agencies for all externally funded projects and programmes relating to equalities, cohesion, community safety and community involvement following consultation with the Executive Director: Finance & Commercialisation.
- 12.9 Following consultation with the relevant Cabinet Member and the Executive Director: Finance & Commercialisation, to agree for the City Council to act as the accountable body on behalf of formally constituted “friends” groups, resident, tenant or community groups, or sports clubs applying for external grant funding of less than £125,000 to improve the city’s open spaces and associated assets and infrastructure. This responsibility may include procuring supplies, goods or services on behalf of the grant recipient through identifying the most economically advantageous quote or tender, certifying receipt of goods and services, agreeing practical completion of site works, authorising payment of invoices, controlling and monitoring project expenditure, and keeping accurate and auditable financial records for the purpose of reclaiming project expenditure from the external grant funding body.
- 12.10 To determine applications for registration under s4 of the Hampshire Act 1983.
- 12.11 To authorise officers to exercise powers of entry in respect of the Town and Country Planning Act 1990, including section 196A, section 214B and section 324 relating to their functional responsibilities.
- 12.12 To appoint officers for the implementation of the Council’s functions under all relevant legislation under which the Executive Director: Place is empowered to act.

EXECUTIVE DIRECTOR PLACE

- 12.13 To authorise the institution of legal proceedings for the contravention or failure to comply with notices served under the legislation under which the Executive Director: Place is empowered to act.
- 12.14 In relation to Examination of a Neighbourhood Development Plan in accordance with s.38A of the Planning & Compulsory Purchase Act 2004 and Schedule 4B of the Town & Country Planning Act 1990, to determine whether or not the procedural requirements for the preparation of the Plan have been met, to take all action necessary to consult on the Plan, to prepare, following consultation with the relevant Cabinet and Ward Members, the Council's comments on the Plan and to submit the Plan together with all ancillary documents for Examination.
- 12.15 To take all action necessary to receive, process, carry out statutory consultation on and to determine any application for designation of a neighbourhood area received in accordance with Sections 61G and 61H of the Town & Country Planning Act 1990.
- 12.16 To determine applications for exceptional relief from, and applications to deliver payment in kind for, Community Infrastructure Levy, following consultation with the relevant Cabinet Member, Executive Director: Finance & Commercialisation and Service Director: Legal & Business Operations.
- 12.17 To undertake all functions in relation to planning, transport planning, flood risk management, energy management and sustainability exercisable by the Council.
- 12.18 To change the decision-making body and managerial responsibilities for any property within the relevant portfolios in line with any amendments to the terms of reference for Executive decision-making bodies, Committees and Sub-Committees, following consultation with the Executive Director: Finance & Commercialisation and Head of Property Services.
- 12.19 In relation to Environment and Transport functions, to enter into any partnership and governance arrangements with external organisations, contribute to the work of the Partnership for Urban South Hampshire (PUSH) in the preparation of strategic plans.
- 12.20 To agree the settlement of both capital and revenue elements of the concessionary fares schemes in accordance with DfT guidance and the Council's own appeals procedures, following consultation with the Executive Director: Finance & Commercialisation, the Service Director: Legal & Business Operations and the relevant Cabinet Member.

13. HEAD OF CITY SERVICES

- 13.1 To agree to waive charges for allotments.
- 13.2 To decide and accept the most suitable tender for mobile catering services in the parks and enter into a contract with that operator.
- 13.3 Following consultation with the Service Director: Legal & Business Operations, to make applications under Section 38 of the Commons Act 2006.
- 13.4 Following consultation with the relevant Cabinet Member, the Service Director: Legal & Business Operations and the Executive Director: Finance & Commercialisation, to agree for the City Council to act as the accountable body on behalf of formally constituted “friends” groups, resident, tenant or community groups, or sports clubs applying for external grant funding of less than £125,000 to improve the city’s open spaces and associated assets and infrastructure. This responsibility may include procuring supplies, goods or services on behalf of the grant recipient through identifying the most economically advantageous quote or tender, certifying receipt of goods and services, agreeing practical completion of site works, authorising payment of invoices, controlling and monitoring project expenditure, and keeping accurate and auditable financial records for the purpose of reclaiming project expenditure from the external grant funding body.
- 13.5 To commence impoundment procedures when a horse is deemed to pose an unacceptable risk to public safety, private property, adversely affect public rights to recreation, or is significantly damaging the environment.
- 13.6 All Waste and Fleet Transport service functions exercisable by the Council in its capacity as a local authority.
- 13.7 All powers necessary and expedient in relation to the Council’s statutory duties to collect and dispose of municipal waste, including but not limited to the authority to enter into contracts necessary to give effect to or facilitate this function.
- 13.8 To liaise with waste collection authorities in Hampshire on all strategic waste issues, ensuring appropriate consultation with colleagues on non-specific waste issues such as spatial planning.
- 13.9 To determine the charges for the collection of trade refuse, garden waste, textile and shoe banks and MOTs.
- 13.10 To set or vary charges for residents using the special bulky domestic refuse collection service waste receptacles, including bulk bin containers, where these are not provided free in accordance with Council policy, following consultation with the appropriate Cabinet Member and the spokesperson for each opposition party.
- 13.11 To require the production of a trade waste transfer document and the power to issue a fixed penalty for failing to so provide pursuant to section 34A of the Clean Neighbourhood and Environment Act 2005.
- 13.12 To take any action in relation to, or associated with the Council’s LGV Operators Licences and road traffic legislation.
- 13.13 To take any action in relation to or associated HGV Operators’ Licences.

HEAD OF CITY SERVICES

- 13.14 To procure and maintain the Council's vehicle fleet in accordance with the Council's Contract Procedure Rules and the relevant regulatory frameworks.
- 13.15 Power to make, modify or vary, revoke and confirm Tree Preservation Orders under Sections 198 and 201 of the Town and Country Planning Act 1990 except where valid objections are received.
- 13.16 To determine applications for works to trees that are subject to protection by Tree Preservation Order and to impose such conditions on any consent that s/he deems appropriate.
- 13.17 To serve a notice to plant replacement trees, where they are a requirement of the land owner's duty to replace under Section 206 of the Town and Country Planning Act 1990 or where replacements have been conditioned under a tree works decision notice.
- 13.18 To execute works in default of non-compliance with a notice to replant trees and to recover all reasonable costs from the landowner.
- 13.19 To determine whether to proceed with an applicant's case, in pursuance of section 68(2) – 68(5) of Anti-Social Behaviour Act 2003 (High Hedges).
- 13.20 To determine whether or not, and to what extent to refund fees pursuant to s68(8) of the Anti-Social Behaviour Act 2003 (High Hedges).
- 13.21 To execute works in default of the remedial work detailed in any remedial notice under the Anti-Social Behaviour Act 2003 (High Hedges).
- 13.22 To undertake a six-monthly review of the level of the fee to be charged for the service under Part 8 of the Anti-Social Behaviour Act 2003 and to vary the fee level as necessary to ensure that the costs of providing the service are recovered in the financial year (High Hedges).
- 13.23 To authorise an appropriate officer to enter land for any purpose pursuant to Part 8 of the Anti-Social Behaviour Act 2003 (High Hedges).
- 13.24 To approve modifications to the Southampton's Tree Operational Risk Management System (STORMS) following consultation with the Executive Director: Legal & Governance, the Council's Risk and Insurance Manager and the Council's Health and Safety Manager to ensure the system remains fully effective.
- 13.25 To serve a notice on any owner of land on which a tree is situated that is in such a condition that there is imminent danger of its causing damage to persons or property pursuant to section 23 of the Local Government (Miscellaneous Provisions) Act 1976, after consultation with the Executive Director: Legal & Governance.
- 13.26 To authorise any officer to enter land for the purposes of assessing the condition of tree or trees on another land pursuant to section 24 of the Local Government (Miscellaneous Provisions) Act 1976.

14. HEAD OF GREEN CITY & INFRASTRUCTURE

- 14.1 To liaise with relevant authorities in Hampshire and PUSH and the Solent LEP on flood risk management issues.
- 14.2 To represent the Council on flood defence, coastal defence and European Marine Site Management Groups.
- 14.3 To grant, but not refuse, street trading consents in respect of Guildhall Square, except for the sale of fruit and vegetables, subject to the terms and conditions of the licence and other legal criteria as appropriate including but not limited to those indicated in Appendix 4 of the City Services Committee on 21st December 1992, to restrict the hours of occupation and operation to between 8:00 am and 9:00 pm on any day, not excluding Sunday, save as restricted by law, for up to a maximum of 30 traders at any one time and subject to any supervision of any provision that may then be in force.
- 14.4 To enter into, vary and determine public transport contracts in order to optimise the delivery of transport policy objectives and maintain reliable services.
- 14.5 To liaise with and respond to consultation from neighbouring authorities, from public transport operators and public transport infrastructure providers on services, routes and timetables and other bodies on local and strategic transport matters including public transport services, routes and timetables, and implications.
- 14.6 Following consultation with the Service Director: Legal & Business Operations:
 - a. to introduce temporary road closures and other temporary traffic restrictions on the highway;
 - b. to maintain a list of all closures authorised under this delegated procedure, including the reason for the restriction and its predicted and actual duration.
- 14.7 Authority to do anything necessary on behalf of the Highway Authority to give effect to decisions relating to Sections 37, 38 and 278 of the Highways Act, 1980, including entering into agreements, approving plans, inspecting works and requiring the necessary fees from developers when negotiating works and agreements for the adoption of highways on behalf of the Highway Authority.
- 14.8 To determine and vary the Capital Programme in accordance with the policies and other criteria set by the Authority.
- 14.9 To serve notice requiring payment for works carried out in default and execute work in default of compliance of any notice served and to demand the recovery of expenses incurred by the local authority.
- 14.10 To act as “Engineer”, “Employer” or any designation attributable to any other officer under a standard form of contract or partnership arrangement for the purposes of engineering contracts let by the authority.
- 14.11 To issue street works licences and permits to control street works and roadworks carried out on the public highway.
- 14.12 Following consultation with the relevant Cabinet Member, annually review the Transport Asset Management Plan.

HEAD OF GREEN CITY & INFRASTRUCTURE

- 14.13 To issue permits allowing vehicles into “Pedestrian Only” streets in order to carry out essential works.
- 14.14 To agree street naming and numbering.
- 14.15 To enter into agreements with external bodies for the purpose of maintaining and managing the highway, transport asset management, on and off street car parks maintenance and management.
- 14.16 To act as Traffic Manager to meet the duty of the Traffic Management Act 2004 and ensure that the road network in Southampton is properly managed.
- 14.17 To grant use of the Above Bar pedestrian precinct and Bargate pedestrian area in accordance with conditions laid down and Part VIIA of the Highways Act 1980 where applicable, and where appropriate to make a proper charge.
- 14.18 To exercise all Energy Management and Sustainability functions exercisable by the Council in its capacity as a local authority.
- 14.19 To make any order or decision, grant any consent or licence or take any ancillary action and enforcement (including setting, varying and removing charges), relating to highways and traffic management and parking matters such as but not confined to, Traffic Regulation Orders, under the following legislation, subject to the right of appeal to the Appeals Panel by any person permitted under the relevant legislation to object to the making of any such order or decision:

Anti-Social Behaviour Act 2003

Clean Neighbourhood and Environment Act 2005

Countryside and Rights of Way Act 2000

Crime and Disorder Act 1998 (Section 17)

Criminal Justice and Public Order Act 1994

Disabled Persons Badges Act 2013

Gambling Act 2005

Hampshire Act 1983

Highways Act 1980

Licensing Act 2003

Local Government Act 1972 (Section 111)

Local Government Act 2000 (Section 2)

Local Government (Miscellaneous Provisions) Act 1976

New Roads and Street Works Act 1991

Public Health Act 1875

Public Health Act 1925

Refuse Disposal (Amenity) Act 1978

Road Humps Regulations 1990

Road Traffic Act 1988 (re cycle races)

Road Traffic Act 1991

Road Traffic Regulation Act 1984 (including orders made under Pedestrian Crossings Regulations and Traffic Signs Regulations and General Directions)

Transport Acts 1985 and 2000

Road Traffic Regulation (Special Events) Act 1994

Road Traffic (Temporary Restrictions) Act 1991

Scrap Metal Dealers Act 2013

HEAD OF GREEN CITY & INFRASTRUCTURE

Town and Country Planning Acts
Town Police Clauses Act 1847
Traffic Calming Act 1992
Traffic Management Act 2004
Transport Acts 1985 and 2000

15. HEAD OF PLANNING & ECONOMIC DEVELOPMENT

- 15.1 To exercise all Planning functions exercisable by the Council in its capacity as a local authority.
- 15.2 To determine planning applications and any other applications, submissions, consents, etc required to be made and to be determined by the Local Planning Authority subject to the following restrictions:
- a. For applications for planning permission (therefore, applications for advertisement consent, prior approval, time limited applications, lawful development certificates, etc are excluded) that fall within the major, minor or other category (as defined by the Government), and where within the standard 21-day publicity period a request made in writing on the prescribed Call-in Form, giving valid and material planning grounds, by a ward member of the ward in which the application site predominantly falls, or where at least five written letters of representation (where such representation is contrary to the officer's recommendation) (discounting petitions, pro-forma and circulated standard letters) on valid and material planning grounds have been received from five different individuals within the administrative ward of the City the development lies shall be brought to the Planning and Rights of Way Panel meeting for consideration. If a request by a member is received after the publicity period, or the necessary five independent properly addressed letters of representation (where such representation is contrary to the officer's recommendation) are received after the publicity period, the consideration of referral to the Panel will be at the discretion of the Planning and Development Manager after consultation with the Chair of the Planning and Rights of Way Panel;
 - b. Where officers recommend approval where the proposal is contrary to the development plan and where three or more objections are received in writing from at least three different individuals;
 - c. applications which are considered to be of particular interest, strategic importance or wider public interest shall be referred to the Planning and Rights of Way Panel;
- 15.3 Where appropriate, to instruct the Service Director: Legal & Business Operations to serve any notices in pursuance of regularising breaches of planning (and other relevant legislation), commence court proceedings and to complete or seal agreements, , in respect of (but not restricted to) the following:
- a. Notices under Section 215 of the Town and Country Planning Act 1990 (Amenity Notices);
 - b. Notices under Section 171 of the Town and Country Planning Act 1990 (Planning Contravention Notices);
 - c. Notices under Section 187A of the Town and Country Planning Act 1990 (Breach of Conditions Notices);

HEAD OF PLANNING & ECONOMIC DEVELOPMENT

- d. Notices under section 172 of the Town and Country Planning Act 1990 (Enforcement Notices)
- e. To institute emergency proceedings to take necessary enforcement action to restrain breaches of planning control (including listed building control), under section 171E (temporary stop notices); section 183 (stop notices); section 187B (injunctions restraining breach of planning control) of the Town and Country Planning Act 1990; section 44A of the Listed Buildings Act 1990 (injunctions restraining breach of listed building control); section 214A (injunctions in relation to tree preservation orders), following consultation with the Service Director: Legal & Business Operations;
- f. Directions under Article 4 of the General Permitted Development Order 1995 removing development rights to demolish a building upon a receipt of a predetermination application subject to a report for confirmation being submitted to a subsequent meeting of the Planning and Rights of Way Panel;
- g. Hazardous substances contravention's notices;
- h. Revocation or modification of Hazardous Substances Consents;
- i. Prosecution for illegal display of advertisements;
- j. To decide whether an assessment and environmental statement is required under the Environmental Assessment Regulations; and to respond to requests for screening and scoping opinions under those Regulations;
- k. To decide whether development is likely to have a significant effect on land protected under international designation; and to carry out appropriate assessment as required by the Habitat Regulations where the Council is the competent authority;
- l. Authority to enter into agreements, approve plans, inspect works and require reasonable fees from developers on behalf of the Council, as highway authority, when negotiating works agreements for the adoption of highways under Sections 38 and 278 of the Highways Act 1980;
- m. To agree to the adoption of new highways arising from new development under Section 38 of the Highways Act 1980 by the Council as highway authority;
- n. To allocate or reallocate postal numbers in respect of any properties in the City;
- o. To issue and serve notices under the Advance Payment Code of the Highways Act 1980;
- p. To inspect Private Streets and where necessary instruct the Service Director: Legal & Business Operations to serve notices where required for the repair of such streets. To initiate works in default of compliance with the requirements of such notices;
- q. To authorise persons to enter any land without a warrant or under warrant in accordance with Sections 196A and 196B of the Town and Country Planning Act 1990 or under section 324 of the same Act;
- r. To authorise the Service Director: Legal & Business Operations to sign unilateral undertakings, or enter into agreements under Section 106 of the

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Town and Country Planning Act 1990, to undertake deeds of variation and subsequently amend any terms previously agreed, unless the Planning and Rights of Way Panel has asked for those discussions to be referred back to it;

- 15.3 Power to make, modify or vary, revoke but not confirm Tree Preservation Orders under Sections 198 and 201 of the Town and Country Planning Act 1990 and to confirm such orders except where valid objections are received.
- 15.4 To make any order, notice or decision, grant any license, make any charge or take any enforcement action considered necessary or expedient pursuant to Clean Neighbourhood and Environment Act 2005 and all associated secondary legislation, following consultation with the Service Director: Legal & Business Operations.
- 15.5 To determine applications for works to trees that are subject to protection by Tree Preservation Order and to impose such conditions on any consent that s/he deems appropriate.
- 15.6 To serve a notice to plant replacement trees, where they are a requirement of the land owner's duty to replace under Section 206 of the Town and Country Planning Act 1990 or where replacements have been conditioned under a tree works decision notice.
- 15.7 To execute works in default of non-compliance with a notice to replant trees and to recover all reasonable costs from the landowner.
- 15.8 To agree street naming and numbering.
- 15.9 Power to issue Planning Enforcement Notices under any planning or listed building legislation, subject to the preparation of an enforcement report and Planning and Rights of Way Panel and Ward members not requiring a report to the Planning and Rights of Way Panel.
- 15.10 Power to issue a certificate of existing or proposed lawful use or development (Sections 191(4) and 192(2) of the Town and Country Planning Act 1990).
- 15.11 To act in all matters associated with the delivery of neighbourhood renewal, inclusion, community safety and community involvement and other programmes, partnerships or arrangements managed by external partnership bodies where the Council is the accountable body or is responsible for or is a partner in the programme, partnership or arrangement, and in particular to do so following consultation with the board or other body responsible for the management of the programme, partnership or arrangement, and to seek and replace members of such bodies.

NB: Action should only follow appropriate consultation. Where land use and planning processes are involved this must be with the Executive Director: Finance & Commercialisation, Service Director: Legal & Business Operations and the Executive Director: Place. Where there is existing or intended Council ownership this must include the Head of Property.

Building Control

- 15.12 To represent the Council and recommend decisions on building control operational issues at the Building Control Governing Board set up to manage the Partnership between Southampton and Eastleigh.
- 15.13 Discharge, save for any reservations shown below, the powers set out in the paragraph following the reservations.

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The powers referred to above shall not include the following:

- a. powers where an individual officer is required by law to hold a relevant qualification and that officer does not hold that qualification;
- b. powers which fall outside the individual's actual authority as determined by his/her post or are not covered by an instruction by management; or
- c. any other situation where an individual officer is prevented, for whatever proper reason, from exercising that power.

The powers that may be exercised include, without prejudice to the generality of the following, the power to serve (which term includes signature and issue) notices and the power to exercise any statutory (or common law) power conferred by the legislation referred to below, including any subordinate legislation, ie Regulations, Orders and Byelaws etc, made thereunder. Such powers will also extend to legislation (primary and subordinate etc.) not referred to below, always provided that the officer is not excluded by virtue of any reservation set out in the preceding paragraph. All of these powers are also exercisable by the Executive Director: Place.

15.14 In relation to the Building Act 1984, to:

- a. serve notice giving approval / rejection in respect of Building Regulations plans (Section 16);
- b. serve notice giving approval / rejection in respect of building over sewers (Section 18);
- c. serve notice giving approval of buildings with short-lived materials and get appropriate conditions or to reject the plans (Section 19);
- d. to reject plans for buildings with unsatisfactory drainage (Section 21);
- e. to serve notice re lapse of deposit of plans (Section 32);
- f. to carry out tests on materials and components etc for conformity with Building Regulations (Section 33);
- g. to serve notice to alter / remove work etc (Section 36);
- h. to serve notice to make satisfactory provision for drainage (Section 59);
- i. to serve notice regarding entrances, exits, etc (Section 71);
- j. to serve notice regarding means of escape in case of fire (Section 72);
- k. to serve a notice regarding the raising of chimneys (Section 73);
- l. to take any action necessary in respect of dangerous structures (Sections 77 & 78);
- m. to serve notice re ruinous dilapidated and neglected sites (Section 79);
- n. to accept notices of intention to demolish (Section 80);
- o. to serve notice requiring shoring and weatherproofing to adjoin buildings (Section 81);
- p. to enter buildings to ascertain if a breach of relevant legislation has occurred (Section 95).

15.15 To serve notice to require builders to open up works (Regulation 14 of the Building Regulations).

15.16 To serve notice and/or carry out works of boarding up of dangerous buildings (Section 29 of the Local Government Miscellaneous Provisions Act 1982).

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- 15.17 To refer questions, as to whether or not certain work complies with the Building Regulations to the appropriate Government department.
- 15.18 To deal with “type” relaxations to the Building Regulations instigated by the appropriate Government department.
- 15.19 To authorise prosecution for non-compliance with notices served and non-compliance of the Building Regulations.
- 15.20 To deal with Partnership applications on behalf of other local authorities in accordance with the nationally agreed Local Authority Building Control Partnership Scheme.
- 15.21 To deal with System Approvals in accordance with the nationally agreed scheme.
- 15.22 To approve or refuse plans deposited under the Hampshire Act 1980 for the provision of a satisfactory means of escape for fire brigade vehicles and personnel, for precautions, against fire and cubic content of buildings and special precautions for underground car parks.
- 15.23 Apply and enforce regulations in relation to sustainability and security issues under the Sustainable and Secure Buildings Act 2004
- 15.24 To enter premises and issue safety certificates for sports stadia under the Safety at Sports Grounds Act 1975.
- 15.25 To give advice on discrimination issues including surveying the built environment as required under the Equalities Act 2010.
- 15.26 To enter premises for the purposes of consulting and advising on the licensing objectives and compliance with the Licensing Act 2003.
- 15.27 To act as authorised officers for the purposes of gaining entry for inspection of premises under the Local Government (Miscellaneous Provisions) Act 1982.
- 15.28 To make any order, notice or decision, grant any licence, make any charge or take any enforcement action considered necessary or expedient pursuant to Clean Neighbourhood and Environment Act 2005 and all associated secondary legislation, following consultation with the Executive Director: Legal & Governance.

Economic Development

- 15.29 To liaise with economic partnerships and other economic bodies to represent the Council’s interests on economic issues.
- 15.30 To liaise with skills partnerships and other skills economic bodies to represent the Council’s interests on skills issues.
- 15.31 To approve Section 106 Employment and Skills Plans.
- 15.32 To approve the letting of contracts for the provision of learning, skills and employment related services.

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- 16.1 To deal with applications for landlord's consent to carry out alterations, except in cases where some unusual factor is present and on which a policy decision is needed. Where consent is given, the under mentioned Standard Conditions I or II be attached as appropriate:

Standard Condition I:

- a. Compliance in all respects with all byelaws, licences and other consents applicable to the property and, in particular, with the conditional planning permission
- b. The work to be completed in all respects to the satisfaction of the City Council, which shall be evidenced by the City Council's certification to that effect.
- c. The consent as landowner shall not affect, restrict or diminish the powers or rights of the City Council as a local authority.

Standard Condition II (applicable where a formal licence is required):

- d. Compliance in all respects with all byelaws, licences and other consents applicable to the property and, in particular, with the conditional planning permission
 - e. The execution of such formal deed containing such provisions to safeguard the interests of the City Council as the Service Director: Legal & Business Operations may determine.
- 16.2 To approve the principle of and negotiate and agree terms of sale of freehold reversionary interests secured on individual dwellings originally constructed by either the Council or self-build groups to the owner-occupier;
- 16.3 Following consultation with the Leader and relevant Cabinet Member, to approve the terms of sale of all other property providing the consideration does not exceed £500,000. Consultation is not required for garden land sales to householders, residential freehold reversions or statutory transfers.
- 16.4 To approve terms of sale of property exceeding £500,000 in value providing the consideration does not exceed £1.5 million, following consultation with the Leader and relevant Cabinet Member.
- 16.5 To agree with the Valuation Office Agency assessments in respect of all properties for which the Council is the ratepayer, and to make references to the Valuation Tribunal as appropriate.
- 16.6 To revise charges made for room bookings within Civic Buildings.
- 16.7 To approve the surrender or assignment of any lease, licence, wayleave or easement by Agreement between the parties. If any lease, licence, wayleave or easement relates to properties of strategic (meaning the property or the area in which it is located is the subject of potential development or other plans), cultural, community or heritage interest, this must be done after consultation with the Leader and relevant Cabinet Member.
- 16.8 To approve terms for acquisition of land pursuant to an authorised agreement under Section 106 Town and Country Planning Act 1990, or as a condition in a planning

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consent provided there are no abnormal or onerous liabilities attached to the acquisition, the purchase price is nominal and there is finance allocated for ongoing maintenance.

- 16.9 To approve variations to the terms of leases, licences, easements or wayleaves, covenants or any other transaction when the consideration for the variation does not exceed £100,000 per annum or a premium payment of £1,000,000, and where the Council is incurring the additional consideration, provided sufficient finance is available. If leases, licences, easements or wayleaves, covenants or any other transaction relates to properties of strategic (meaning the property or the area in which it is located is the subject of potential development or other plans), cultural, community or heritage interest, then this must be done after consultation with the Leader and relevant Cabinet Member.
- 16.10 To approve the following up to the financial limits specified, subject to sufficient finance being available:
- a. easements granted by or granted to the Council;
 - b. disturbance claims or ex gratia payments;
 - c. settlement and apportionment of well-maintained payments due under the Housing Acts where agreement can be reached with the parties;
 - d. lettings up to and including on a year to year basis;
 - e. any other lettings, renewals or rent / licence fee reviews provided the new / reviewed rent / fee is no more than £50,000 less than the amount previously due;
 - f. the restructure of ground leases where additional rental is generated and/or where the consideration comprises wholly or partly of a premium payment and the premium does not exceed £500,000; and
 - g. applications for rent reductions on Investment Property providing corresponding estate management benefits are secured by the Council and the new terms are not below market value, to be exercised following consultation with the Executive Director: Finance & Commercialisation.

If any of the above relate to properties of strategic (meaning the property or the area in which it is located is the subject of potential development or other plans), cultural, community or heritage interest, then this must be done after consultation with the Leader and relevant Cabinet Member.

- 16.11 Following consultation with the relevant Executive Director, to grant licences for works on land.
- 16.12 Following consultation with the Leader and relevant Cabinet Member, to approve the exchange of land with a third party where the Council's existing land value is estimated to be no more than £500,000.
- 16.13 To approve the exchange of land with a third party where the Council's existing land value is estimated to be greater than £500,000 providing the consideration does not exceed £1.5 million, following consultation with the relevant Cabinet Member .

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- 16.14 To approve appropriations between relevant function areas and statutory holding powers except where public notice of the proposed appropriation is required and objections are received.
- 16.15 To approve any major alteration, demolition, refurbishment or new project on land in which the Council has an interest providing that the proposed expenditure does not exceed £1.5 million. This must be done after consultation with the Leader and relevant Cabinet Member, if this relates to properties of strategic (meaning the property or the area in which it is located is the subject of potential development or other plans), cultural, community or heritage interest.
- 16.16 To approve the temporary use of property, pending long-term use.
- 16.17 To manage the Council's investment and general purpose property portfolios.
- 16.18 To perform all functions of the Council in respect of its responsibilities and powers under the Party Walls etc Act 1996, including the service and response to Statutory Notices, appointment of Party Wall Surveyors and compliance with all steps required by any Party Walls Award.
- 16.19 Authority to exercise the powers and duties of the Council under the Landlord and Tenant (Covenants) Act 1995.
- 16.20 To grant and sign licences in a form approved by the Service Director: Legal & Business Operations.
- 16.21 To approve the acceptance of formal tenders for land disposals, whether the highest bid or not, up to £1.5 million capital (where the principle of the disposal has already been approved) or £150,000 per annum revenue income. Consultation with the Leader or relevant Cabinet Member only required if s/he has expressed a wish to be consulted when giving approval in principle.
- 16.22 To agree compensation under Land Compensation legislation where no interest in the land is acquired by the Council.
- 16.23 To carry out site investigations and soil surveys, where necessary, to establish the development potential of vacant land subject to the availability of the necessary finance to carry out such investigations.
- 16.24 To place property on the market with a view to a disposal. Consultation with the Leader and relevant Cabinet Member is required prior to placing a property on the open market for sale. Consultation is also required prior to placing a property on the open market to let if the property is of strategic (meaning the property or the area in which it is located is the subject of potential development or other plans), cultural, community or heritage interest.
- 16.25 To appoint external agents or consultants to provide specialist services in respect of the Council's property portfolio, subject to compliance with Financial Procedure Rules and Contract Procedure Rules.
- 16.26 To approve the acquisition of a lease or licence in property where service areas of the Council operate partnerships with external bodies and funding is available.
- 16.27 To approve the acquisition of interests in property, provided the consideration does not exceed a premium payment of £500,000 or £100,000 per annum, provided sufficient finance is available, after consultation with the relevant Cabinet Member and the Executive Director for Finance.

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- 16.28 Following consultation with the Leader and the relevant Cabinet Member in relation to the principle, to authorise the variation of individual projects in the approved Capital Building Maintenance (non-housing) programme during its implementation, should this be required as a result of urgent or unforeseen repair needs arising, or services requirement changes.
- 16.29 To add new projects or remove projects from the approved Capital Building Maintenance (non-housing) programme project list following consultation with the relevant Cabinet Member.
- 16.30 To vary the timing and cost of projects already within the approved Capital Building Maintenance (non-housing) Programme as may be required, following consultation with the relevant Cabinet Members (for the Capital Programme and the building concerned, if different).
- 16.31 To approve claims for dilapidations in respect of leasehold interests granted by the Council, or granted to the Council, provided the consideration does not exceed £1 million, and provided sufficient finance is available. Where leases are granted to the Council and costs exceed £250,000, consultation with the Leader and relevant Cabinet Member must take place.
- 16.32 To authorise lease surrenders and/or renewals to Scout or Guide Groups or other community or charitable organisations which include any underlet for any purpose authorised by Section 1 Localism Act at rents less than best consideration where it is proposed to underlet to a nursery provider or similar community use.
- 16.33 Following consultation with the Leader and the relevant Cabinet Member in relation to the principle, to approve lettings or lease renewals at less than best consideration where the principle of letting to the organisation concerned has already been approved (by virtue of a previous letting or any other appropriate means) or where the Council is obliged to renew a letting by virtue of Landlord and Tenant legislation.
- 16.34 Following consultation with the Leader and relevant Cabinet Member in relation to the principle, to approve lettings or lease renewals at less than best consideration for any property for up to a five year period.
- 16.35 After consultation with the relevant Cabinet Member, to enter into option agreements, disposals or any other property transactions with the Public Sector plc, to progress redevelopment and property schemes in line with the Council's Corporate Property Strategy or such other strategy or policy approved by the Council for managing the Council's corporate property.
- 16.36 After consultation with the Leader of the Council, the Executive Director: Finance & Commercialisation and the Council's Capital Board to approve the acquisition or sale of property or other investments for the Property Investment Fund.
- 16.37 Following consultation with the Leader and the relevant Cabinet Member in relation to the principle, and together with the Executive Director: Place and following consultation with the Service Director: Legal & Business Operations, to undertake the acquisition of land for a development scheme,
- 16.38 To liaise with economic partnerships and other economic bodies to represent the Council's interests on economic issues.

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- 16.39 To approve any transaction, subject to the approval of the Executive Director: Finance & Commercialisation and Executive Director: Place. If leases, licences, easements or wayleaves, covenants or any other transaction relates to properties of strategic (meaning the property or the area in which it is located is the subject of potential development or other plans), cultural, community or heritage interest, then this must be done after consultation with the Leader and relevant Cabinet Member.
- 16.40 To determine applications for home loss payments under the Land Compensation Act 1973.
- 16.41 To appoint external agents or consultants to provide specialist services in respect of the Council's major development schemes.
- 16.42 Where the Council has resolved to make a Compulsory Purchase Order settle terms for the purchase of property and valid heads of claim, subject to the approval of the Executive Director: Finance & Commercialisation.
- 16.43 After consultation with the Service Director: Legal & Business Operations to accept Blight Notices which are valid and which are served in respect of major development schemes proposals.
- 16.44 To make minor amendments to boundaries after consultation with the relevant Cabinet Member to disposals in respect of approved major development schemes.
- 16.45 To allow developers on to council land to carry out site investigations subject to the granting of an appropriate licence.
- 16.46 In relation to the Private Sector Housing Strategy to:
- a. alter existing or introduce new formulae to calculate loan repayment sums in respect of financial assistance packages;
 - b. approve adjustments to the occupancy terms for the grant element of existing and new financial assistance packages; and
 - c. approve the introduction of subsequent financial assistance packages developed, and any significant alterations to the criteria of existing packages following consultation with the relevant Cabinet Member and the Executive Director: Finance & Commercialisation.
- 16.47 To authorise and implement changes to the Decommissioning of Housing Stock Policy as required, following consultation with the Head of Stronger Communities, Neighbourhoods & Housing, the Cabinet Member responsible and Executive Director: Finance & Commercialisation.
- 16.48 To approve after consultation with the relevant Cabinet Member terms for the repurchase of property sold through the Right to Buy process and compensation payments to business tenants to facilitate site assembly for Estate Regeneration Projects, where Cabinet approval exists for these land acquisitions.
- 16.49 Following consultation with the relevant Cabinet Member responsible, Service Director: Legal & Business Operations, Executive Director: Finance & Commercialisation and Executive Director: Place to demolish properties or dispose of land held within the Housing Revenue Account subject to best consideration being received for vacant properties, vacant sites or garages for the purposes of estate regeneration and the development of new housing.

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- 16.50 Following consultation with the relevant Cabinet Member responsible, Service Director: Legal & Business Operations, Executive Director: Finance & Commercialisation and subject to funding and budgetary approval being in place, to acquire land for the purposes of estate regeneration and to secure demolition of any buildings if appropriate.
- 16.51 Following consultation with the Leader, relevant Cabinet Member, Executive Director: Finance & Commercialisation and the Service Director: Legal & Business Operations to accept, in accordance with Financial Procedure Rules any grant funding towards the costs of the homes and development projects and as a consequence:
- a. increase the capital budget for this project by the value of the grants received; and
 - b. increase the scheme approval sums by the value of the grant received.
- 16.52 Following consultation with the relevant Cabinet Member, Service Director: Legal & Business Operations, Executive Director: Finance & Commercialisation to:
- a. procure a development / investment partner or partners to redevelop the regeneration sites;
 - b. enter into a development agreement to deliver the redevelopments including, if required, disposal of freehold;
 - c. acquire, where terms can be agreed, adjoining parcels of land; and
 - d. accept, in accordance with Financial Procedure Rules, any grant funding towards the costs of the redevelopment of the estate regeneration sites.
- 16.53 To approve home loss, disturbance and ex-gratia payments for removal expenses for displaced tenants on modernisation or major works of Council dwellings.
- 16.54 To accept written in-house bids for the maintenance and improvement of HRA buildings following consultation with the Executive Director: Finance & Commercialisation.
- 16.55 To accept written bids and arrange and enter into suitable supplier contract arrangements for the provision of maintenance and improvement schemes and to do anything necessary to implement, subject to the formal approval of the proposed partnering arrangements by the Executive Director: Finance & Commercialisation after consultation with the Service Director: Legal & Business Operations.
- 16.56 To determine appropriate officers to act as security administrators for the HCA Investment Management System.
- 16.57 To approve variation to the terms of leases, licences, easements or wayleaves, covenants or any other transaction, after consultation with the Executive Director: Finance & Commercialisation and Service Director: Legal & Business Operations.
- 16.58 To acquire dwellings repurchased under Part XVI Housing Act 1985, following consultation with the Executive Director: Finance & Commercialisation, subject to finance being available.

17. EXECUTIVE DIRECTOR COMMUNITIES, CULTURE & HOMES

- 17.1 To serve Notices of Seeking Possession and/or Notices to Quit where appropriate and to take necessary action upon the expiry of such Notices.
- 17.2 To institute proceedings for the recovery of possession of property and/or land occupied by squatters.
- 17.3 To serve notices and to institute forfeiture proceedings to residential leaseholders in appropriate cases.
- 17.4 To evict, where lawful, necessary and expedient.
- 17.5 To authorise a one-off reduction in rent by up to a maximum of £500 where some or all of the dwelling is unusable due to major works or loss of services.
- 17.6 To authorise the sale of Council houses and flats in accordance with the Right to Buy legislation and the shared ownership scheme for all mortgagees, their management and subsequent repayment.
- 17.7 To authorise variations in shop leases, rents and terms of tenure where this is consistent with effective management of estates, contributes to social enterprise or tackling worklessness, or provides services which support the local community.
- 17.8 To authorise the repossession, under the County Court Rules 1981 of properties sold under the Right to Buy Legislation and the shared ownership scheme following default on Mortgage Payments rent and/or leasehold maintenance and major works costs.
- 17.9 To approve home loss, disturbance and ex-gratia payments for removal expenses for displaced tenants on modernisation or major works of Council dwellings.
- 17.10 To determine transfer by applications by tenants on management grounds.
- 17.11 To authorise attendance and representation of the Council at Leasehold Valuation Tribunal (LVT) for the purposes of presenting information as required and to agree decisions or proposals made through the LVT process in accordance with the Council's legal responsibilities in the discharging of the Council's housing functions.
- 17.12 To discharge the Council's functions as a local housing authority in respect of the day to day routine management, maintenance, improvement and repair of properties or land held under the powers of the Housing Act 1985 or any re-enactment thereof including those properties sold under the Right to Buy Scheme and any other properties managed but not funded from the Housing Revenue Account in accordance with agreed policies and the Council's relevant Procedure Rules.
- 17.13 To grant tenancies to people left in occupation, and joint tenancies in accordance with Annex C of the Code of Guidance on Parts VI and VII of the Housing Act 1996.
- 17.14 To take any decisions or actions necessary in relation to community safety and anti-social behaviour, including the submission of funding bids, approving projects related to community safety and anti-social behaviour, authorising enforcement action, approving specific projects to meet targets in corporate plans and any projects relating to community cohesion, tackling social exclusion and discrimination.
- 17.15 To determine applications made under the Leasehold Reform, Housing and Urban Development Act 1993.

EXECUTIVE DIRECTOR COMMUNITIES, CULTURE & HOMES

- 17.16 To institute proceedings under the Protection from Eviction Act 1977.
- 17.17 To institute proceedings under Section 1 Accommodation Agencies Act 1953.
- 17.18 After consultation with the Executive Director: Wellbeing (Children & Learning):
- a. determine and alter as necessary a scale of reasonable charges in respect of enforcement action under s49 of the Housing Act; and
 - b. determine and alter as necessary an administrative fee for works carried in default of notices.
- 17.19 To allocate acquired properties, hostel accommodation and property allocated for short life. In addition, in exceptional circumstances, to approve the permanent rehousing of applicants, both to be exercised outside the Council's Points Scheme.
- 17.20 To discharge the Council's functions and duties under Part III Housing Act 1985 and Part VII of the Housing Act 1996 (homelessness) and to make all administrative decisions in this regard.
- 17.21 To let empty acquired properties to housing co-operatives or Housing Associations for housing use and to obtain any necessary consent, following consultation with the Executive Director: Finance & Commercialisation.
- 17.22 To grant secure tenancies to tenants where a return to their previous address is either not feasible or where to do so would be in the interests of the best management of the stock.
- 17.23 To take all decisions and exercise all discretionary power in relation to properties which have proved hard to let.
- 17.24 To operate the Special Needs quota exceptional allocations policy as approved. This policy to include PDO referrals in accordance with the Potentially Dangerous Offenders protocol and MAPPAs in accordance with the Multi-Agency Public Protection Agreement.
- 17.25 To determine the appropriate number of temporary units of accommodation to be used for this purpose at any one time, including the approval to use SCC "normal" stock as temporary accommodation for the discharge of duties under the Homelessness Act 2002.
- 17.26 To review and amend the current Allocations Policy.
- 17.27 To grant exceptions to the Allocations policy.
- 17.28 To allocate the Government Homelessness Directorate grant received, following consultation with the Homelessness Steering Group, relevant Cabinet Member and Executive Director: Finance & Commercialisation.
- 17.29 To determine applications under Section 3(5) Housing Defects Act 1984.
- 17.30 To authorise payments under the Tenants Right to Compensation or Improvements and the Right to Repair.
- 17.31 To determine when the Landlord Controlled Heating should be switched on and off, after consultation with the relevant Cabinet Member to determine and revise the level of charges for Landlord Controlled Heating in future years.

EXECUTIVE DIRECTOR COMMUNITIES, CULTURE & HOMES

- 17.32 To make financial amendments to the Housing Revenue Account Business Plan and refresh every two years, following consultation with the relevant Cabinet Member.
- 17.33 To grant tenancies to applicants in accordance with the Allocations Policy and to grant temporary service tenancies.
- 17.34 To make decisions on the application of the Disabled Adaptations in Council Housing Policy in individual cases and to make amendments to the policy as required.
- 17.35 To undertake the discharge of any of the Council's functions relating to the welfare of civilians under the Civil Defence Acts 1937 to 1948 and under Section 138 of the Local Government Act 1972 as amended by Civil Contingency Act 2004.
- 17.36 To commence a programme of consultation and engagement with residents and stakeholders on sites identified for redevelopment, subject to consultation with the Head of Stronger Communities, Neighbourhoods & Housing, the relevant Cabinet Member and where the site involves Council homes following consultation with the Executive Director: Place.
- 17.37 Following consultation with the relevant Cabinet Member and appropriate stakeholders to review and amend service policies and strategies.
- 17.38 To grant a service concession to procure services that meet the Council's service plans, following consultation with the Executive Director: Finance & Commercialisation or Service Director: Legal & Business Operations and the relevant Cabinet Member.
- 17.39 To authorise and implement changes to the Decommissioning of Housing Stock Policy as required, following consultation with the Cabinet Member responsible and Executive Director: Finance & Commercialisation.
- 17.40 To amend the allocations criteria for supported housing, following consultation with the relevant Cabinet Member and tenants.
- 17.41 To make any order, notice or decision, grant any licence, make any charge or take any enforcement action considered necessary or expedient pursuant to Clean Neighbourhood and Environment Act 2005 and all associated secondary legislation,
- 17.42 To enter into professional memberships in the interests of the authority.

18. HEAD OF CONSUMER PROTECTION & ENVIRONMENTAL SERVICES

- 18.1 To act under all current or future legislation and Council plans, policies, guidelines and procedures relating to the services and functions managed, operated and controlled by the Executive Director. This should be taken to include all regulations, orders and guidance subsequently issued by Ministers in relation to such services and functions.
- 18.2 To undertake all Environmental Health and Consumer Protection Services functions exercisable by the Council in its capacity as a local authority. This includes Registration and Bereavement Services' functions.
- 18.3 To act as Proper Officer for Registration under the Registration Service Act 1953.
- 18.4 Exercise the functions of the Council including all powers and duties of the Council in terms of the following legislation and any subsequent or similar legislation or replacing or expanding legislation:

Administration of Justice Act 1970

Administration of Justice Act 1985

Agriculture (Miscellaneous Provisions) Act 1968

Agriculture Acts

Agriculture Produce (Grading and Marketing) Acts 1928 and 1931

Animals Act 1971

Animal and Animal Products (Import and Export) (England and Wales) Regulations 2000

Animal Boarding Establishments Act 1963

Animal Feed (Hygiene Sampling etc and Enforcement) (England) Regulations 2015

Animal Health Act 1981

Animal Health Act 2002

Animal Welfare Act 2006

Anti-Social Behaviour Act 2003

Anti-Social Behaviour Act 2006

Anti-Social Behaviour, Crime and Policing Act 2014

Beef Labelling (Enforcement) (England) Regulations 2000

Bovines and Bovine Products (Trade) Regulations 1998

Breeding of Dogs Act 1973 & 1991

Breeding and Sale of Dogs (Welfare) Act 1999

Breeding of Dogs (Licensing Records) Regulations 1999

Brucellosis (England Order 2015)

Building Act 1984

Burial Act 1853

Business Names Act 1985

Business Protection from Misleading Marketing Regulations 2008

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Bye-laws for Hairdressers and Barbers
Cancellation of Contracts made in a Consumer's Home or Place of Work etc. Regulations 2008
Cancer Act 1939
Cattle Identification Regulations 2007
Cemeteries Order 1977
Children & Families Act 2014
Children and Young Persons (Protection from Tobacco) Act 1991
Children and Young Persons Act 1933
Chronically Sick & Disabled Persons Act 1970
Civil Enforcement Of Parking Contraventions (England) General Regulations 2007
Civil Enforcement of Parking Contraventions (England) Representations and Appeals Regulations 2007
Civil Contingencies Act 2004
Civil Partnership Act 2004
Clean Air Act 1993
Clean Air Act 1983 – Motor Fuel (Composition and Content) Regulations
Clean Neighbourhood and Environment Act 2005
Common Agriculture Policy (Wine) (England & Northern Ireland) Regulations 2001
Companies Act 2006
Consumer Credit Act 1974
Consumer Protection (Distance Selling) Regulations 2000
Consumer Protection Act 1987
Consumer Protection from Unfair Trading Regulations 2008
Consumer Rights Act 2015
Control of Pesticide Regulations 1986
Control Of Pollution Act 1974, Part 3 (except sections 70(2), (3) and 71), sections 91-94, section 97 and Part 6.
Control of Pollution (Anti-Fouling Paint) Regulations 1986
Control of Pollution Act 1974
Control of Pollution (Amendment) Act 1989
Copyright, Designs and Patents Act 1988
Courts and Legal Services Act 1990
Countryside and Rights of Way Act 2000
Crime and Disorder Act 1998
Criminal Justice Act 1988
Criminal Justice and Public Order Act 1994

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Criminal Justice & Police Act 2001
Customs and Excise Management Act 1979
Dairy Products (Hygiene) Regulations 1985
Dangerous Dogs Act 1991
Dangerous Wild Animals Act 1976
Deregulation Act 2015
Designation of Local (Southampton Port Health Authority) District Order 1978.
Development of Tourism Act 1969 Tourism (Sleeping Accommodation Price Display) Order 1977
Disabled Persons Parking Badges Act 2013
Dogs (Fouling of Land) Act 1996
Ecodesign for Energy-Using Products Regulations 2007
Education Reform Act 1988
Energy Act 1976
Energy Conservation Act 1981
Energy Efficiency (Private Rented Property)(England & Wales) Regulations 2015
Enterprise Act 2002
Environment Act 1995
Environmental Protection Act 1990
Environmental Protection (Duty of Care) Regulations 1991
Environmental Protection (Microbeads)(England) Regulations 2017
Estate Agents Act 1979
European Communities Act 1972 (save as amended by the European Union (Withdrawal) Act 2018)
European Union (Withdrawal) Act 2018 as it continues to give effect to the following Regulations or Orders under which this local authority has an enforcement duty:

- African Horse Sickness (England) Regulations 2012
- Animal and Animal Products (examination for Residues and Maximum Residue Limits)(England and Scotland) Regulations 2015
- Animal By-Products (Enforcement)(England) Regulations 2013
- Animal Feed (Basic Safety Standards)(England) Regulations 2019
- Avian influenza (Preventative Measures)(England) Regulations 2006
- Avian Influenza (Vaccination)(England) Regulations 2008
- Biofuel Labelling Regulations 2004
- Bluetongue Regulations 2008
- Business Protection from Misleading Marketing Regulations 2008
- Cat and Dog Fur (Control of Import, Export and Placing on the Market) Regulations 2008
- Cattle Identification Regulations 2007
- Construction Products Regulations 2013

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Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

Consumer Protection from Unfair Trading Regulations 2008

Consumer Rights (Payment Surcharges) Regulations 2012

Cosmetic Products Enforcement Regulations 2013 and the EU Cosmetic Products Regulation 1223/2009

Crystal Glass (Descriptions) Regulations 1973

Detergents Regulations 2010

Diseases of Swine Regulations 2014

EC Fertilisers (England and Wales) Regulations 2006

Eggs and Chicks (England) Regulations 2009

Electrical Equipment (Safety) Regulations 2016

Electromagnetic Compatibility Regulations 2016

Energy Information Regulations 2011

Energy Performance of Buildings (England and Wales) Regulations 2012

Equine Identification (England) Regulations 2018

Financial Services (Distance Marketing) Regulations 2004

Fluorinated Greenhouse Gases Regulations 2015

Food Information Regulations 2014

Food Safety & Hygiene (England) Regulations 2013

Foot-and-Mouth Disease (Control of Vaccination) (England) Regulations 2006

Footwear (Indication of Composition) Labelling Regulations 1995

Gas Appliances (Enforcement) and Miscellaneous Amendments Regulations 2018

General Product Safety Regulations 2005

Genetically Modified Organisms (Traceability and Labelling)(England) Regulations 2004

Infant Formula and Follow On Formula (England) Regulations 2007

Materials and Articles in Contact With Food (England) Regulations 2012

Measuring Container Bottles (EEC Requirements) Regulations 1977

Measuring Instruments Regulations 2016

Non- Automatic Weighting Instruments Regulations 2016

Novel Foods (England) Regulations 2018

Official Controls (Animals, Feed and Food, Plant Health Fees etc.) Regulations 2019 in so far as it relates to food law

Official Feed and Food Controls (England) Regulations 2009 in so far as it relates to food law

Olive Oil (Marketing Standards) Regulations 2014

Organic Products Regulations 2009

Package Travel and Linked Travel Arrangements Regulations 2018

Packaging (Essential Requirements) Regulations 2015

Passenger Car (Fuel Consumption and CO2 Emissions Information) Regulations 2001

Personal Protective Equipment (Enforcement) Regulations 2018

Poultry Meat (England) Regulations 2011

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Pressure Equipment (Safety) Regulations 2016
Products of Animal Origin (Disease Control)(England) Regulations 2008
Pyrotechnic Articles (Safety) Regulations 2015
Quality Schemes (Agricultural Products & Foodstuffs) Regulations 2018
Quick Frozen Food Stuffs (England) Regulations 2007
Radio Equipment Regulations 2017
REACH Enforcement Regulations 2008
Recreational Craft Regulations 2017
Registration of Establishments (Laying Hens) (England) Regulations 2003
Rights of Passengers in Bus and Coach Transport (Exemptions and Enforcement) Regulations 2013
Scotch Whisky Regulations 2009
Simple Pressure Vessels (Safety) Regulations 2016
Specified Products from China (Restrictions On First Placing On The Market) (England) Regulations 2008
Spirit Drinks Regulations 2008
Supply of Machinery (Safety) Regulations 2008
Textile Products (Labelling and Fibre Composition) Regulations 2012
Timeshare, Holiday Products, Resale and Exchange Contracts Regulations 2010
Tobacco and Related Products Regulations 2016
Toys (Safety) Regulations 2011
Trade in Animals and Related Products Regulations 2011
Transmissible Spongiform Encephalopathies (England) Regulations 2018
Veterinary Medicines Regulations 2013
Volatile Organic Compounds in Paints, Varnishes and Vehicle Refinishing Products Regulations 2012
Weights and Measures (Packaged Goods) Regulations 2006
Welfare of Animals at Time of Killing (England) Regulations 2015
Wine Regulations 2011
Zoonoses (Monitoring) (England) Regulations 2007

Explosives Acts 1875

Fair Trading Act 1973

Fireworks Act 2003

Food Act 1984

Food and Environment Protection Act 1985

Food Safety Act 1990

Food Hygiene (England) Regulations 2006

Food Safety and Hygiene (England) Regulations 2013

Food Standards Act 1999

Foot and Mouth Disease (Control of Vaccinations) (England) Regulations 2001

Forgery and Counterfeiting Act 1981

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Fraud Act 2006
Fuel (Lead Content of Petrol) Regulations 1981 (as amended);
Fur Farming (Prohibition) Act 2000
General Food Regulations 2004
Gambling Act 2005
Hallmarking Act 1973
Hampshire Act 1983
Health Act 2006
Health & Social Care Act 2008
Health and Safety at Work etc Act 1974 together with the following Regulations made under the 1974 Act:
 The Ammonium Nitrate Materials (High Nitrogen Content) Safety Regulations 2003
 The Biocidal Products and Chemicals (Appointment of Authorities and Enforcement) Regulations 2013
 The Chemicals (Hazard Information and Packaging for Supply) Regulations 2009
 The Dangerous Substances and Explosive Atmospheres Regulations 2002,
 The Explosives Regulations 2014,
 The Petroleum (Consolidation) Regulations 2014, and
 The provisions of the following Acts mentioned in Schedule 1 to the 1974 Act;
 Explosives Act 1875
 Public Health Acts 1936 and 1961
Health Protection (Coronavirus, Restrictions) (England) Regulations 2020
Health Protection (Local Authority Powers) Regulations 2010
Highways Act 1980
Home Safety Act 1961
House to House Collections Act 1939
Housing Act 1985
Housing Act 1996
Housing Act 2004
Housing Regeneration Act 2008
Horse Passports Regulations 2009
Hypnotism Act 1952
International Health Regulations 2005
Intoxicating Substances (Supply) Act 1986
Knives Act 1997
Legal Services Act 2007
Licensing Act 2003
Local Authority Cemeteries Order 1977

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Local Government Act 1972 (Section 111)
Local Government (Miscellaneous Provisions) Acts 1976 and 1982
Marriage Act 1994
Medicines Act 1968
Motor Cycle Noise Act 1987
Motor Fuel (Sulphur Content of Gas Oil) Regulations 1981
Motor Vehicle (Safety Equipment for Children) Act 1991
Noise Act 1996
Noise and Statutory Nuisance Act 1993
Non-Automatic Weighing Instruments Regulations 2000
Offensive Weapons Act 2019
Olympic Symbol etc (Protection) Act 1995
Organic Products Regulations 2001
Ozone Depleting Substances Regulations 2015
Performing Animals (Regulation) Act 1925
Pesticides (Fees and Enforcement) Act 1989
Pet Animals Act 1951 and Pet Animals Act 1951 (Amendment) Act 1983
Petroleum (Consolidation) Act 1928.
Plastic Materials and Articles In Contact With Food (England) Regulations 2009
Poisons Act 1972
Police and Criminal Evidence Act 1984
Police, Factories etc (Miscellaneous Provisions) Act 1916
The Southampton Port Health Authority Order 2010
Prevention of Damage by Pests Act 1949
Prices Act 1974
Private Water Supply Regulations 2016 and 2017
Proceed of Crimes Act 2002
Processed Animal Proteins (England) Regulations 2001
Products of Animal Origin (Import and Export) Regulations 1991
Products of Animal Origin (Import and Export) (Amended) Regulations 1997
Property Misdescriptions Act 1991
Protection of Animals (Amendment) Act 2000
Protection of Animals Act 1911
Psychoactive Substances Act 2016
Public Health Acts Amendment Act 1907
Public Health (Control of Disease) Act 1984
Public Health (Infectious Diseases) Regulations 1988

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Public Health Act 1936
Public Health Act 1961
Public Health Ships Regulations 1979 as amended by the Public Health Ships (Amendment)(England) Regulations
Refuse Disposal (Amenity) Act 1978
Registered Designs Act 1949
Redress Schemes for Letting Agencies Work and Property Management Work (Requirement to Belong To Scheme etc) (England) Order 2014
Road Traffic Acts 1988 and 1991
Road Traffic Regulation Act 1984
Scrap Metal Dealers Act 2013
Sheep and Goats (Records, Identification & Movement)(England) Order 2009
Single Use Carrier Bags Charges (England) Order 2015
Site Waste Management Plans Regulations 2008
Slaughterhouses Act 1974
Solicitors Act 1974
Standardised Packaging of Tobacco Products Regulations 2015
Sunbed (Regulation) Act 2010
Telecommunications Act 1984
Tenant Fees Act 2019 (and the Housing & Planning Act 2016 as it relates to Client Money Protection Schemes)
Theft Act 1968
Timeshare Act 1992
Tobacco Advertising and Promotion Act 2002
Town and Country Planning Act 1990
Town Police Clauses Act 1847
Trade Descriptions Act 1968
Trade Marks Act 1938
Trade Marks Acts 1994
Traffic Management Act 2004
Transport Act 2000
Unfair Terms in Consumer Contracts Regulations 1999
Unsolicited Goods and Services Acts 1971 and 1975
Video Recordings Act 2010
Vehicles (Crime) Act 2001
Water Act 2003
Weights and Measures Act 1985
Zoo Act 1981

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This delegation is subject to a requirement to consult with the Service Director: Legal & Business Operations prior to the service of any order, notice or commencement of any legal proceedings.

- 18.5 To determine applications for information to be treated as commercially confidential under Section 22 of the Environmental Protection Act 1990 (as amended).
- 18.6 To sign and serve notices under Sections 33, 34, 46, 47, 59 and 71 of the Environmental Protection Act 1990 (as amended) to deal with waste.
- 18.7 To sign and serve notices under Sections 80 and 80A of the Environmental Protection Act 1990 (as amended) dealing with the abatement of nuisances.
- 18.8 To authorise as enforcement officers such members of professional and technical support staff who are deemed to have suitable qualifications in respect of Section 19 of the Food and Environment Protection Act 1985, as amended by the Pesticides (Fees and Enforcement) Act 1989.
- 18.9 To issue and sign written instruments of appointment under the Act and regulations.
- 18.10 To grant authorised officers the power to sign and serve notices under Section 19 of the Food and Environment Protection Act 1985.
- 18.11 To appoint such members of professional and support staff deemed to have suitable qualifications under Section 5(6) of the Food Safety Act 1990.
- 18.12 To appoint suitable specialists under Section 32(4) of the Food Safety Act 1990.
- 18.13 All powers and duties under the Health Protection (Local Authority Powers) Regulations 2010 including but not restricted to the powers under Sections 2 to 11 to deal with children attending school, decontamination of persons and premises and to restrict access to and move dead bodies.
- 18.14 To introduce increased charges for the issue of Ship Sanitation control and exemption certificates for coastal vessels.
- 18.15 To discharge the functions, duties and powers to control disease on ships and aircraft as conferred by the Public Health (Ships) Regulations 1979 and Public Health (Aircraft) Regulations 1979 as amended in 2007 to implement the requirements of the International Health Regulations 2005. To include the appointment of a medical officer, medical practitioners and authorised officers to exercise the powers conferred by the regulations.
- 18.16 All powers and duties under the Public Health (Control of Disease) Act 1984 as amended by the Health and Social Care Act 2008 including but not restricted to the powers under Sections 45M and 76 to deal with the protection of health from the risk of infection and deal with defective premises.
- 18.17 To exercise duties under the Public Health (Control of Disease) Act as amended by the Health and Social Care Act 2008 to arrange for a body to be removed to a mortuary for burial or cremation.
- 18.18 In accordance with the Public Health (Infectious Diseases) Regulations 1988, to require persons to discontinue or refrain from engaging in any occupations connected with food and to take such other step as empowered under the Regulations.

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- 18.19 To make payments by way of compensation, to persons required to discontinue or refrain from engaging in any occupation connected with food.
- 18.20 To appoint Public Analysts under the Food Safety and Agriculture Acts.
- 18.21 To exercise all powers necessary and expedient in relation to the Council's collection of healthcare waste functions (commercial and domestic), including but not limited to the authority to enter into any contracts necessary to give effect to or facilitate this function.
- 18.22 To institute proceedings under the Protection from Eviction Act 1977.
- 18.23 To institute proceedings under Section 1 Accommodation Agencies Act 1953.
- 18.24 To make minor modifications to the approved terms and conditions of financial assistance provided in accordance with the Council's Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.25 To consider and determine any application from any person considered to be a special case and who therefore falls outside the Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.26 To provide temporary rehousing, subject to a maximum period of four months where financial assistance repair work takes place in accordance with the Council's Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.27 To amend the system of prioritising enquiries and applications for financial assistance arising from owner-occupiers and/or private sector tenants to ensure resources are targeted towards those living in the worst housing conditions and in greatest need in relation to the Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.28 To determine when a land charge is required on a property to secure the repayment of any financial assistance granted in accordance with the Council's Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.29 To approve applications for the provision of financial assistance in accordance with the Council's Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.30 To waive financial assistance repayment conditions in relation to the Council's Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.31 To authorise Environmental Health Officers and other authorised officers to take all enforcement action, powers and provision as appropriate, under the Housing Act 2004, and any subsequent secondary legislation, in accordance with the Council's enforcement policies.
- 18.32 Determine and alter as necessary a scale of reasonable charges in respect of enforcement action under s49 of the Housing Act;
- 18.33 Determine and alter as necessary a scale of reasonable fees in respect of the licensing of houses in multiple occupation under s63(3) of the Housing Act; and
- 18.34 Determine and alter as necessary an administrative fee for works carried in default of notices.

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- 18.35 To seek confirmation from the appropriate national authority of a designation for an Additional Licensing Scheme under section 56 of the Housing Act 2004, following consultation with those persons likely to be affected by any such scheme.
- 18.36 To seek confirmation from the appropriate national authority of a designation for a Selective Licensing Scheme under section 80 of the Housing Act.
- 18.37 To approve the use of the Enforced Sale Procedure.
- 18.38 To determine when a local land charge is required on property to secure the repayment of any grant awarded in accordance with the Council's Private Sector Housing Strategy or such other strategy or policy in relation to this function.
- 18.39 To make necessary revision to the Enforcement Policy as the need arises, following consultation with the relevant Cabinet Member.
- 18.40 To authorise Environmental Health Officers and other authorised officers to take all enforcement action, powers and provision as appropriate, under the Housing Act 2004, and any subsequent secondary legislation, in accordance with the Council's enforcement policies.
- 18.41 To seek confirmation from the appropriate national authority of a designation for an Additional Licensing Scheme under section 56 of the Housing Act 2004, following consultation with those persons likely to be affected by any such scheme.
- 18.42 To seek confirmation from the appropriate national authority of a designation for a Selective Licensing Scheme under section 80 of the Housing Act.
- 18.43 To affix statutory notices to and to arrange for the removal of, vehicles deemed to be abandoned on public land.
- 18.44 To undertake any necessary investigative work for the purposes of enforcement including issue a fixed penalty notices or any other notice on any person or person found littering, flyposting, or committing graffiti.
- 18.45 To serve street litter control notices.
- 18.46 To undertake all functions, powers and duties including authorising legal action in respect of Blue Badge & Parking Permit fraud.
- 18.47 To enter into agreements with external bodies for the purposes of maintaining graves, memorials and crematoria.
- 18.48 To inspect burial grounds for the purposes of ensuring that the rules and regulations imposed by the burial authority are adhered to.
- 18.49 To remove unauthorised memorials situated within the burial authority's land, including cemeteries and crematoria.
- 18.50 To keep a register of all burials and cremations.
- 18.51 To authorise the disposal of cremated remains.
- 18.52 To approve the grant, renewal, refusal and revocation of licences to approved premises under the Marriage Act 1994 as the Proper Officer for Registration.
- 18.53 To authorise officers to exercise powers of entry and other statutory powers including, but not limited to, search and seizure conferred by the legislation set out in 14.4 referred to below and elsewhere in the Scheme relating to Environmental Health

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Officers, Environmental Health practitioners, Trading Standards Officers, Fair Trading Officers and other Enforcement Officers. This is deemed to include all secondary legislation and any other superseding enactments relating to the acts below that may from time to time come into force.

- 18.54 To undertake any duties in respect of new work in the areas of strategy, community safety and equalities.
- 18.55 To authorise legal proceedings or other action to be taken to recover possession of any property or land which is being occupied by travellers, squatters or other unlawful occupants.
- 18.56 To appoint officers for the implementation of the Council's functions under all legislation, including the power to appoint a Chief Inspector of Weights and Measures under the Weights and Measures Act 1985, Environmental Health Officers and other Environmental Health practitioners (including Environmental Health Technicians and Scientific Officers), Trading Standards Officers, Fair Trading Officers and other Enforcement Officers.
- 18.57 To execute works by agreement, at the expense of the owner or occupier, in respect of any notice served.
- 18.58 To authorise and institute any legal proceedings, the issue of simple cautions and, where authorised by the Finance and: Legal & Business Operation, to prosecute or defend any such proceedings, in relation to any powers listed or implied under the delegations to the Executive Director: Communities, Culture & Homes, Environmental Health Practitioners, the Chief Inspector of Weights & Measures, Trading Standards Officers and Fair Trading Officers.
- 18.59 To authorise and issue any Fixed Penalty Notices, relating to any function or responsibility under the Executive Director's management or control.
- 18.60 In addition to the statutory offences referred to in this scheme, to investigate, institute and authorise legal proceedings and where authorised by the Service Director: Legal & Business Operations, to prosecute in respect of any statutory conspiracy offences and common law offences to include conspiracy and conspiracy to defraud; and authorisations to officers contained within this scheme shall include powers to investigate any statutory conspiracy offences and common law offences such as conspiracy and conspiracy to defraud.
- 18.61 In respect of all statutory and common law offences referred to within this scheme, where authorised by the Service Director: Legal & Business Operations, and where deemed appropriate and reasonable to institute, or authorise legal proceedings and to prosecute where the cause of action arises or the place of offence is outside of Southampton City Council boundaries where such action deliver a benefit to the residents of the City of Southampton.
- 18.62 To grant, but not refuse, consent for performances of hypnotism under the Hypnotism Act 1952.
- 18.63 To approve local certification of films that are capable of classification without difficulty and which are not likely to cause public concern, following consultation with the Chair of the Licensing Committee.

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- 18.64 Subject to any requirement to place any matter before a duly convened Licensing Committee, to undertake the following functions under the Licensing Act 2003:
- a. where no objection or adverse representation is made to an application, to determine the following applications:
 - i. for a personal licence;
 - ii. for a premises licence or a club premises certificate;
 - iii. for a provisional statement;
 - iv. to vary a premises certificate or club premises certificate;
 - v. to vary a designated premises supervisor;
 - vi. to transfer a premises licence;
 - vii. for an interim authority;
 - viii. to serve counter notices in respect of temporary event notices ;
 - ix. for removal of the mandatory designated supervisor condition for community premises.
 - b. in all cases, to determine the following matters:
 - i. a request to be removed as a designated premises supervisor;
 - ii. to decide whether a representation is irrelevant, frivolous, vexatious, etc;
 - iii. to keep a register under Section 8 of the Act;
 - iv. to enter premises as an authorised officer of the Council pursuant to Sections 96, 108 and 179 of the Act;
 - v. to agree to dispense with a hearing pursuant to Regulation 9 Licensing Act 2003 (Hearings) Regulations 2005;
 - vi. consultation of other responsible authorities on minor variation applications;
 - vii. applications for minor variations of premises licences and club premises certifications;
 - viii. to suspend premises licences or club premises certificates where the annual fee or late night levy has not been paid;
 - ix. to withdraw club premises certificates where a club does not satisfy the conditions for being a qualifying club in relation to a qualifying club activity.
- 18.65 To enter premises for the purposes of consulting and advising on the licensing objectives and compliance with the Licensing Act 2003.
- 18.66 To serve a closure notice under section 19 of the Criminal Justice and Police Act 2001 where premises are being, or within the last 24 hours have been, used for the unauthorised sale of alcohol for consumption on, or in the vicinity of, the premises.
- 18.67 To issue a closure notice under sections 76 to 91 (Chapter 3) of the Anti-Social Behaviour, Crime and Policing Act 2014, if satisfied that there are reasonable grounds:
- (a) that the use of particular premises has resulted, or (if the notice is not issued) is likely soon to result, in nuisance to members of the public, or.

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(b) that there has been, or (if the notice is not issued) is likely soon to be, disorder near those premises associated with the use of those premises.

and that the notice is necessary to prevent the nuisance or disorder from continuing, recurring or occurring.

- 18.68 To ensure that any appropriate body or individual has been consulted before issuing a notice under 14.80.
- 18.69 To vary and cancel a closure notice under 14.80.
- 18.70 To serve a closure notice, an extension notice, a cancellation notice and variation notice, and to enter any premises for the purposes of complying with section 79(2)(a) Anti-Social Behaviour, Crime and Policing Act 2014.
- 18.71 Where appropriate, to apply to the Magistrates' Court for a closure order.
- 18.72 To carry out appropriate consultation and to recommend to Council on the making, extension, variation and discharge of Public Spaces Protection Orders under sections 59 to 75 (Chapter 2) of the Anti-Social Behaviour, Crime and Policing Act 2014.
- 18.73 To inspect licensed sex establishments.
- 18.74 To renew sex establishment licences where no objection is made.
- 18.75 To grant by way of renewal, but not refuse, street trading consents for Above Bar Pedestrian Precinct.
- 18.76 To grant, but not refuse, applications for street collection permits and house-to-house collection licences under the Police, Factories, etc, (Miscellaneous Provisions) Act 1916 and the House to House Collections Act 1939.
- 18.77 To determine applications for hackney carriage licences, in accordance with Council policy and to suspend and revoke such licences.
- 18.78 To determine applications for private hire vehicle licences, in accordance with Council policy and to suspend and revoke such licences.
- 18.79 To determine applications for hackney carriage drivers' licences, in accordance with Council policy and to suspend and revoke such licences.
- 18.80 To determine applications for private hire drivers' licences, in accordance with Council policy and to suspend and revoke such licences.
- 18.81 To determine applications for private hire operators' licences, in accordance with Council policy and to suspend and revoke such licences.
- 18.82 To make or vary a hackney carriage table of fares and to determine objections to any proposal to make or vary a table of fares.
- 18.83 Subject to any requirement to place any matter before a duly convened Licensing Committee to undertake the following functions under the Gambling Act 2005:
- i. to determine applications for premises licences where no relevant representations are received.
 - ii. to determine applications to vary premises licences in respect of which no representations have been received.
 - iii. to determine whether a representation is vexatious, frivolous or would not influence the authority's determination of the application.

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- iv. to determine applications for transfer of premises licences where no representations are received.
- v. to revoke premises licences for failure to pay the annual fee.
- vi. to determine that a premises licence has lapsed.
- vii. to reinstate a lapsed premises licence where no representations are received.
- viii. to reject an application for review of a premises licence on various grounds.
- ix. to initiate a review of a premises licence.
- x. to determine that representations about a review of a premises licence is frivolous, vexatious or will certainly not influence a review of a premises licence.
- xi. to determine action following a review of a premises licence where no hearing is held and all parties agree in advance to the relevant action.
- xii. to determine applications for a provisional statement in respect of which no representations are received.
- xiii. to disregard representations made in respect of applications for premises licences after issue of a provisional statement.
- xiv. to issue a counter notice to a temporary use notice where the number of permitted days are exceeded.
- xv. to object to a temporary use notice.
- xvi. to institute criminal proceedings in respect of an offence under the provisions of the Act.
- xvii. to determine applications for family entertainment centres.
- xviii. to notify the lapse of family entertainment centre gaming permit.
- xix. to register non-commercial societies for small lotteries.
- xx. to refuse applications for registration for small society lotteries.
- xxi. to revoke registrations of societies for small society lotteries.
- xxii. to cancel registrations of societies for small society lotteries in the event of non-payment of the annual fee.
- xxiii. to determine applications for variation of club gaming permits and club registration permits and cancellation of permits where no representations are received.
- xxiv. to cancel club gaming permits and club registration permits for failure to pay the annual fee.
- xxv. to determine applications for grant, variation or transfer of licensed premises gaming machine permits.
- xxvi. to cancel licensed premises gaming machine permits and vary the number or category of machines where no representations are received.
- xxvii. to cancel licensed premises gaming machine permits for failure to pay the annual fee.
- xxviii. to determine applications for prize gaming permits and applications for renewal of prize gaming permits.

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- xxix. to determine that a prize gaming permit has lapsed.
- 18.84 Under the Police & Social Responsibility Act 2001 (PSR Act), to determine whether the holders of any relevant late night authorisations fall within any permitted exemption or reduction categories and in particular whether the holders of any relevant late night authorisations who are members of any approved business-led best practice scheme fall within the permitted reduction category.
- 18.85 To determine the aggregate amount of expenses of the Council that are permitted deductions under section 130(1)(b) of the PSR Act 2011.
- 18.86 To publish annual notices under section 130(5) of the PSR Act 2011 relating to anticipated expenses and the net amount of the levy payments.
- 18.87 To make adjustments to payments in accordance with paragraph 7 of the Late Night Levy (Application and Administration) Regulations 2012.
- 18.88 To determine from time to time when and for what purposes the Council will apply the non-specified proportion of the net amount of the levy payments.
- 18.89 To obtain additional software licences for any library IT when the user base expands.
- 18.90 To set levels of royalty payment and agree licences to print.
- 18.91 To sign agreements for copying from books and journals.
- 18.92 Subject to obtaining the necessary licences for the library service only, to take multiple abstracts from national newspapers.
- 18.93 To accept publicity for display from outside bodies, subject to any legal requirements and policies adopted by the Council.
- 18.94 To take whatever action is necessary in respect of library fines, and costs / charges for lost books, photocopying, loans, etc, including waiving or reducing.
- 18.95 To deal with applications for the use of car parks on their individual merits, normally to be granted only to charities and non-profit organisations, following consultation with the Service Director: Legal & Business Operations.
- 18.96 To grant permission for use of Council car parks for display purposes.
- 18.97 To advertise proposed disabled persons' parking bays in accordance with Council policy.
- 18.98 In accordance with orders made under the Road Traffic Regulation Act 1984 and subsequent legislation and Council policy to take actions to manage the residents parking schemes, and in relation to parking control the waiving of the penalty, standard or excess charge: the acceptance of an alternative amount in lieu of the penalty, standard or excess charge: the service of notices to ascertain the identity of the driver of a vehicle, the initiation of prosecutions and the issue of permits, dispensations and waivers.
- 18.99 In accordance with orders made under the Road Traffic Regulation Act 1984 and subsequent legislation and Council policy to take actions necessary to manage the pay and display and pay on foot systems of parking control in car parks and lorry parks; issue of penalty, standard and excess charges notices and notices of offence; the sale

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of prepaid parking tickets; the collection of parking charges; the initiation of prosecutions; and the issue of permits, dispensations and waivers.

18.100 To register unpaid penalty charges (Charge Certificates) at the Traffic Enforcement Centre (County Court Bulk Centre) and to seek warrants of execution to complete the recovery process.

18.101 To present the Council's evidence to the National Parking Adjudication Service.

18.102 To approve the issue of civil penalty notices in Cemetery Road and to respond to appeals (challenges) against the issue of any notice.

19. HEAD OF STRONGER COMMUNITIES, NEIGHBOURHOODS & HOUSING

- 19.1 To serve Notices of Seeking Possession and/or Notices to Quit where appropriate and to take necessary action upon the expiry of such Notices.
- 19.2 To institute proceedings for the recovery of possession of property and/or land occupied by squatters.
- 19.3 To serve notices and to institute forfeiture proceedings to residential leaseholders in appropriate cases.
- 19.4 To evict, where lawful, necessary and expedient.
- 19.5 To authorise a one-off reduction in rent by up to a maximum of £500 where some or all of the dwelling is unusable due to major works or loss of services.
- 19.6 To authorise the sale of Council houses and flats in accordance with the Right to Buy legislation and the shared ownership scheme for all mortgagees, their management and subsequent repayment.
- 19.7 To authorise variations in shop leases, rents and terms of tenure where this is consistent with effective management of estates, contributes to social enterprise or tackling worklessness, or provides services which support the local community.
- 19.8 To authorise the repossession, under the County Court Rules 1981 of properties sold under the Right to Buy Legislation and the shared ownership scheme following default on Mortgage Payments rent and/or leasehold maintenance and major works costs.
- 19.9 To approve home loss, disturbance and ex-gratia payments for removal expenses for displaced tenants on modernisation or major works of Council dwellings.
- 19.10 To determine transfer by applications by tenants on management grounds.
- 19.11 To authorise attendance and representation of the Council at Leasehold Valuation Tribunal (LVT) for the purposes of presenting information as required and to agree decisions or proposals made through the LVT process in accordance with the Council's legal responsibilities in the discharging of the Council's housing functions.
- 19.12 To discharge the Council's functions as a local housing authority in respect of the day to day routine management, maintenance, improvement and repair of properties or land held under the powers of the Housing Act 1985 or any re-enactment thereof including those properties sold under the Right to Buy Scheme and any other properties managed but not funded from the Housing Revenue Account in accordance with agreed policies and the Council's relevant Procedure Rules.
- 19.13 To grant tenancies to people left in occupation, and joint tenancies in accordance with Annex C of the Code of Guidance on Parts VI and VII of the Housing Act 1996.
- 19.14 To take any decisions or actions necessary in relation to community safety and anti-social behaviour, including the submission of funding bids, approving projects related to community safety and anti-social behaviour, authorising enforcement action, approving specific projects to meet targets in corporate plans and any projects relating to community cohesion, tackling social exclusion and discrimination.
- 19.15 To determine applications made under the Leasehold Reform, Housing and Urban Development Act 1993.

HEAD OF STRONGER COMMUNITIES, NEIGHBOURHOODS & HOUSING

- 19.16 To institute proceedings under the Protection from Eviction Act 1977.
- 19.17 To institute proceedings under Section 1 Accommodation Agencies Act 1953.
- 19.18 Determine and alter as necessary a scale of reasonable charges in respect of enforcement action under s49 of the Housing Act; and
- 19.19 Determine and alter as necessary an administrative fee for works carried in default of notices.
- 19.20 To allocate acquired properties, hostel accommodation and property allocated for short life. In addition, in exceptional circumstances, to approve the permanent rehousing of applicants, both to be exercised outside the Council's Points Scheme.
- 19.21 To discharge the Council's functions and duties under Part III Housing Act 1985 and Part VII of the Housing Act 1996 (homelessness) and to make all administrative decisions in this regard.
- 19.22 To let empty acquired properties to housing co-operatives or Housing Associations for housing use and to obtain any necessary consent.
- 19.23 To grant secure tenancies to tenants where a return to their previous address is either not feasible or where to do so would be in the interests of the best management of the stock.
- 19.24 To take all decisions and exercise all discretionary power in relation to properties which have proved hard to let.
- 19.25 To operate the Special Needs quota exceptional allocations policy as approved. This policy to include PDO referrals in accordance with the Potentially Dangerous Offenders protocol and MAPPAs in accordance with the Multi-Agency Public Protection Agreement.
- 19.26 To determine the appropriate number of temporary units of accommodation to be used for this purpose at any one time, including the approval to use SCC "normal" stock as temporary accommodation for the discharge of duties under the Homelessness Act 2002.
- 19.27 To review and amend the current Allocations Policy.
- 19.28 To grant exceptions to the Allocations policy.
- 19.29 To grant tenancies to applicants in accordance with the Allocations Policy and to grant temporary service tenancies.
- 19.30 To amend the allocations criteria for supported housing, following consultation with the relevant Cabinet Member and tenants.
- 19.31 To allocate the Government Homelessness Directorate grant received, following consultation with the Homelessness Steering Group, relevant Cabinet Member and Executive Director: Finance & Commercialisation.
- 19.32 To determine applications under Section 3(5) Housing Defects Act 1984.
- 19.33 To authorise payments under the Tenants Right to Compensation or Improvements and the Right to Repair.

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- 19.34 To determine when the Landlord Controlled Heating should be switched on and off, after consultation with the relevant Cabinet Member to determine and revise the level of charges for Landlord Controlled Heating in future years.
- 19.35 To make financial amendments to the Housing Revenue Account Business Plan and refresh every two years, following consultation with Executive Director: Communities, Culture & Homes and the relevant Cabinet Member.
- 19.36 To make an ex-gratia payment to 'under occupying' tenants who move to smaller properties in accordance with housing policy.
- 19.37 To make decisions on the application of the Disabled Adaptations in Council Housing Policy in individual cases and to make amendments to the policy as required.
- 19.38 To undertake the discharge of any of the Council's functions relating to the welfare of civilians under the Civil Defence Acts 1937 to 1948 and under Section 138 of the Local Government Act 1972 as amended by Civil Contingency Act 2004.
- 19.39 Following consultation with the relevant Cabinet Member and appropriate stakeholders to review and amend service policies and strategies.
- 19.40 To grant a service concession to procure services that meet the Council's service plans, following consultation with the Executive Director: Finance & Commercialisation or Service Director: Legal & Business Operations and the relevant Cabinet Member.
- 19.41 To authorise and implement changes to the Decommissioning of Housing Stock Policy as required, following consultation with the Cabinet Member responsible and Executive Director: Finance & Commercialisation.
- 19.42 In relation to the Housing General Fund Capital Programme, Home Improvement Loans and the Disabled Facilities Grant Scheme Approval and following consultation with the relevant Cabinet Member and Executive Director: Finance & Commercialisation, to approve capital expenditure under Financial Procedure Rules in accordance with the sums included in the approved capital programme subject to the capital resources being available.
- 19.43 To act in all matters associated with the delivery of neighbourhood renewal, inclusion, community safety and community involvement and other programmes, partnerships or arrangements managed by external partnership bodies where the Council is the accountable body or is responsible for or is a partner in the programme, partnership or arrangement, and in particular to do so following consultation with the board or other body responsible for the management of the programme, partnership or arrangement, and to seek and replace members of such bodies.
- (Action should only follow appropriate consultation at the outset. Where land use and planning processes are involved this must be with the Executive Director: Finance & Commercialisation, Service Director: Legal & Business Operations and the Executive Director: Place. Where there is existing or intended Council ownership this must include the Service Lead: Capital Assets).
- 19.44 To formally sign off regeneration Delivery Plans and Funding Agreements with the appropriate Funding Agencies for all externally funded projects and programmes

HEAD OF STRONGER COMMUNITIES, NEIGHBOURHOODS & HOUSING

relating to equalities, cohesion, community safety and community involvement following consultation with the Executive Director: Finance & Commercialisation.

- 19.45 To make amendments to the Partnership Terms of Reference and membership for Southampton Connect, the Safe City Partnership and the Prevent Working Group, in consultation with the relevant Partnership Chair, lead Cabinet Member and Service Director: Legal & Business Operations.
- 19.46 To liaise with the Police on matters regarding the Prevent duty and related matters.

20. HEAD OF CULTURE & TOURISM

- 20.1 To approve the provision of new leisure and culture facilities identified and provided for in the medium term financial plan plans subject to the proposals not requiring the appropriation or disposal of an interest in an Open Space within the meaning of Section 229 or 232 of the Town and Country Planning Act 1990.
- 20.2 To approve the implementation of discount prices where considered appropriate to meet market conditions, to improve operational efficiency, to achieve financial benefits or to encourage participation by the Authority's target groups.
- 20.3 To negotiate fees for hiring of indoor and outdoor entertainment.
- 20.4 To subsidise the cost of facilities for any event held at any of the City Council's leisure, libraries and cultural facilities in accordance with the Council's approved terms and conditions.
- 20.5 To undertake negotiations on behalf of the Council in respect of proposed special events in the City.
- 20.6 To grant permission for the use of Speakers' Corner at Hoglands Park, and where appropriate, to make proper charge.
- 20.7 To grant permission for events, entertainments, markets and promotional activities on public lands (including the Guildhall Square open space, Cultural Quarter and Above Bar Precinct) and, where applicable, to make appropriate charges.
- 20.8 In association with the Chipperfield Advisory Committee, to select and acquire works of art for the collection under the Chipperfield Bequest, up to the value of £125,000, subject to the necessary finance being available.
- 20.9 To select and acquire works of art for the collection under the Smith Bequest.
- 20.10 To grant permission for loans from and to the collections and to permit the reproduction of work from the collection.
- 20.11 To select works and subjects and to arrange for their reproduction for art gallery and museum purposes, subject to proper charges being made where appropriate.
- 20.12 To enter into standard agreements for the carrying out of archaeological works
- 20.13 To allocate the annual interest on the sports fund to support outstanding individual sportsmen and sportswomen resident in the City.
- 20.14 To negotiate on and accept prices for events, including trade fees and admission charges, subject to the proviso that these conform to any relevant Council policy.
- 20.15 To revise the Implementation Plan for the Arts and Heritage Acquisition and Disposal Policies for Museum Accreditation, following consultation with the relevant Cabinet Member.
- 20.16 To use the David and Liza Brown Bequest Fund for the purchase of works of art for the Art Gallery's permanent collection in the future.
- 20.17 To grant permission for filming requests on Council land or premises, following consultation with the Service Director: Legal & Business Operations and to make a charge, where applicable.

HEAD OF CULTURE & TOURISM

- 20.18 To act as City liaison to promote filming at privately owned locations and to charge and retain a location finder's administrative charge, where applicable.
- 20.19 To provide appropriate support to the Southampton 2025 and similar bodies following consultation with the relevant Cabinet Member.
- 20.20 Ability to make operational decisions on opening / closing museum, archive and library venues due to range of factor e.g. pandemic, health and safety, staffing shortages / illness.
- 20.21 Exercise the functions of the Council including all powers and duties of the Council in terms of the following legislation and any subsequent or similar legislation or replacing or expanding legislation:
- Cultural Property (Armed Conflict) Act 2017
 - Dealing in Cultural Objects 2003
 - Museums and Libraries Act 1964
 - Public Records Act 1958 (places of deposit)
 - Scheduled Ancient Monuments Act 1979
 - Treasures Act 1996;

CITY OF CULTURE BID DIRECTOR

21. CITY OF CULTURE BID DIRECTOR

- 21.1 Secure substantial fundraising/ sponsorship for City of Culture.
- 21.2 Making the final decision on the Bidding team to present / meet the City of Culture Judging Panel.
- 21.3 Making final decisions on the City of Culture programme to support City of Culture.

22. EXECUTIVE DIRECTOR BUSINESS SERVICES (DEPUTY CHIEF EXECUTIVE)

- 22.1 To make amendments to the Council's equality policies in order to address evolving legal and performance requirements.
- 22.2 To lead on all policies relating to equalities, social cohesion and community engagement.
- 22.3 To commission, monitor and approve all reports for submission to any decision-making body of the Executive, the Council, Committees, Panels and Sub-Committees and to ensure their compliance with all the Procedures and other rules contained within the Constitution and with Corporate Standards and legal and financial requirements, following consultation with Executive Directors, and the Executive Director: Finance & Commercialisation.
 - a. defining the overall standards to be adhered to for that particular service area; and
 - b. commissioning advice on changes to policy.
 - c. To approve changes to Level 1 and Level 2 strategies and plans following consultation with the Leader and relevant Cabinet Member.
- 22.4 To undertake reviews of decisions of Assets of Community Value (ACVs).
- 22.5 To undertake all functions delegated to any Executive Director or Service Lead under the Deputy Chief Executive's management or control.
- 22.6 To approve the disposal of assets belonging to deceased residents to persons entitled to them after payment of proper claims on account of funeral expenses or sums due to the Council.
- 22.7 To authorise the removal of parts of the body of deceased residents in accordance with the wish expressed by the resident during lifetime (where the Council is lawfully in possession of the body).
- 22.8 To take any consequent decision regarding the development and implementation of a specific spending plan for the Common Assessment Framework project after consultation with the relevant Cabinet Member and the Executive Director: Finance & Commercialisation.
- 22.9 To appoint members to the Joint Venture PSP Board (following consultation with the Cabinet Member for Finance and Customer Experience).

23. SERVICE DIRECTOR; LEGAL & BUSINESS OPERATIONS

The Service Director: Legal & Business Operations is the Monitoring Officer for the purposes of Section 5 Local Government and Housing Act 1989 and is the Officer appointed to monitor the Council's legal affairs.

- 23.1 To provide or arrange for the provision of legal advice to the Council, shared services, partner bodies and organisations, etc including obtaining Counsel's opinion and instructing external solicitors as appropriate either on a case by case, or in any other appropriate manner or form.
- 23.2 To be any Proper Officer, required by any legislation.
- 23.3 To undertake, appoint and vary the appointment of any Proper Officer required by any legislation.
- 23.4 To receive and consider a certificate received under Section 47(2) National Assistance Acts 1948 and 1951 to make an application for an order for removal.
- 23.5 To issue a direction to unauthorised campers to leave land and to request an Order from the Magistrates Court if the direction to leave is not complied with, pursuant to Section 77 Criminal Justice and Public Order Act 1994.
- 23.6 To approve designated deputies to carry out the functions of a Proper Officer for the purposes of Section 47 National Assistance 1948 and Section 1 National Assistance (Amendment) Act 1951.
- 23.7 In the absence of any other Officer with delegated powers, Committee or Sub-Committee, to perform the Council's powers and duties in respect of:
- a. Coroner Services;
 - b. Magistrates' Court Committee;
 - c. Probation Service;
 - d. Hampshire Combined Fire Authority.
- 23.8 To grant authorisations for the dissemination of information under Section 142 Local Government Act 1972 and Section 115 Highways Act 1980.
- 23.9 To grant permissions, consents and licences under the Highways Act 1980 for the provision of services for the benefit of the public, eg recreation and refreshments on the highway, construction of bridges, cycle facilities, highway amenities, etc.
- 23.10 To undertake the Council's functions under the Commons Registrations Act 1965 and any subsequent or ancillary legislation, in so far as the power to register common land, town, or village greens is exercisable solely for the purpose of giving effect to (a) an exchange of lands affected by an order under Section 19(3) of, or paragraph 6(4) of Schedule 3 to, the Acquisition of Land Act 1981 (c.67), or (b) an Order under Section 147 of the Inclosure Act, 1845 or Section 16 / 17 of the Commons Act 2006.
- 23.11 To carry out all functions and responsibilities associated with the Local Land Charges Act 1975, any subsequent legislation or regulations and the Council's responsibilities for maintaining and operating the Register of Local Land Charges including, but not limited to, the setting of fees.
- 23.12 To enter into agreements on appropriate terms and conditions on behalf of the City Council, as the lead organisation and responsible recipient of any grant funding received.

SERVICE DIRECTOR: LEGAL & BUSINESS OPERATIONS

- 23.13 To enter into grant agreements for the award of grants derived from Government funded regeneration programmes up to £100,000 in value and to determine when a legal charge is required on property to secure the repayment of any grant awarded.
- 23.14 To act as the Council's Senior Information Risk Officer.
- 23.15 To take all action pursuant to information law including, but not limited to the Data Protection Act, GDPR (or equivalent), Freedom of Information Act 2000, the Regulation of Investigatory Powers Act 2000 and all relevant secondary legislation and guidance (including European Directives).
- 23.16 To make decisions in respect of the use and release of digital images and other data arising from CCTV equipment under the control of the division, including responding to requests from the police, insurers, media and members of the public.
- 23.17 To determine all matters arising from the Local Government & Social Care Ombudsman) in whatever manner is appropriate, including agreeing appropriate remedies to complaints on behalf of the Council.
- 23.18 To determine the eligibility and suitability of applicants and to appoint a pool from which the members of the Independent Education Appeals and Review Panels are to be drawn.
- 23.19 To determine the category of members of the pool (lay or independent members) and to maintain a list of pool members.
- 23.20 To appoint three members of the pool to sit as an Independent Education Appeal or Review Panel and to appoint one of their number to act as chair of the panel when constituted.
- 23.21 To act as Clerk to the Independent Education Appeal and Review Panels and to appoint officers to act as clerks at hearings of the Panels.
- 23.22 To enter into legal agreements pursuant to Section 38 and 278 Highways Act 1980, where a decision has been taken to grant planning consent or resolved to grant planning consent subject to the completion of the appropriate highway agreements.
- 23.23 All functions, powers and duties under the Wildlife and Countryside Act 1981 as amended by the Countryside and Rights of Way Act 2000 and other legislation and guidance in relation to Rights of Ways and associated functions.
- 23.24 All functions, powers and duties under the Wildlife and Countryside Act 1981 as amended by the Countryside and Rights of Way Act 2000 and other legislation, including but not limited to duty to keep a definitive map and statement under review.
- 23.25 To take action, where necessary, under section 149 of the Highways Act 1980 to undertake prosecutions to remove obstructions from footpaths and pavements.
- 23.26 Power to issue notices under Part VII of the Town and Country Planning Act 1990.
- 23.27 Power to institute criminal or civil proceedings for non-compliance with notices issued under Part VII of the Town and Country Planning Act 1990.
- 23.28 To enter into any necessary planning obligations on behalf of the Council prior to the grant of planning permission.
- 23.29 Power to agree and recommend the terms of variation or enter into any Deed of Variation for a planning obligation where the overall effect of the planning obligation is still achieved.

SERVICE DIRECTOR: LEGAL & BUSINESS OPERATIONS

- 23.30 To obtain information about people interested in land under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976.
- 23.31 To take any action (including, but not limited to, issuing, withdrawing, waiving, enforcing and cost recovery) after consultation with the Executive Director: Communities, Culture & Homes pursuant to the Anti-Social Behaviour Act 2003 (High Hedges).
- 23.32 To make any order, notice or decision, grant any license, make any charge or take any enforcement action considered necessary or expedient pursuant to Clean Neighbourhood and Environment Act 2005 and all associated secondary legislation.
- 23.33 To prepare, approve, conclude, sign or seal all legal documentation for the Council.
- 23.34 (i) To investigate, institute or authorise legal proceedings and to prosecute and defend any proceedings (statutory or common law or howsoever arising) brought by or against the Council or take any other action necessary to protect the legal position of the City Council.
- (ii) In respect of all statutory and common law offences referred to within this scheme, where deemed appropriate and reasonable to institute, or authorise legal proceedings and prosecutions where the cause of action arises or the place of offence is outside of Southampton City Council boundaries where such action deliver a benefit to the residents of the City of Southampton.
- 23.35 To appear and to authorise officers including those not within the managerial control of the Service Director: Legal & Business Operations to:
- (i) issue statutory notices or documents under any legislation, and
- (ii) appear on behalf of the City Council in proceedings in the County Court, pursuant to Section 60 County Courts Act 1984, as amended by s125 (7) of County and Legal Services Act 1990, and in the Magistrates' Court pursuant to Section 223 Local Government Act 1972 or other courts or tribunals at his/her discretion.
- 23.36 To recover all debts with the exception of outstanding general rates, community charges, national non domestic rates, Council tax, mortgages and rent arrears.
- 23.37 To settle any claim whether proceedings have been initiated or not, up to £250,000 following consultation with the Executive Director: Finance & Commercialisation. This excludes insurance claims and matters dealt with by partners such as Balfour Beatty LLP.
- ~~23.38 To determine the procurement route for any procurement governed by the EU procurement regime or any other legislation and make all subsequent decisions in relation to such procurement whether governed by the EU Public Procurement regime or not.~~
- ~~23.39~~23.38 To amend the Constitution pursuant to any decision of the Council or where any change in the law requires a consequential change in the body of the Constitution.
- ~~23.40~~23.39 To take any action necessary or appropriate in relation to Corporate Governance, Standards, the Ethical Framework or any other related issue to Members, ethics, qualification and disqualification, and in this context, subject to any decisions of the Governance Committee, to take any consequential action arising from a breach of the Code of Conduct for Members / Employees, and any other related provisions or issues.

SERVICE DIRECTOR: LEGAL & BUSINESS OPERATIONS

~~23.41~~23.40 To determine all matters delegated to in his/her capacity as Proper Officer under the Council's Constitution, which may be amended from time to time, including delegations under the following rules:

- Council Procedure Rules
- Executive Procedure Rules
- Overview and Scrutiny Procedure Rules
- Budget and Policy Framework Rules
- Access to Information Rules

~~23.42~~23.41 To fill vacant Executive appointments following consultation with the Leader.

~~23.43~~23.42 To determine Council, Committee and Executive decision-making administrative procedures and the timetable for meetings in so far as they relate to the notice of key decisions, Forward Plan, despatch of agendas and compliance with the Local Government Acts 1972 and 2000 (and regulations made thereunder) and compliance with the Council's Rules of Procedure.

~~23.44~~23.43 Following consultation with the Executive Director: Finance & Commercialisation, to grant specific indemnities to supplement the Standard Indemnity (as amended) where considered that the form of the Standard Indemnity (as amended) provides insufficient protection for the needs of the Council, Members and/or officers in question.

~~23.45~~23.44 To undertake all functions and responsibilities not the responsibility of other officers associated with the Access to Information provisions contained within the Local Government Acts 1972 and 2000 (and regulations made thereunder).

~~23.46~~23.45 Following consultation with Group Secretaries, to fill vacancies on all appointments to outside bodies and organisations that arise subject to changes being reported to the next Council meeting.

~~23.47~~23.46 To appoint members nominated by external organisations to any bodies set up under statutory requirements, partnership or other arrangements, excluding members of the Council.

~~23.48~~23.47 To sign on behalf of the Council, Members' Declaration of Interest forms and to maintain any statutory or voluntary registers of Members' interests.

~~23.49~~23.48 To take any action necessary or appropriate in relation to the operation of the Mayor's Office, in relation to the activities or functions organised on behalf of or involving the Mayor and/or Sheriff.

~~23.50~~23.49 To make arrangements for the appointment, operation and remuneration of an Independent Remuneration Panel to recommend the level of allowances paid to Members.

~~23.51~~23.50 To determine the eligibility of Members and others and authorise payment to those entitled to such allowances.

~~23.52~~23.51 To revise the Members' Allowance Scheme in line with changes to the National Minimum Wage and any other change to the rate identified in the Scheme.

~~23.53~~23.52 To make appointments to the role of Designated Independent Person under the Localism Act 2011.

SERVICE DIRECTOR: LEGAL & BUSINESS OPERATIONS

~~23.54~~23.53 To determine the political balance requirement in respect of the membership of any bodies within the scope of the provisions of the Local Government and Housing Act 1989.

~~23.55~~23.54 To authorise the temporary replacement of Committee and Sub-Committee members in accordance with the published procedure under Council Procedure Rules.

~~23.56~~23.55 To determine the fees and charges for local elections in accordance with the decision of the Hampshire and Isle of Wight Election Fees Working Party.

~~23.57~~23.56 To produce and revise Corporate Standards, Codes of Conduct, Special Procedures and Protocols and any other appropriate documentation, whether associated with the Constitution or not for Officers, Members and third parties as appropriate.

~~23.58~~23.57 To make arrangements for the receipt and opening of all tenders invited in accordance with the provisions of the Council's Contracts Procedure Rules.

~~23.59~~23.58 To approve appointments to the Southern Group Valuation Tribunals.

~~23.60~~23.59 To determine applications made under the Community Right to Bid (CRTB) regulations.

~~23.61~~23.60 To sign or endorse any documents on behalf of the authority where so requested by a citizen, eg authentication details, etc.

~~23.62~~23.61 To issue and certify all forms of authorisation, including identity cards, for all Council officers and employees.

~~23.63~~23.62 To certify as a true and correct record any documents in accordance with Section 229 Local Government Act 1972.

~~23.64~~23.63 To implement the Incident List and Exclusion Policy and to issue and vary a procedure under which the Council shall operate said policy.

23.64 (To the duly appointed Returning Officer / Electoral Registration Officer): As Returning Officer and Electoral Registration Officer, to undertake all functions and responsibilities for local, national, European and any other elections, in accordance with UK and European legislation and regulations, save where otherwise provided including, but not limited to, the registration functions and duties (including varying the location of polling places where required) and the determination of fees and charges for local elections in accordance with the decision of the Hampshire and Isle of Wight Election Fees Working Party

23.65 Approve the model forms of conditions of contract and, in conjunction with the Head of Procurement and Supplier Management:

- a) keep a list of all model forms of conditions of contract that gives details of when the conditions were last updated;
- a)b) review all current model forms of conditions of contract, on a regular basis including when applicable legislation is introduced.

24. SERVICE DIRECTOR: OD & HR

- 24.1 Following consultation with the relevant Cabinet Member, to negotiate and adopt revised personnel procedures and associated conditions of service where there is no change in policy or strategy.
- 24.2 To make such operational requirements as to comply with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 as referred to in the revised Officer Employment Procedure Rules.
- 24.3 To review the defined levels of post at which action can be taken under HR and Organisational Development procedures, including termination of employment, consistent with changes in the Council's organisational structures.
- 24.4 To approve changes in the designation of posts.
- 24.5 To approve any variations or changes to the approved pay and allowances framework.
- 24.6 To apply, vary or end the payment of a market supplement provided that funding is available within divisional budgets, following consultation with the relevant Cabinet Member.
- 24.7 Following consultation with the relevant Executive Director, to approve the payment of honoraria.
- 24.8 To determine applications for the re-assessment of the grade of posts, whether initiated by management or an employee.
- 24.9 To review and vary the value of long service awards, following consultation with the relevant Cabinet Member.
- 24.10 To review and update the level of allowances paid to employees in accordance with the conditions of service, eg the allowance paid to appointed first aiders, following consultation with the relevant Cabinet Member.
- 24.11 Provided that the cost can be met from within existing budgetary provision and the maximum of the grade is not exceeded, to authorise up to two accelerated increments following examination success or for other reasons.
- 24.12 To authorise the allocation and payment of car allowances.
- 24.13 To authorise any advancement against salary payments.
- 24.14 To approve payments of up to twice the maximum salary of spinal column point 21 in respect of the Personal Injury Scheme, following consultation with the relevant Cabinet Member.
- 24.15 To grant extensions of sick pay for up to two months at either full or half pay dependent on the circumstances.
- 24.16 To vary the amount of trade union facility time approved corporately, subject to the availability of finance, following consultation with the relevant Cabinet Member.
- 24.17 To appoint professional and technical support staff that are deemed to have suitable qualifications, as inspectors under Section 19 Health and Safety at Work etc. Act 1974 and for those officers to exercise all statutory powers relating to enforcement, including but not limited to bringing proceedings.
- 24.18 To authorise suitable specialists under Section 20 (2)(c)(i) of the Health and Safety at Work etc Act 1974.

EXECUTIVE DIRECTOR: OD & HR

- 24.19 To take action under the Council's HR Policies and Procedures, including any work associated with consequential appeals, whether within the Council or otherwise.
- 24.20 To appoint officers for the implementation of the Council's functions as prescribed by Procedure Rules and Recruitment Policy.
- 24.21 To authorise and implement changes in structures or establishments, or to the movement of posts within career grades, where such changes lead to a reduction or no change in employee numbers (full time equivalents) and costs, where no posts are regraded and where all arrangements are in line with the approved pay and allowances framework. Any proposed change or variation to the approved pay and allowances framework may only be authorised by the Chief Executive.
- 24.22 To delete posts from the organisational structure. Any other variations in the organisational structure are subject to approval from the appropriate Executive Director.
- 24.23 To agree an overlap period for the appointment of employees provided the necessary finance is available within service budgets.
- 24.24 To authorise the appointment of temporary employees provided that the necessary finance is available within service budgets or financed from external sources.
- 24.25 To authorise the employment or extension of employment of employees beyond 65 years of age in accordance with the conditions of service.
- 24.26 To approve and authorise overtime in accordance with the scheme of allowances, subject to the necessary finance being available.
- 24.27 To authorise attendance of employees on courses of study for an initial or second qualification, together with the granting of financial assistance towards approved expenses, in line with Council.
- 24.28 Subject to budgetary provision, to approve the attendance of employees at conferences, courses and seminars.
- 24.29 To approve payment of subscriptions for membership of professional associations (only one per employee) when the job description specifies that such membership is obligatory.
- 24.30 To authorise subsistence payments in accordance with the Council's approved schemes.
- 24.31 To approve an occasional payment to an employee where a Service has a need for language interpretation where the number of occasions on which the additional skills are required are minimal in accordance with the defined rate of payment, and to approve payment where either there is a substantial use of language interpretation skills or the service requires the language skills to be made available on demand.
- 24.32 To authorise up to 18 days paid leave of absence per annum for employees undertaking public duties and to approve additional paid or unpaid leave up to a maximum of 10 days.
- 24.33 To authorise up to 28 days paid leave of absence per annum for employees undertaking duties as a Member of a relevant Council (Local Government and Housing Act 1989).
- 24.34 To authorise leave of absence without pay for over three months for post entry training or for other reasons.

EXECUTIVE DIRECTOR: OD & HR

- 24.35 To grant compassionate leave of up to six days.
- 24.36 To grant compassionate leave in excess of six days.
- 24.37 To approve other special leave, with or without pay.
- 24.38 To grant extensions of sick pay in excess of two months at either full or half pay dependent on the circumstances.
- 24.39 To decide each new request for paid time off work for trade union activities or for training or for time off work without pay for trade union duties.
- 24.40 To undertake and discharge the roles of Proper Officer in respect of the appointment or dismissal of statutory and non-statutory Chief Officers and Deputy Chief Officers, Executive Directors and Service Leads.
- 24.41 To lead on all aspects of organisation design of the Council to ensure it remains fit for purpose.
- 24.42 In respect of the resolution dated 16th April 2002 of Employment Panel regarding Appointment and Dismissal of Chief Officers and Executive Directors to implement and adopt arrangements in the event of exceptional circumstances and following consultation with the relevant Cabinet Member.
- 24.43 To consider and resolve any redundancy, severance payments and early release of pension benefits after consultation with Executive Director: Finance & Commercialisation and Service Director: Legal & Business Operations (requests from schools will be required to submit a business case).
- 24.44 To approve changes in the number (full time equivalents) or grades on the organisational structure of directorates, where such changes are within overall employee costs, financed from external sources or from ongoing service budgets, and where accommodation is available, following consultation with the relevant Cabinet Member.
- 24.45 To make payments to staff in accordance with the adopted Policy Statement on Discretionary Severance and Payments arrangements where an unreduced pension is payable and where there is no discretionary element, after consultation with the Executive Director: Finance & Commercialisation.
- 24.46 To undertake all functions and responsibilities associated with Emergency Planning.

25. SERVICE DIRECTOR: BUSINESS DEVELOPMENT

- 25.1 To issue releases and comments to the media and public as and when necessary in the context of the relevant legal constraints and Council policy.
- 25.2 To edit and publish internal and external communications.
- 25.3 To approve changes and enhancements to the City Council's website and its technology and standards and similar initiatives.
- 25.4 In cases of urgency, and/or when an appropriate Member or officer is not available, to act as a spokesperson for the Council.
- 25.5 To publish and edit the Council's website (Internet), intranet (Staff Stuff) and any subsequent related media.
- 25.6 To commission the sale of advertising or sponsorship in Council (or Council related) publications or on council property subject to legal, etc constraints and Council policy.
- 25.7 To prepare and implement communication plans where required.
- 25.8 To design and implement such short term incentive and/or promotional / marketing schemes that are considered necessary to meet market conditions, to improve operational efficiency and/or to achieve financial benefits at any leisure venue or within any area of leisure activity.
- 25.9 To ensure that the Council complies with the recommended Code on Local Authority Publicity.
- 25.10 To commission market research and customer insight.
- 25.11 The provision and sharing of data and research initiatives.
- 25.12 To develop and implement a system for collecting and analysing data to understand and communicate Southampton's relative position in the Public Health Outcomes Framework.
- 25.13 To update the Southampton Joint Strategic Needs Assessment to inform future planning and commissioning of services to improve health outcomes and reduce health inequalities as new data and information becomes available in agreement with the Director of Public Health.
- 25.14 To be responsible for the completion and updating of the Policy Framework Plans following consultation with the Service Director: Legal & Business Operations, and implementing the Council's Performance Management Framework.
- 25.15 To make minor and technical amendments to any Level 1 and Level 2 strategies, following consultation with the relevant Cabinet Member and Deputy Chief Executive, provided the amendments only make updates to data or actions based on latest evidence and performance and only following consultation with the Service Director: Legal & Business Operations where such changes require amendment to the Council's Constitution.
- 25.16 To approve dispensation for those not able to adopt Customer Care Corporate Standards, policies or strategy.
- 25.17 To enter into professional Customer Service memberships in the interests of the Authority.
- 25.18 To approve the hosting of national or international events.

EXECUTIVE DIRECTOR: BUSINESS DEVELOPMENT

IT

- 25.19 To initiate tendering processes for IS/IT products and services, subject to consultation with the Service Director: Legal & Business Operations and Executive Director: Finance & Commercialisation.
- 25.20 To vary, renegotiate and amend leases and other IT contract details in agreement with the Service Director: Legal & Business Operations, where these improve service or reduce costs.
- 25.21 To approve changes and exceptions to IS/IT Corporate Standards and Policy.
- 25.22 To enter into professional IT memberships in the interests of the Authority.
- 25.23 To initiate projects to explore new technology opportunities for the Authority, subject to appropriate budgetary provision.
- 25.24 Enter into any arrangements necessary in the event of a disaster recovery situation affecting IT, and to approve exemptions to Contract Procedure Rules for emergency disaster recovery work for IT services and provision in the best interests of the Authority, following consultation with the Service Director: Legal & Business Operations and the appropriate Director and Head of [Procurement and Supplier Management](#).
- 25.25 To produce and vary IT procedures, including IT ordering procedures provided these do not conflict with Financial Procedure Rules or Contract Procedure Rules subject (in respect of ordering / contractual issues) to the agreement of the Executive Director: Finance & Commercialisation and the Head of [Procurement and Supplier Management](#).
- 25.26 To review annually or at any such other periods as may be considered necessary, all IT plans and risks associated with them following consultation with Executive Directors.
- 25.27 To prepare or approve the form and content of all IT plans, proposals, policies, standards, strategy and acquisitions.
- 25.28 To approve the acceptance of IT contracts other than the lowest for contracts up to £150,000 in value subject to the approval of the Executive Director: Finance & Commercialisation.
- 25.29 To approve dispensation for those not able to adopt IS/IT Corporate Standards, policies or strategy.

26. EXECUTIVE DIRECTOR FINANCE & COMMERCIALISATION (S151)

- 26.1 To have authority to take all action as is necessary or expedient to fulfil the statutory obligations under Section 151 Local Government Act 1972.
- 26.2 To vary the limit on the value of houses on which advances under the Housing (Financial Provisions) Act 1958, may be made to employees subject to existing income requirements.
- 26.3 To determine the instalment date in respect of the Statutory Instalment Scheme for the Council Tax.
- 26.4 To make arrangements with the Council's bankers regarding the operation of the Council's bank accounts and the terms on which they are conducted.
- 26.5 To exercise all the powers and duties exercisable by the City Council under the legislation (which for the avoidance of doubt also includes regulations, orders, etc.) concerning:
- | | | |
|---------------------|------------------------------|-----------------|
| Council Tax | National Non-Domestic Rating | Housing Benefit |
| Council Tax Benefit | General Rates | |
- reserving only to the Council those functions specifically precluded from delegation by legislation.
- 26.6 To approve the Council Tax Base for the City.
- 26.7 To approve the National Domestic Rates Return (NNDR1) for submission to the Government.
- 26.8 To take all and any decisions necessary or required to be taken by an officer of the Council in relation to the Council's Treasury Management activities and to authorise all officers within the Finance Division to undertake operational Treasury Management activity consistent with those decisions and the Annual Treasury Management Strategy.
- 26.9 To set the mortgage interest rate for Council mortgages in accordance with the Housing Act 1985.
- 26.10 To introduce and operate a Discretionary Housing Payments Scheme in accordance with the Discretionary Financial Assistance Regulations 2001.
- 26.11 To write off any arrears accrued by tenants where he or she is satisfied that:
- arrears arose because the tenant was given incorrect or insufficient Housing Benefit advice; and
 - the tenant was not warned that this advice was a provisional estimate and any difference would have to be made good.
- 26.12 In relation to water rates and budget warmth debts, to write off any debts which have been accepted and cannot be recovered.
- 26.13 To set the rent to be charged to tenants for each leased dwelling to ensure that the costs of the overall scheme are at least covered by rental income.
- 26.14 After consultation with the Executive Director: Communities, Culture & Homes and the Service Director: Legal & Business Operations, to enter into business agreements for the provision of financial assistance provided by external partners in relation to the

EXECUTIVE DIRECTOR FINANCE (S151)

- Private Sector Housing Strategy or such other strategy or policy dealing with such matters.
- 26.15 To provide or arrange for the provision of financial advice to the Council, including from external sources.
 - 26.16 To negotiate all loans of money to the City Council (including bank overdrafts) within the City Council's overall borrowing powers.
 - 26.17 To act as the Council's Registrar of stocks, bonds, mortgages and other securities, and maintain adequate records of all borrowings of money by the City Council.
 - 26.18 To invest or utilise such surplus monies of the City Council and to realise such investments as considered proper and in the City Council's interest.
 - 26.19 To be responsible to the Council for the purchase, sale, realisation or exchange of investments.
 - 26.20 To enter into any operating leasing agreements that might be required.
 - 26.21 To write off any debts of the Council up to £200,000 and to establish, write-off limits for Council Officers and guidance for debt write-off in the case of hardship or safeguarding individuals.
 - 26.22 To approve any direct debit arrangements for the Council.
 - 26.23 After consultation with the Executive Director: Children & Families, to make an advance of funds to post-16 learning providers.
 - 26.24 To issue a Financial Notice to Improve in accordance with the Apprenticeships, Skills, Children & Learning Act 2009.
 - 26.25 After consultation with the Executive Director: Children & Families, to issue a capital related borrowing consent in relation to post-16 learning providers.
 - 26.26 After consultation with the Executive Director: Children & Families, to issue a solvency related borrowing consent in relation to post-16 learning providers.
 - 26.27 After consultation with the Executive Director: Children & Families, to use intervention powers under the Apprenticeships, Skills, Children and Learning Act 2009.
 - 26.28 To act as the Council's Money Laundering Officer.
 - 26.29 To review annually or at such other periods as is considered necessary all risks and insurances following consultation with appropriate Executive Directors, and make arrangements and agree terms with insurers for those risks considered to be economic to transfer to the Council's insurers.
 - 26.30 To support services areas and EMB in the management of operational and strategic risk;
 - 26.31 To arrange appropriate risk financing measures and provide advice and guidance on the extent of insurance or self-insurance arrangements.
 - 26.32 Where appropriate, to arrange the placement of cover with insurers including the negotiation of premium rates and policy terms.
 - 26.33 To provide and manage a claims handling service to process claims made by directorates and by members of the public.
 - 26.34 Following consultation with the Council Capital Board and the Service Director: Legal & Business Operations, shall be empowered to take all decisions or actions necessary to develop, implement and deliver transformation projects approved by the Council Capital Board in line with Financial Procedure Rules including but not limited to

EXECUTIVE DIRECTOR FINANCE (S151)

incurring expenditure, structural re-organisations, service reorganisations and entering into contracts and partnership arrangements to deliver services as required together with all ancillary matters necessary to give effect to or conducive to the delivery of such projects. All proposals which are estimated to exceed £5 million shall be considered by Cabinet. The Financial Procedure Rules ceiling requiring reference to Council is waived for such proposals.

- 26.35 To monitor and allocate S106, Community Infrastructure Levy monies in consultation with Council Capital Board.
- 26.36 To manage the Council payment terms and cash handling policy.
- 26.37 To accept and approve to spend all future COVID funding following consultation with the Cabinet Member for Resources & Income Generation, the Leader, relevant portfolio holder and relevant Executive Director in whose areas the funding implementation impacts. This must be reported to Cabinet quarterly for transparency. (To be reviewed in February 2021).

HEAD OF FINANCIAL PLANNING & MANAGEMENT (DEPUTY S151)

27. HEAD OF FINANCIAL PLANNING & MANAGEMENT (DEPUTY S151)

27.1 To act as the Council's Section 151 officer in the absence of the Executive Director: Finance & Commercialisation.

No other specific delegations.

28. HEAD OF PROCUREMENT & SUPPLIER MANAGEMENT

- 28.1 To provide advice on the Contract Procedure Rules (CPRs).
- 28.2 To investigate and advise Chief Officers in respect of incidences of non-compliance with the CPRs.
- 28.3 To authorise use of contracts other than “corporate contracts” (defined as contracts procured for universal use across Council services).
- 28.4 To authorise the nomination by the Council of specific sub-contractors.
- 28.5 To maintain and publish the Contracts Register.
- 28.6 To authorise named individuals to be the Council’s nominated professional officers for inclusion in appropriate contracts.
- 28.7 To approve all exemptions to [Contract Procedure Rules CPRs](#) other than those relating to health and care services procured and managed via the Integrated Commissioning Unit.
- 28.8 To approve acceptance of tenders other than the most economically advantageous.
- 28.9 To authorise Executive Directors to participate in contracts arranged by the Central Business Consortium member authorities.
- 28.10 To approve procedures specifying the requirements of [Contract Procedure Rules CPRs](#) and local procedures implementing those requirements.
- 28.11 To approve the appropriate procurement route for any procurement governed by public procurement law or any other legislation and make all subsequent decisions in relation to such procurement whether governed by public procurement law or not;
- 28.12 To approve [OJEU](#) advertisements [under the PCR Procedure set out in the CPRs](#);
- 28.13 To approve a regime for setting up, amending, reviewing and managing supplier lists
- 28.14 To approve payments in advance, only with prior written approval of the Service Director: Legal & Business Operations-
- 28.15 To approve framework agreements (other than those relating to health and care serviced procured and managed via the Integrated Commissioning Unit) (including those available under Crown Commercial Services and other Public Purchasing Organisations) for use within the Council following an assessment of the terms of the framework ensuring that it offers best value and legal compliance.
- 28.16 To manage all procurement procedures and authorise such other person or department as he or she may direct, to do so.
- 28.17 To manage all high-value transactions, and authorise such other person or department as he or she may direct to do so, working with the relevant client departments / directorates.
- 28.18 To authorise any variations to an existing contract (other than those relating to health and care serviced procured and managed via the Integrated Commissioning Unit) and if relevant a consequent change in price, determined in accordance with the contract terms where the annual value of the variation is greater than £25,000 or 15% of the original annual contract value (whichever is the lesser).
- 28.19 To authorise all extensions and variations to a contract awarded under the Public Contracts Regulations 2015, the Concession Contracts Regulations 2016 or the

HEAD OF PROCUREMENT & SUPPLIER MANAGEMENT

Utilities Contracts Regulations 2016 (other than those relating to health and care services procured and managed via the Integrated Commissioning Unit).

- 28.20 To certify that any interest which may affect the award of a contract under Contract Procedure Rules are acceptable or take any necessary action in respect of potential conflicts of interest and instruct that the officer should not participate in the award of the contract by the Council.
- 28.21 To take all and any decisions necessary or required to be taken by the Council under the Council's strategic and key managed contracts, including:-
- a. the Highways Services Partnership (HSP) with Balfour Beatty Living Places Limited
 - b. the Street Lighting PFI with Tay Valley Lighting (Southampton) Limited
 - c. the ROMTV (Citywatch) Contract with Balfour Beatty Living Places Limited
 - d. the leisure management contract with Places for People Limited
 - e. the Guildhall management contract with Live Nation
 - f. the golf course management contract with Mytime Active
 - i the Schools PFI with Pyramid Schools; and
 - k. any other contract designated by the Chief Executive as a strategic contract for the purposes of this delegation.

Except where the decision to be made is a Key Decision in which case the delegation may only be exercised following consultation with the Service Director: Legal & Business Operations and the relevant Cabinet Member.

28.22 In conjunction with the Service Director, Legal and Governance

- a) keep a list of all model forms of conditions of contract that gives details of when the conditions were last updated; and
- b) review all current model forms of conditions of contract, on a regular basis including when applicable legislation is introduced.

29. AUDIT SERVICE & PARTNERSHIP

No specific delegations.

HEAD OF COMMERCIALISATION

30. HEAD OF COMMERCIALISATION

No specific delegations.

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Agenda Item 6

DECISION-MAKER:		CABINET COUNCIL	
SUBJECT:		THE REVENUE BUDGET 2021/22, MEDIUM TERM FINANCIAL FORECAST 2021/22 TO 2024/25 AND CAPITAL PROGRAMME 2020/21 to 2025/26	
DATE OF DECISION:		23 FEBRUARY 2021 (Cabinet) 24 FEBRUARY 2021 (Council)	
REPORT OF:		CABINET MEMBER FOR FINANCE AND INCOME GENERATION	
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

Appendix 5 is exempt from publication by virtue of category 3 of rule 10.4 of the Council's Access to Information Procedure Rules i.e. information relating to the financial or business affairs of any particular person. It is not in the public interest to disclose this information due to an ongoing commercial dispute which is subject to a protected alternative dispute resolution procedure. If the information was disclosed then the Council's financial position would be available to other parties to the dispute and prejudice the Council's ability to achieve best value.

EXECUTIVE SUMMARY

This report details the revenue budget for 2021/22 and the Medium Term Financial Forecast (MTFF) for the period 2021/22 to 2024/25. It provides detail to inform Council in setting Council Tax and rents for 2021/22.

The report also details the General Fund and Housing Revenue Account (HRA) Capital Strategy and Programme for the period 2020/21 to 2025/26.

Details of the budget and capital programme are included in the following appendices and annexes thereto:

Appendix 1 The Revenue Budget 2021/22 and Medium Term Financial Forecast 2021/22 to 2024/25

Appendix 2 The Capital Strategy & General Fund Programme 2020/21 to 2025/26

Appendix 3 The HRA Budget 2021/22 and Capital Programme 2020/21 to 2025/26

RECOMMENDATIONS:	
CABINET	
Cabinet are recommended to:	
General Fund	
i)	Note the forecast outturn position for 2020/21 as set out in paragraphs 29 to 32 of Appendix 1.
ii)	Note the revised Medium Term Financial Forecast 2021/22 to 2024/25 as detailed in paragraphs 68 to 74 of Appendix 1 and Annex 1.1.
iii)	Note the aims and objectives of the Medium Term Financial Forecast which will be presented to council for approval on 24 th February 2021 as set out in paragraph 24 of Appendix 1.
iv)	Note that formal budget consultation began on 16 th December 2020 and ended on 19 th January 2021, although comments submitted after this date will be considered where possible. The outcome of the consultation is outlined in paragraphs 34 to 39 with no changes to amounts put forward as savings proposals in December.
v)	Notes the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 40 to 43. The updated ESIA's and Cumulative Impact Assessment are available documents in the Members Room, documents 1 and 2.
vi)	Note that the Executive's budget proposals are based on the assumptions detailed within the MTFF and that this includes an increase in the Adult Social Care precept of 3.00% and an increase in the general council tax of 1.99%, allowable under general powers to increase council tax without a referendum.
vii)	To note that the report identifies general fund pressures totalling £36.81M in 2021/22, as detailed in paragraph 50 of Appendix 1.
viii)	To note that savings proposals totalling £10.68M are included in the 2021/22 General Fund Revenue Budget, with £7.14M in 2022/23, as detailed in paragraphs 53 to 56 of Appendix 1.
ix)	To note proposals for the use of the Local Council Tax Support Grant will be brought forward during 2021/22, as detailed in paragraph 75 of Appendix 1
x)	Note that the budget sets the Band D Council Tax for Southampton City Council at £1,644.39 for 2021/22, a Net Budget Requirement of £173.85M and the Council Tax Requirement for 2020/21 at £105.88M as per Annex 1.2.
xi)	To note that further proposals will need to be considered to address the 2022/23 and future years budget shortfall.
xii)	Notes and recommends to council where appropriate, the MTFF and General Fund Revenue Budget changes as set out in Council recommendations i) to xiv).
General Fund Capital Programme	
xiii)	Notes the revised General Fund Capital Programme, which totals £466.43M (as detailed in paragraphs 4 to 6 of Appendix 2) and the associated use of resources.
xiv)	Notes that a further £6.52M has been added to the General Fund programme, requiring approval to spend, by Cabinet/Council subject to the relevant financial

		limits. These additions are detailed in paragraphs 14 to 23 of Appendix 2 and Annex 2.1.
	xv)	Notes the request for approval to spend a further £2.50M relating to the SEND (Special Educational Needs and Disabilities) programme as detailed in paragraph 11 of Appendix 2 and Annex 2.1.
	xvi)	Notes the removal of schemes from the capital programme totalling £201.79M as set out in paragraphs 8 and 10 of Appendix 2 and detailed in Annex 2.1.
	xvii)	Notes the required approval to accept government grant funding of £1.68M from the Department of Business, Energy & Industrial Strategy under the Public Sector Decarbonisation Scheme awarded following a bid made by the Green City & Place portfolio as detailed in paragraph 12 of Appendix 2.
	xviii)	Notes that the capital programme remains fully funded up to 2025/26 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future Government Grants to be received.
	xix)	Notes that a review of the Council's capital strategy has been undertaken as detailed in Annex 2.3.
	xx)	Notes that a review of the Council's MRP (Minimum Revenue Provision) strategy has been undertaken as detailed in Annex 2.3(a).
	xxi)	Notes that a review of the Council's investment strategy has been undertaken as detailed in Annex 2.3(b).
Housing Revenue Account		
	xxii)	To note that, from 1 st April 2021, an average rent increase be applied to dwelling rents of 1.33%, as set out in paragraph 9 of Appendix 3, equivalent to an average increase of £1.14 per week in the current average weekly dwelling rent figure of £85.67.
	xxiii)	To note an increase in weekly service charges of 1.5%, as detailed in paragraphs 10 and 11 of Appendix 3 from 1 st April 2021 (including supported accommodation).
	xxiv)	To note and recommend the Housing Revenue Account Revenue Estimates as set out in Appendix 3.
	xxv)	To note the 40 year Business Plan for revenue and capital expenditure set out in Annexes 3.1 and 3.2 of Appendix 3 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year.
	xxvi)	To note the increase in heating charges set out in paragraph 12 of Appendix 3 and Annex 3.3.
	xxvii)	Notes the revised Housing Revenue Account (HRA) Capital Programme, which totals £376.51M (as detailed in paragraph 22 & 32 of Appendix 3) and the associated use of resources.
	xxviii)	Notes the addition of £164.34M to the HRA Capital Programme and the request for approval to spend £164.34M as detailed in paragraph 31 of Appendix 3.

COUNCIL		
General Fund		
	i)	Notes the general budget consultation process that was followed as detailed in paragraphs 34 to 39.
	ii)	Notes that the budget consultation feedback has been taken into consideration by the Cabinet and has informed their final budget proposals. Further details are contained within the Members Room document 3.
	iii)	Notes the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 40 to 43. The updated ESIA's and Cumulative Impact Assessment are available documents in the Members Room, documents 1 and 2.
	iv)	Note the forecast outturn position for 2020/21 as set out in paragraphs 29 to 32 of Appendix 1.
	v)	Approves the revised Medium Term Financial Forecast (MTFF) for the period 2021/22 to 2024/25 attached as Annex 1.1.
	vi)	Approves the 2021/22 General Fund Revenue Budget as detailed in Annex 1.1(a) of the MTFF at Annex 1.1.
	vii)	Notes that the Executive's budget proposals are based on the assumptions detailed within the MTFF and that this includes an increase in the Adult Social Care precept of 3.00% and an increase in the general council tax of 1.99%, allowable under general powers to increase council tax without a referendum.
	viii)	Approves additional general fund pressures totalling £36.81M in 2021/22 as detailed in paragraph 50 of Appendix 1.
	ix)	Approves savings proposals totalling £10.68M that are included in the 2021/22 General Fund Revenue Budget, with £7.14M in 2022/23, as detailed in paragraphs 53 to 56 of Appendix 1.
	x)	To note proposals for the use of the Local Council Tax Support Grant will be brought forward during 2021/22, as detailed in paragraph 75 of Appendix 1.
	xi)	To delegate authority to the Executive Director for Finance, Commercialisation & S151 Officer, following consultation with the Cabinet Member for Finance and Income Generation, to do anything necessary to give effect to the proposals contained in this report.
	xii)	Sets the Band D Council Tax for Southampton City Council at £1,644.39 for 2021/22, a Net Budget Requirement of £173.85M and the Council Tax Requirement for 2020/21 at £105.88M as per Annex 1.2.
	xiii)	Notes the estimates of precepts on the council tax collection fund for 2021/22 as set out in Annex 1.3.
	xiv)	Agrees that the following amounts be now calculated by the Council for the financial year 2021/22 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992; and Determines in accordance with Section 52ZB of the Act that the Council's relevant basic amount of Council Tax for 2021/22 is not excessive in accordance with principles approved by the Secretary of State under Section 52ZC of the Act.

		<p>(a) £512,018,229 (Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act).</p> <p>(b) £406,137,601 (Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act).</p> <p>(c) £105,880,628 (Being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year). (Item R in the formula in Section 31B(1) of the Act).</p> <p>(d) £1,644.39 (Being the amount at (c) above (Item R), all divided by the tax base of 64,389 (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year).</p>
General Fund Capital Programme		
	xv)	Approves the revised General Fund Capital Programme, which totals £466.43M (as detailed in paragraphs 4 to 6 of Appendix 2) and the associated use of resources.
	xvi)	Approves additions of £6.52M which has been added to the General Fund programme requiring approval to spend, by Cabinet/Council subject to the relevant financial limits. These additions are detailed in paragraphs 14 to 23 of Appendix 2 and Annex 2.1.
	xvii)	Approves the request to spend £2.50M as part of the SEND work as detailed in paragraph 11 of Appendix 2 and Annex 2.1.
	xviii)	Approves the removal of schemes from the capital programme totalling £201.79M as set out in paragraphs 8 and 10 of Appendix 2 and detailed in Annex 2.1.
	xix)	Approves the acceptance of government grant funding of £1.68M from the Department of Business, Energy & Industrial Strategy under the Public Sector Decarbonisation Scheme awarded following a bid made by the Green City & Place portfolio as detailed in paragraph 12 of Appendix 2.
	xx)	Notes that the capital programme remains fully funded up to 2025/26 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future Government Grants to be received.
	xxi)	Approves the Council's capital strategy detailed in Annex 2.3.
	xxii)	Approves the Council's MRP strategy detailed in Annex 2.3(a).
	xxiii)	Approves the Council's investment strategy detailed in Annex 2.3(b).
Housing Revenue Account		
	xxiv)	Approves that, from 1 st April 2021, an average rent increase be applied to dwelling rents of 1.33%, as set out in paragraph 9 of Appendix 3, equivalent to an average increase of £1.14 per week in the current average weekly dwelling rent figure of £85.67.
	xxv)	Approves an increase in weekly service charges of 1.5% as detailed in paragraphs 10 and 11 of Appendix 3 from 1 st April 2021 (including supported accommodation).

xxvi)	Approves the Housing Revenue Account Revenue Estimates as set out in Appendix 3.
xxvii)	Approves the 40 year Business Plans for revenue and capital expenditure set out in Annexes 3.1 and 3.2 of Appendix 3 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year.
xxviii)	Approves the increase in heating charges as detailed in paragraph 12 of Appendix 3 and Annex 3.3.
xxix)	Approves the revised Housing Revenue Account (HRA) Capital Programme, which totals £376.51M (as detailed in paragraph 22 & 32 of Appendix 3) and the associated use of resources.
xxx)	Approves the addition of £164.34M to the HRA Capital Programme and the request for approval to spend £164.34M as detailed in paragraph 31 of Appendix 3.

REASONS FOR REPORT RECOMMENDATIONS

1.	The Council is a large and complex organisation managing the delivery of a vast range of businesses either directly or through/with others. Its core purpose is to improve the quality of life for residents and effective financial management is key to this. It is important that Members are aware of the major financial opportunities and challenges and that they make informed decisions. The Council regularly revises its MTFF so that the financial position is clear for budget proposals to be drawn up for the forthcoming year.
2.	The Capital Programme is reviewed on a quarterly basis in accordance with the Council's Capital Strategy. Programme updates are reported to Cabinet and Council for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme. Major capital projects are undertaken over a number of year so by setting a clear 5 year programme works can be undertaken in timely manner to assist the Council in achieving its aims and priorities, over both the short and medium term.
3.	The Constitution requires the Executive to recommend its budget proposals for the forthcoming year to full Council. The recommendations contained in this report set out the various elements of the budget that need to be considered and addressed by the Cabinet in preparing the final papers that will be presented to full Council.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4.	Alternative options for revenue spending and MTFF assumptions form an integral part of the development of the overall MTFF that will be considered at the council budget setting meeting on 24 th February 2021.
5.	Part of setting the General Fund Budget and Medium Term Financial Forecast, requires a view to be taken on the revenue cost of capital to the Council and proposals have been considered in order to ensure the most appropriate use of capital resources in meeting the council's priorities. The Capital Strategy and an updated Capital Programme are included as Appendix 2 to the report, and the latest position is included in the MTFF Model.
6.	This report sets out the HRA revenue budgets for 2021/22 and the 40 year HRA business plan covering the period 2021/22 to 2060/61. The proposed changes to rents and other charges are an integral part of the revenue estimates for 2021/22.
7.	The update of the Capital Programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified.

	Alternative options for new capital spending are considered as part of the budget setting process in the light of the funding available and the overall financial position.
DETAIL (Including consultation carried out)	
<u>REVENUE BUDGET AND MEDIUM TERM FINANCIAL FORECAST</u>	
8.	<p>As reported in Appendix 1 (paragraph 30) and in detail in the financial monitoring report to Cabinet, the position for COVID-19 costs in the current year is a gross impact of £34.5M on council portfolios. Even with grant support from Government, the council has expects to apply £5.6M of its own funds to help support the essential work needed to respond to the pandemic. Such a large cost also creates major difficulties with drafting a balanced budget for 2021/22. All efforts have been made to realistically assess the likely impact on the budget in 2021/22 from the pandemic and factor this into our spending and funding for 2021/22. The Council has £7.8M of general grant support in 2021/22 from Government, as announced alongside the settlement, and this has been factored into supporting the budget. However, for Southampton, as for all authorities, significant risks remain around how the pandemic will continue to impact on the financial position. This has made the work around ensuring a robust budget and financial resilience for the authority for 2021/22 and beyond of particular importance, as well as the statement provided by the Executive Director for Finance, Commercialisation & S151 Officer on the robustness of the budget and adequacy of reserves (see paragraphs 18 to 29).</p> <p>Details of the Revenue Budget for 2021/22 and the updated Medium Term Financial Forecast 2021/22 to 2024/25 are given in Appendix 1 and annexes thereto.</p>
9.	A report providing an update on the budget position for 2021/22 was presented to Cabinet on 15 th December 2020. Appendix 1 provides an update to that report, giving details of the council's financial resources following the 2021/22 provisional local government finance settlement and sets out the final proposals in respect of additional budgetary pressures, lost income and unachieved savings following review of the initial proposals and taking into account feedback from the budget consultation exercise and the latest financial monitoring position. The final local government finance settlement, approved by Parliament on 10 th February 2021, confirmed the funding allocations included in the proposed 2021/22 budget but at the time of writing allocations for Public Health Grant have not been announced.
10.	The position reported in December 2020 showed a budget shortfall for 2021/22 of £3.97M. The updated position is a balanced budget for 2021/22 and budget shortfalls of £22.5M (2022/23), £27.3M (2023/24) and £26.6M (2024/25) respectively. A summary of all of the changes with respect to 2021/22 since the shortfall position reported in December 2020 is provided in paragraph 69 of Appendix 1. Future budget shortfalls will need to be addressed and will form a part of the in-year budget work carried out by the Executive Management Team.
11.	The budget proposals set out in December 2020 were based on a council tax increase of just under 2% for the 'core' council tax rise and 2% for Adults Social Care. The recommended increase in this report remains just under 2.00% for the core increase but proposes making use of the extra flexibility of an additional 1% for upper tier councils to raise through the Adult Social Care levy, taking that element to 3%. All of the 3% increase will be applied to Adult Social Care to protect this service area, which has come under additional pressure during the COVID-19 pandemic.

12.	The Medium Term Financial Forecast does not reflect any changes that may arise through the reform of the business rates retention system or implementation of the fair funding review, both of which the Government delayed until 2022/23. These anticipated changes, together with the postponement of the multi-year spending review, mean there is much uncertainty about funding after 2021/22. Due to uncertainty over future funding as well as spending pressures being far more volatile than ever before under COVID-19, the MTFF will be kept under regular review.
<u>CAPITAL STRATEGY AND CAPITAL PROGRAMME</u>	
13.	Details of the capital programme for 2020/21 to 2025/26 and the updated Capital Strategy are given in Appendix 2 and annexes thereto.
14.	Appendix 2 highlights the proposed changes to the General Fund capital programme since the last reported monitoring position to Cabinet in February 2021. The net result of the changes is that the programme has decreased by £195.27M, with the withdrawal of the Property Investment Fund (worth £200M) being the key change. Appendix 3 highlights the proposed changes to the HRA capital programme since the last reported monitoring position to Cabinet in February 2021. The net result of the changes is that the programme has increased by £164.34M, the commitment to 1,000 Homes being the major factor behind the increase.
15.	The capital budget proposals put forward as part of this report reflect the anticipated needs of the Council over the next 5 years with significant investment. Additions to the programme have been kept to a minimum, due to the uncertainty of consequence of the pandemic on the authority and its impact on delivery of the programme.
16.	Annex 2.3 details the updated capital strategy for approval. The capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The capital programme will be kept under regular review, both in terms of future affordability and delivery when set against the Pandemic and its impact on the authority.
<u>HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL PROGRAMME</u>	
17.	The HRA records all the income and expenditure associated with the provision and management of council owned homes in the City. This account funds a significant range of services to approximately 16,000 homes for Southampton tenants and their families and to over 2,000 homes for leaseholders. Further information can be found in Appendix 3 on the HRA revenue budget 2021/22 and capital programme. The proposals include any amendments needed, where necessary, relating to general service charges and supported accommodation as well as HRA rents.
<u>STATEMENT OF THE SECTION 151 OFFICER IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT 2003 – ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES</u>	
18.	There are a number of major sources of change and uncertainty arising from the external environment, which may impact on the council's costs and funding. As stated by the Bank of England in late 2020, "The outlook for the economy remains unusually uncertain. It depends on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and

the United Kingdom. It also depends on the responses of households, businesses and financial markets to these developments.” With both council funding and spending strongly linked to the pandemic and state of the economy, future planning and risk assessment is being undertaken against a very challenging backdrop.

The major risks and uncertainties include:

- The ongoing impacts of COVID-19 remain uncertain, both in terms of service pressures and economic impact. The nature of a ‘new normal’ is unknown and the ongoing impact of the pandemic on service demand levels and income streams is uncertain, but is likely to increase the volatility with budgets.
- The economic downturn and high unemployment rates could adversely impact the income derived from both council tax and business rates. The Office for Budget Responsibility (OBR) has forecasted the economy will contract by 11.8% in 2020 and will take until the end of 2022 to return to pre-pandemic levels. Other economic impacts may last longer, for example unemployment is expected to peak in the second quarter next year at 7.5% and fall to 4.4% by 2025 (pre-pandemic was 3.8% in 2019).
- The income derived from council tax and business rates has factored in prudence, stripping out previously expected growth in business rates and the council tax base. Adjustments have been made with respect to increasing the assumptions around empty properties (for business rates) and a rising number of council tax support claimants but the exact effects of the pandemic lockdowns is hard to predict.
- The economic effects, whether positive or negative, from leaving the transition period with the European Union and embarking on a free trade agreement on overall public finances and the resource available for the next Spending Review.
- The Government’s Fair Funding Review (FFR), expected in 2022/23 which will review the relative spending need of all local authorities and will therefore influence the allocation of resources between authorities.
- The Government’s implementation of the 75% business rate retention share for councils, up from the current 50% system, is now expected in 2022/23. Though this should be financially neutral nationally, there will be an impact from the expected ‘reset’ of business rates whereby baseline funding levels will be re-established. This means a potential risk of a loss of any business rate growth to the authority. As we have seen in 2020/21, business rates are unpredictable, meaning the council must budget allowing for increased uncertainty and volatility with funding in future.
- There are significant cost pressures arising from changing demographics and a growing, ageing population. These lead to increased demand for adult and children services, as well as other services across the Council. These pressures have been built into the budget and will continue to be reviewed
- The long promised Green Paper on adult social care to place the service on a more sustainable footing is still yet to arrive. Assumptions have necessarily been made over the continuation of a significant degree of grant support to local authorities.
- The adequacy of the provision made for inflationary costs, pay awards and also the potential for increases in interest rates which would impact on borrowing costs. As of November 2020, the inflation level for the United Kingdom was 0.3%, falling from a high of 3.1% almost three years earlier in November 2017. The outlook for inflation is that it will remain low over the medium term. This area will be kept under regular review for any potential adverse impact.

	<ul style="list-style-type: none"> Anything arising from the expected budget announcement by the Chancellor on 3 March or the Spending Review which is expected to outline the national future funding envelope for public services from 1 April 2022.
19.	<p>Whilst this proposed budget maintains services during the pandemic, and allocates additional resources in key areas into 2021/22, the challenges ahead should not be under-estimated. Going into 2022/23 to ensure the Council operates within its financial envelope, it will need to cover an estimated budget shortfall of around £22.5M. This figure rests, inevitably, on a number of assumptions as set out in Annexe 1.1 to Appendix 1. Given the highly uncertain environment under which council services are currently operating, and the uncertainty which arises over future funding of those services due to the economic impact from the pandemic, it cannot be ruled out that the predicted £22.5M shortfall will yet increase.</p> <p>The size of the challenge, as well as a significant level of uncertainty, will mean the council needs to adapt its budget work and financial management to be more flexible and responsive. Accordingly, it is important that in-year budget work is undertaken during 2021/22, to assess spending and consider any further saving opportunities for 2021/22 as well as planning for the 2022/23 budget challenge at an early stage. The authority will therefore continue to keep its MTFE under close review given the high degree of financial uncertainty. Detailed budget monitoring, and considering the mitigation available where budget pressures arise, forms a part of the quarterly in-year budget monitoring evaluation which is reported to Cabinet.</p>
20.	<p>Section 25 of the Local Government Act 2003 requires each Chief Financial Officer to report to their authority about the robustness of estimates and the adequacy of reserves when determining their budget and level of council tax.</p> <p>Each authority is required to consider their Chief Financial Officer's report when setting the level of council tax.</p>
21.	<p>The financial position and unparalleled pressures experienced in 2020/21 have been taken into account when formulating the budget for 2021/22. As reported to Cabinet on 23th February 2021, at the end of quarter 3 the financial position was that the council's net General Fund position is projected favourable at £4.59M for 'business as usual', though this does rely on using corporate funds and £5.76M from the Social Care Demand Reserve in support of Children's services.</p>
22.	<p>The general fund balance is planned to remain at its current level (£10.07M) and provides a safeguard against unexpected incidents and also potential overspending. At this level, it is regarded as an adequate level.</p>
23.	<p>We hold reserves for different purposes. We have reserves that are ringfenced for specific purposes, reserves that are earmarked for specific initiatives that can be met by one-off sources of money and more general reserves to deal with the financial risks outlined in the previous section. It is this last category that will have an element of 'uncommitted' sums set aside for future risks or need.</p> <p>A statement on reserves is provided on Annexe 1.1(b) to the Medium Term Financial Forecast. By the end of 2020/21, total reserves are expected to be £92.4M. However, the majority is already committed to meet particular future liabilities or is already planned to be used. The sum, available when taking future expected commitments and liabilities into account, is around £35.6M. In practice £7.4M of this is expected to help cover the rising pressure from social care demand each year, leaving £28.2M for all the risks identified above. This £28.2M is held within the Medium Term Financial Risk Reserve and protects the council from future risks, both known and unknown. It is essential to maintain this reserve at a</p>

	<p>level assessed as reasonable by the S151 officer to provide a safety net for the authority and ensure stability of service and financial planning.</p> <p>An element of reserves was agreed to be utilised, at the February 2020 Council meeting, under the agreed strategy to support the budget which includes helping to ‘smooth’ the savings needed over the next 2-3 financial years, allowing longer term plans to be made. Given the pandemic situation, and the uncertainty arising over future funding and spend due to the pandemic, reserves are an essential element of ensuring both service and financial resilience at this critical time.</p>
24.	<p>The Council had created a Social Care Demand Risk reserve, which as part of the 2020/21 budget was increased from £1M to £7M. This reserve will be further boosted this year to ensure financial resilience in an area where a number of significant and ‘high risk’ budgets exist, and is forecast to have a balance of £11.58M by the current year-end. The budget assumes a use of the reserve during 2021/22, but on current forecast will still have a balance of £7.4M after the expected drawdown. Social care budgets have been reviewed and increased to cater for expected demand but this sum provides a further cushion against future unexpected increases on social care service demand.</p> <p>The council faces a highly challenging financial background, with considerable uncertainty and also risks around volatility of spend and funding which will be strongly influenced by the unknowable course of the pandemic. It will therefore be crucial that reserves, both earmarked and general, continue to be managed in the medium term in a way that gives due regard to the need to set a legally balanced budget and safeguard against risks. Reserve use will be carefully monitored and the strategy on their use kept under review during the year.</p>
25.	<p>On savings, the 2021/22 budget is balanced via £10.68M of savings and other assumptions factored into budgets (see Appendix 1, paragraphs 53-56 and Annexe 1.6).</p> <p>Services have been actively working on their saving proposals for some time, and where not achieved in-year during 2021/22 the assumption will be mitigations can be found until the savings are realised, or equivalent sums found.</p> <p>The Council agreed in November 2019 to resume property investment, with an additional £200M made available within the capital programme, which aimed to contribute net income to the budget of around £2.75M when fully invested. This investment has now been removed from the capital programme, as a result of Government changes to rules around borrowing which has precluded undertaking any borrowing from the Public Works Loan Board (PWLb) primarily for yield on investment. Capital spending plans will need to be submitted in advance to Government, and the S151 officer provide assurance that the council will not be undertaking investment of assets primarily for yield. One of the budget pressures to be met is the £2.75M shortfall with council income now this policy can no longer be implemented. Regeneration opportunities can still be considered, but would be expected to match clear criteria such as creating social or economic value that would otherwise not occur without the local authority investment.</p>
26.	<p>Given the service pressures faced, as well as the other risks identified, the budget contains an uncommitted contingency level within centrally held funds of around £9.5M, which provides for added confidence when dealing with volatile budgets and uncertainty.</p>
27.	<p>In the context of the proposed overall net budget of £174M, and the reserves and contingencies available, the savings plans and assumptions made should not present an excessive financial risk to the authority.</p>

28.	<p>Financial procedures to monitor and report on the forecast position versus the budget are well ingrained across the authority and reporting occurs frequently to both senior management and formally to members (via a quarterly Cabinet report).</p> <p>However, it is recognised that on-going robust financial management, strict budgetary control and the on-going monitoring of both savings and investment delivery plans, with processes in place to promote these during the next year is necessary to ensure this budget is delivered. This will be done with a focus on 'risk management', with the most attention given to the most material and volatile areas of the budget. We will also review all our processes against the background of the new Financial Management Code, and where appropriate ensure we enhance our processes to continue to promote sound financial management.</p>
29.	<p>Circumstances around budget setting this year have been especially challenging; the economic and social impacts of the COVID-19 pandemic, Brexit and uncertainty around the future of local government funding. These present significant levels of uncertainty and potential financial risk and instability.</p> <p>However, for the reasons listed in this section including:</p> <ul style="list-style-type: none"> • the sound financial health from the reserves, in particular the Medium Term Financial Risk Reserve and Social Care Demand Reserve, • contingency and inflation funds in the budget of £9.5M (uncommitted), • the evidence from the CIPFA resilience index below (paragraphs 30 and 31) and • the clear intention to be as adaptable and responsive as possible to the current budget pressures by applying a more adaptable business planning and financial framework during 2021/22 and having a strong focus on reporting in-year budget review work, including new savings. <p>I am therefore content as the Council Chief Financial Officer that the Council is operating prudently and with sufficient financial resilience to deal with the risks highlighted within the budget report (John Harrison Executive Director for Finance, Commercialisation & S151 Officer).</p>
	<p><u>CIPFA Resilience Index</u></p>
30.	<p>The Chartered Institute of Public Finance and Accountancy (CIPFA) has introduced a resilience index, designed to support the local government sector as it faces continued financial challenge. It has a series of up to 16 measures that compare local authorities with each other across issues such as level of and movement in reserves, level of gross debt and proportion of budget spent in areas experiencing the most demand pressure (Adults and Children Services) and therefore most likely to be at risk of overspending. It applies current and past data rather than future estimates. When this index was published in February 2020, the results for Southampton City Council were that the council is low or very low risk on level of reserves and change in reserves and the reserves sustainability measures. On some of the measures which look at our aspects of expenditure, the council come out as a higher risk. For example, on the relative proportion we spend in Adult Social Care – which is led by demand and statutory requirements to meet client needs.</p>
31.	<p>At the time of writing, an update to the Resilience index for 2021 index is expected by 19th February. Should this become available, an update will therefore be made available to cabinet and council.</p>
	<p><u>CIPFA Financial Management Code</u></p>
32.	<p>CIPFA has published a new Financial Management Code for authorities to adhere to. The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The</p>

	<p>FM Code sets out the standards of financial management for local authorities, based on broad principles. It does not prescribe the financial management processes that local authorities should adopt but requires each authority to demonstrate that its processes satisfy the principles of good financial management.</p>
33.	<p>The first year of compliance with the FM Code will be 2021/22. Future budget updates to Cabinet and Council will indicate how the processes adopted by Southampton City Council ensure compliances with the standards set out in the Code.</p>
	<p><u>BUDGET CONSULTATION</u></p>
34.	<p>The Cabinet’s draft budget proposals for 2021/22 were set out in the Budget Matters report of 15th December 2020. A public engagement exercise was undertaken with residents and stakeholders on the draft budget proposals between 16th December 2020 and 19th January 2021 (5 weeks).</p> <p>This year the proposals in the questionnaire were arranged over 4 sections:</p> <ul style="list-style-type: none"> • Priorities • Income generation proposals • Efficiencies and service improvement proposals • Proposals to increase council tax <p>The aim of this engagement exercise was to:</p> <ul style="list-style-type: none"> • Communicate clearly to residents and stakeholders the budget proposals for 2021/22 • Ensure any resident, business or stakeholder who wished to comment on the proposals had the opportunity to do so, enabling them to raise any impacts the proposals may have • Allow participants to propose alternative suggestions for consideration which they feel could achieve the objectives in a different way.
35.	<p>Any that could impact the way that residents or customers review or experience a service of the council were subject to an Equality and Safety Impact Assessment (ESIA). A Cumulative Impact Assessment was also developed in order to review the overall impact of the savings proposals on groups defined within the Protected Characteristics as set out in the Equality Act 2010, as well as the impacts on community safety, poverty and health and wellbeing. These impact assessments were published as part of the public engagement exercise.</p> <p>In total, 597 people responded to the public engagement exercise. Of these, 95% were Southampton residents. Of those who responded, 89% either agreed or strong agreed with our focus on protecting frontline services and caring for the most vulnerable in society, 62% either agreed or strongly agreeing with our commitment to delivering a city that is Greener, Fairer and Healthier by realising our long-term strategy for the city, and 81% either agreed for strongly agreed with our focus on being even more efficient, generating income and safeguard jobs.</p>
36.	<p>As part of the engagement process, officers and Cabinet members engaged with the community and Voluntary Sector through the Southampton Voluntary Services (SVS) Friday Forum. The unions have also been engaged regarding the budget proposals contained within this report.</p>

	A full analysis of the public engagement exercise feedback is included in Members Room documents.
	<u>Issues raised in the consultation feedback</u>
37.	<p>Following careful consideration of the feedback received through the public engagement exercise, the ESIA's were reviewed and updated as follows:</p> <p>a) Maximising independence for people with Learning Disabilities</p> <ul style="list-style-type: none"> • 72% of respondents supported this proposal. • Feedback raised concerns that some people may not receive the full support they need within a community setting. The ESIA has been updated to clarify that all customers will continue to have their assessed care needs met in line with the Care Act 2014. • Some respondents raised concerns that the proposal would result in a reduction in services for people with a learning disability. The ESIA has been updated to clarify that this proposal does not represent a reduction in services. • Some respondents raised concerns that suitable housing may not be available in community settings and the proposal might impact the housing register. The ESIA has been updated to confirm that there is a programme of work to develop specialist housing in the city for people with learning disabilities to meet their complex needs, and this additional specialist provision will mean that this proposal will have minimal impact on the general needs housing register. • Feedback also raised concerns that people with learning disabilities may experience social isolation in a community setting, which may have increased following Covid-19 lockdown restrictions. The ESIA has been updated to confirm that individual needs will be assessed in line with the Care Act, including consideration of social isolation. <p>b) Libraries income review</p> <ul style="list-style-type: none"> • 83% of respondents supported this proposal. • In response to feedback the ESIA has been updated to provide further information on the types of charges which will be reviewed, and the support available for those with outstanding debts. <p>c) Exploring community funding with alternative model</p> <ul style="list-style-type: none"> • 60% of respondents supported this proposal • Feedback raised concerns that a lottery might disproportionately attract people from lower income families and/or could exacerbate gambling problems and debt. • The ESIA has been updated to provide additional information on the proposed community lottery. • There is no data to suggest that a Local Authority lottery exacerbates gambling problems or that community lotteries disproportionately attract people from lower income families. <p>d) Concessionary fares</p> <ul style="list-style-type: none"> • 66% of respondents supported this proposal.

	<ul style="list-style-type: none"> • Some respondents noted raised concerns about the impact of potential reductions in services on older or disabled people, and the impact on the council's Green City charter commitments. • We received responses from two bus companies in the city; Bluestar and First Bus. These raised concerns about the proposal in light of new Department for Transport guidance, and noted the potential impact on the commercial viability of networks. • The ESIA has been updated to reflect the latest projections regarding usage and associated reductions in concessionary fare reimbursement revenue. • We propose to engage constructively with the Bus Operators about reducing the Concessionary Fare Subsidy payment, whilst taking the Government guidance issued in January 2021 into consideration.
38.	<p>There are no updates to the ESIA's relating to the following proposals:</p> <ul style="list-style-type: none"> • Review of telecare rental charges : 73% of respondents supported this proposal. • Improved use of appropriate lifting equipment to help reduce double handed care: 75% of respondents supported this proposal. <p>An additional ESIA has been developed to consider the equality impacts of the Council Tax increase proposals. The Cumulative Impact Assessment has been updated following careful consideration of all feedback received. The Cumulative Impact Assessment has also been updated to consider the impacts of Covid-19 and ensure that all budget proposals are considered in the context of the ongoing effects of COVID-19 and lockdown restrictions on Southampton residents.</p> <p>67 residents made comments regarding the value of pursuing a bid to be UK City of Culture 2025. The summary of consultation results (Members Room Document 3) captures these, but in essence concerns were expressed querying the justification, the economic benefit and value for money from the investment allocated in the budget. In the recent city Survey around 82% of responders (from a total of 1,183 returns) indicated that they are in favour of the city placing a bid, with the key aims of supporting the city's recovery and long term ambitions. History has demonstrated that being awarded the status of UK City of Culture has significant impact on both social and economic progress for the winning City. Throughout 2017, the value of tourism to the city of Hull as a result of being awarded City of Culture status was £300M, with over 6 million visits to the city. 1 in 4 businesses within the city employed new staff and more than 800 new jobs were created leading up to the year itself. During Hull's year of UK City of Culture in 2017, 9 out of 10 residents engaged with at least one cultural event and over 56,000 school children took part in activities.</p>
	<p><u>Summary of consultation feedback</u></p>
39.	<p>A summary of the consultation feedback is given in Members room document 3. The feedback from the consultation with residents and stakeholders has not led to recommendations that Cabinet change or remove any Budget savings proposals. As outlined above, feedback identified impacts to particular Protected Characteristic groups which had not previously been identified. These impacts were carefully considered and relevant mitigations will be put in place as outlined in the ESIA's. Other feedback demonstrated that clarification was required in the documentation to reassure residents that all assessed needs will continue to be met under the Care Act 2014, and the ESIA's have been updated to reflect this.</p>

<u>EQUALITY AND SAFETY IMPACT ASSESSMENTS</u>	
40.	The Equality Duty is a duty on public bodies which came into force on 5 th April 2011. The Council will have due regard to the impact of its decisions on its equality duties and the need to advance equality of opportunity between people who have protected characteristics and those who do not.
41.	While the Public Sector Equality Duty does not impose a legal requirement to conduct an Equality Impact Assessment, it does require public bodies to show how they considered the Equality Duty and that they have been consciously thinking about the aims of the Equality Duty as part of the process of decision-making. To comply with these requirements as well as the Community Safety legislation, the Council has used its existing Impact Assessment framework so that it can ensure the use of a consistent, Council wide mechanism to evidence how decision making took into account equality and safety considerations. In addition, the assessments take into account the impact on poverty and health and wellbeing.
42.	Updated Individual Equality and Safety Impact Assessments (ESIAs) have been completed for those proposals contained within this report and as detailed in the report that they identified require such an assessment, as they could have an impact on a particular group or individuals. The final individual ESIAs are available in Members' Rooms.
43.	The individual ESIAs have been analysed to consider the cumulative impacts the budget proposals may have on particular groups and the mitigating actions that could be considered. In order to give the right perspective to the budget proposals, the Cumulative Impact Assessment has to be considered in light of the available information on the City's profile, service user and non-user information and staffing profiles as well as the proportion of the Council's budget that is currently spent on targeted groups or communities. The cumulative ESIA is available to view in the Members Rooms.
<u>RESOURCE IMPLICATIONS</u>	
<u>Capital/Revenue</u>	
44.	The capital and revenue implications are fully detailed within the report.
<u>Property/Other</u>	
45.	There are no specific property implications arising from this report other than the schemes already referred to within Appendix 2 and Appendix 3 of the report.
<u>LEGAL IMPLICATIONS</u>	
46.	It is important that Members are fully aware of the full legal implications of the entire budget and council tax making process, when they consider any aspect of setting the council's Budget. Formal and full advice to all Members of the council protects Members, both in their official and personal capacity, as well as the council. If Members have received the appropriate professional legal and financial advice and act reasonably, generally the courts will not interfere in their decisions.
47.	The first and overriding legal duty on Members is their fiduciary duty to weigh the needs of service users against the interests of local taxpayers. In planning the budget, Members are under a fiduciary duty to act prudently, responsibly, in a business-like manner and in their view of what constitutes the best interests of the general body of local taxpayers. In deciding

	upon expenditure, the council must fairly hold a balance between recipients of the benefits of services provided by the council and its local taxpayers. Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers.
48.	It is appropriate for Members to consider their own position as some Members may have expressed support publicly for policies that are not policies of the Council. Political documents do not represent a legal commitment on behalf of the Council. To treat any political document as a legal commitment by the Council would be illegal. Where there is a valid choice before Members, then, at that stage and only at that stage, Members may take political documents into account.
49.	The legal significance of the Annual Budget derives from the council's duty under the Local Government Finance Act 1992 (the 1992 Act) to set a balanced budget. Failure to make a lawful Council Tax on or before 11 th March 2021 could have serious financial results for the council and make the council vulnerable to an Order from the Courts requiring it to make a council tax. Information must be published and included in the council tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
50.	There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.
51.	Under Section 114 (2) and 114 (3) of the Local Government Finance Act 1988, the Chief Financial Officer is required to make a report, if it appears to him/her that a decision or course of action the council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.
52.	Section 25 of the Local Government Act 2003 imposes a specific duty on the CFO (Section 151 officer) to formally report to council at the time the budget is considered and the council tax is set, on the robustness of the budget estimates and the adequacy of financial reserves. This statement by the S151 officer is being included alongside the budget and council tax setting report to both cabinet and full council in February.
53.	Of particular importance to the council tax setting process and budget meeting of the full council is the council's Budget and Policy Framework Procedure Rules set out in Part 4 of the City Council's Constitution. These provide a legal framework for the decision making process whereby the budget of the city council is determined, and the council tax is set. In addition, Members need to be aware that these rules provide a route whereby the Leader may require the full council to reconsider their position if they do not accept the Executive's recommended budget without amendment.
54.	Further detailed legal considerations relating to the setting of a lawful budget are set out appendix 4, which Members are directed to have regard to in reaching their decision.
55.	Unless otherwise stated the proposals within this report are authorised by virtue of S.1 Localism Act 2011 or the relevant statutory power relating to the function referred to within the budget proposal. The proposals within this report relating to Housing Service Charges are subject to additional legal considerations set out below.

56.	In relation to the Housing Revenue Account Service charges, the Council can make a charge for services it provides to council tenants in addition to a charge for rent pursuant to the Housing Act 1985 and also in compliance with paragraph 2 of the Council's standard tenancy agreement. The Council is permitted to introduce new charges and vary existing charges so long as it follows the procedure set out in the Housing Act 1985 and complies with the Rent Standard and Guidance produced by Homes England. In particular any service charges must be reasonable, transparent and are limited to covering the actual cost for providing the services.
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Other Legal Implications

57.	The financial forecasts contained in this report have been prepared and are submitted as part of the budget process set out in the council's Constitution. As part of the review process by the Council's Management Team, the proposals contained in this report have been checked from a legal viewpoint.
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58.	<p>Local Authorities have a duty under the Human Rights Act 1998, when carrying out any function, not to act incompatibly with rights under the European Convention for the Protection of Fundamental Rights and Freedoms. In particular Article 2 the right to life shall be protected in law, Article 8, the right to respect for private and family life and Article 25 the rights of elderly to lead a life of dignity and independence and to participate in social and cultural life.</p> <p>In reaching a decision on the proposals contained in this report the Council must have regard to the provisions of the Equality Act 2010, in particular s.149, the Public sector equality duty.</p> <p>The duty provides that:</p> <p>(1) A public authority must, in the exercise of its functions, have due regard to the need to—</p> <p>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</p> <p>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</p> <p>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</p> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—</p> <p>(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</p> <p>(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</p> <p>(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</p> <p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—</p> <p>(a) tackle prejudice, and</p> <p>(b) promote understanding.</p> <p>The relevant protected characteristics are—</p> <ul style="list-style-type: none"> • age; • disability;
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	<ul style="list-style-type: none"> • gender reassignment; • pregnancy and maternity; • race; • religion or belief; • sex; • sexual orientation. <p>Details of how the Council has approached and considered its duty under to Equalities Act 2010 are set out in the accompanying EISA's which Members must have regard to in reaching their decision.</p>
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RISK MANAGEMENT IMPLICATIONS

59.	The council maintains a financial risk register which details the key financial risks that face the council at a given point in time. This is updated on a quarterly basis and forms part of the Financial Monitoring Report included elsewhere on this agenda.
60.	Details of the risk assessment of the budget are given with the Chief Financial Officer's statement on the robustness of the budget estimates at paragraphs 18 to 29.

POLICY FRAMEWORK IMPLICATIONS

61.	The Medium Term Financial Forecast and the Budget are key parts of the Policy Framework of the Council and a budget and council tax for 2021/22 must be proposed by the Cabinet for consideration by the full council under the Constitution. The update of the Capital Programme forms part of the overall Budget Strategy of the Council.
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KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	All	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	The Revenue Budget 2021/22 and MTF 2021/22 to 2024/25	
2.	The Capital Programme and Strategy 2020/21 to 2025/26	
3.	HRA Revenue Budget 2021/22 and Capital Programme 2020/21 to 2025/26	
4.	Statutory Power to Undertake Proposals in the Report	
5.	HRA scheme details (confidential)	
Documents In Members' Rooms		
1.	Updated Equality and Safety Impact Assessments (ESIAs)	
2.	Cumulative Impact Assessment	
3.	Budget Consultation Feedback Report	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	Update on budget for 2021/22 including COVID, budget shortfall and potential savings	
2.		

Agenda Item 6

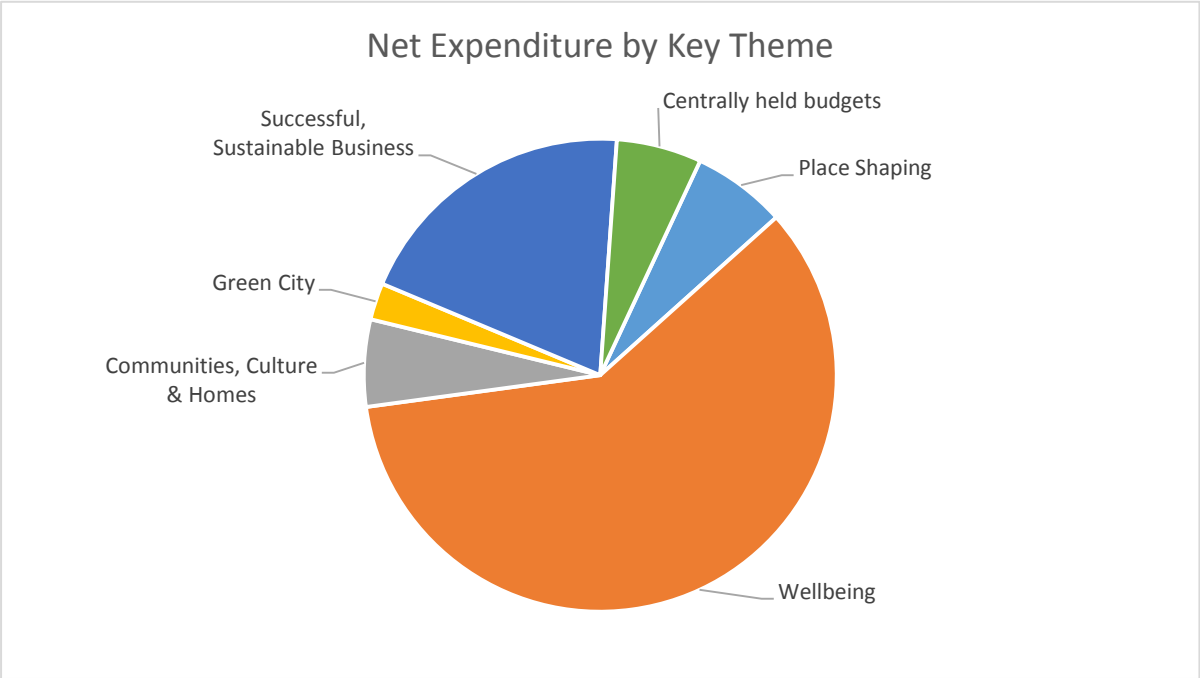
Appendix 1
Appendix 1

THE REVENUE BUDGET 2021/22 AND MEDIUM TERM FINANCIAL FORECAST 2021/22 TO 2024/25	
<u>INTRODUCTION</u>	
1.	This report sets out how the budget for 2021/22 will be balanced whilst minimising the impact on front line services of the authority. The proposed net revenue budget for 2021/22 is £173.9M. This includes £28.2M of government grants relating to the Council's share of the deficit on the Collection Fund carried forward from 2020/21 via revenue reserves under accounting arrangements. Excluding the government grants carried forward the net revenue budget for 2021/22 would be £202.0M, compared with the current year of £191.0M. The report also provides an update on the Medium Term Financial Forecast (MTFF) for the period to 2024/25.
2.	<p>The local government finance settlement confirmed an increase in core council tax of up to 2% could be applied without the need for a local referendum. It also confirmed that the adult social care levy continues to apply, with the flexibility to raise the council tax by up to 3% in 2021/22 for this purpose, with the option to defer all or part of the increase to 2022/23.</p> <p>The authority proposes to increase the core council tax by 1.99% and, to provide additional funds for budget pressures within adult's services, to apply an increase of 3% for the adult social care precept element of the council tax. Applying the flexibility of a 3% rise specifically for Adult Social Care will provide for around £3.0M in additional revenue, which will go towards meeting the underlying escalation in costs experienced within Adult Social Care from the rising client numbers and increasingly complex care needs.</p>
3.	The Government has also provided some additional funds for adult and children's social care, via £300M nationally in specific grant and the existing social care grant and improved better care fund have been rolled forward into 2021/22. However, adequate funding for all social care continues to be a major concern over the longer term.
4.	The Council is required to prepare a separate Capital Strategy, setting out a high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. Details regarding the Council's Capital Strategy and Capital Programme are set out in Appendices 2 and 3 to the budget report. The revenue implications of the capital programme are built into the General Fund Medium Term Financial Forecast and the Housing Revenue Account Business Plan.
<u>STRATEGIC CONTEXT</u>	
<u>Spending Review 2020</u>	
5.	Following a one-year Spending Round in 2019 covering only 2020/21, a multi-year comprehensive spending review had been expected during 2020. However, in order to prioritise the response to COVID-19, and focus on supporting jobs, the Government decided to conduct a further one-year only Spending Review.
6.	The main features of the Spending Review published on 25 November 2020 were the announcement of support for COVID-19 expenditure and income pressures in 2021/22, additional funding for social care alongside continuation of existing social care grants, and proposals to consult on a 2% core council tax increase and 3% adult social care precept. Whilst the flexibility provided is welcome, details of a long-term funding approach from Government would be a significant improvement on current arrangements, as well as supporting effective planning and decision making.

	Additional funding for investment in infrastructure was also announced in the Spending Review.
7.	Further details of the Spending Review are provided in section 2.3.1 of the Medium Term Financial Forecast (Annex 1.1).
8.	A further one year delay to the move to 75% business rates retention and changes to how funding is distributed between councils under the fair funding review were announced earlier in the year. In addition, the next business rate revaluation was deferred by a year to April 2023.
<u>Provisional Local Government Finance Settlement</u>	
9.	The 2021/22 provisional settlement was announced on 17 December 2020. It largely confirmed the announcements in the Spending Review 2020, providing allocations at individual local authority level. Further information on COVID-19 support for local authorities for 2021/22 was published alongside the settlement.
10.	Funding arising from the settlement was broadly as anticipated in the 2021/22 budget update report in December, aside from a new un-ringfenced lower tier services grant.
11.	Further details of the provisional settlement are provided in section 2.3.2 of the Medium Term Financial Forecast (Annex 1.1). Allocations were confirmed in the final settlement, approved by Parliament on 10 February 2021.
<u>Other national issues affecting the MTFF</u>	
12.	Responding to the COVID-19 pandemic has been the priority for both central and local government over this last year and will continue to be so in the near term. Southampton City Council has played a critical role in helping to lead the local response. The pandemic has had a significant financial impact on the Council, through additional costs, reduced income and savings that cannot be delivered. The financial effects of the pandemic will continue to be felt over the medium term.
13.	The ending of the transition period for the UK's exit from the European Union occurred on 31 December 2020, with a free trade agreement being reached with the EU. The impact on the UK economic situation, on public finances and on local government as well as the local workforce with regard to the availability of people in areas like social care, which have become heavily dependent on EU nationals, remains to be seen.
14.	Further details are set out in section 2.2.2 of the Medium Term Financial Forecast (Annex 1.1).
<u>LOCAL CONTEXT</u>	
<u>Council Priorities</u>	
15.	The revenue budget and MTFF are integral to the delivery of the City Council Corporate Plan. The Plan sets out how we will achieve our vision of Southampton as a city of opportunity and has five key themes to deliver the strategic goals of a greener, fairer, healthier city, which are: <ul style="list-style-type: none"> • Place Shaping • Wellbeing • Communities, Culture, & Homes • Green City • Successful, Sustainable Business

16. The Council’s budget setting process centres around these key themes to ensure resources are directed towards agreed priorities. Chart 1 below shows the £191.0M revised net revenue expenditure budget for 2020/21 broken down over key themes.

17. Chart 1 – Net revenue expenditure by key theme



Government Funding Reductions

18. The settlement funding assessment (SFA) is the Government’s calculation of funding required by a local authority after allowing for income generated from council tax.

19. The Government’s austerity measures have resulted in a significant reduction in the Council’s settlement funding assessment over recent years. Between 2013/14 (when the current local government finance system was introduced) and 2019/20, the Council’s SFA reduced by almost a half from £121.0M to £65.3M.

20. For 2021/22 the SFA has been given an inflationary uplift in the local government finance settlement of less than £0.1M. Taken together with the inflationary uplift applied in 2020/21, this only equates to a £1.1M increase compared to the £55.7M reduction over the previous 6 years.

21. Further details are provided in section 1.1.1 of the Medium Term Financial Forecast (Annex 1.1).

Cumulative Budget Reductions

22. Southampton City Council has agreed budget reductions including cuts worth over £162.7M in its budget from 2012/13 to 2020/21 and including any step-up in amounts for future years, which has been a necessary part of achieving a balanced budget. More details are included in section 1.1.2 of the Medium Term Financial Forecast (Annex 1.1).

MEDIUM TERM FINANCIAL FORECAST AND GENERAL FUND BUDGET

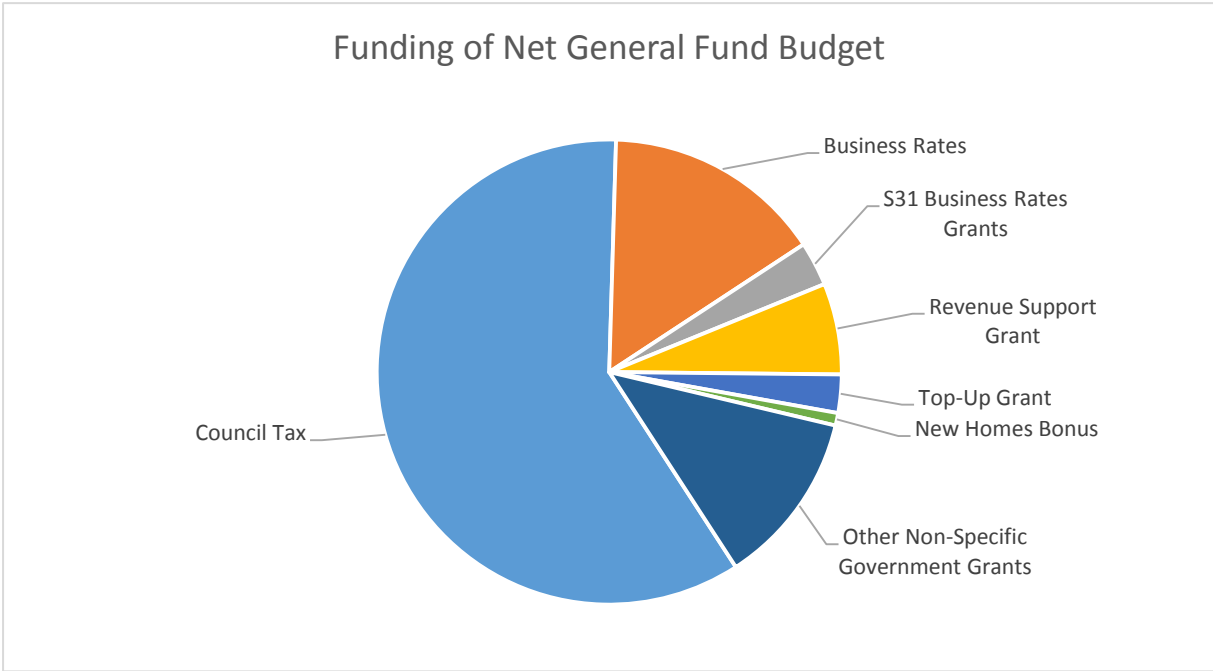
23. The Medium Term Financial Forecast (MTFF) provides a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council’s priorities.

24. There are 6 key aims are:

	<ul style="list-style-type: none"> • To provide financial parameters within which budget and service planning should take place; • To ensure the Council sets a balanced budget; • To focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources. Ensuring services are defined on the basis of a clear alignment between priority and affordability; • To ensure the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area; • To plan the level of fees, charges and taxation in line with levels that the Council regard as being necessary, acceptable and affordable to meet the Council's aims, objectives, policies and priorities whilst gradually reducing the Council's reliance on Central Government funding; and • To ensure that the Council's long term financial health and viability remain sound. 																		
25.	The MTFE goes up to the financial year 2024/25 however, given no public expenditure proposals or funding allocations beyond 2021/22 and uncertainty around the impact of the COVID-19 pandemic, the future years are only indicative at this stage.																		
	<u>Update on budget for 2021/22 at December 2020</u>																		
26.	A report providing an update on the budget for 2021/22 in the light of COVID-19 pressures was presented to Cabinet in December 2020.																		
27.	The report outlined budget pressures being faced by the Council and set out draft proposals and measures to help mitigate the forecast budget shortfall. The proposals within the report did not achieve a balanced budget for 2021/22, with a shortfall of £3.97M still to be addressed. The report is available as agenda item 9 at: .Agenda for Cabinet on Tuesday, 15th December, 2020, 4.30 pm Southampton City Council																		
28.	A summary of the proposals put forward in December is provided in Table 1 below.																		
	<p><u>Table 1 – General Fund Revenue Summary at December 2020</u></p> <table border="1"> <thead> <tr> <th></th> <th>2021/22 £M</th> </tr> </thead> <tbody> <tr> <td>Budget Shortfall - February 2020</td> <td>3.87</td> </tr> <tr> <td>Pressures net of use of specific reserves</td> <td>21.70</td> </tr> <tr> <td>Collection Fund deficit carried forward & reduced income</td> <td>7.95</td> </tr> <tr> <td>Estimated additional funding from Spending Review 2020</td> <td>(12.00)</td> </tr> <tr> <td>Savings proposals</td> <td>(10.26)</td> </tr> <tr> <td>Provisional use of uncommitted reserves</td> <td>(5.23)</td> </tr> <tr> <td>Extra income if 2% adult social care precept applied</td> <td>(2.06)</td> </tr> <tr> <td>Amended Budget Shortfall – December 2020</td> <td>3.97</td> </tr> </tbody> </table>		2021/22 £M	Budget Shortfall - February 2020	3.87	Pressures net of use of specific reserves	21.70	Collection Fund deficit carried forward & reduced income	7.95	Estimated additional funding from Spending Review 2020	(12.00)	Savings proposals	(10.26)	Provisional use of uncommitted reserves	(5.23)	Extra income if 2% adult social care precept applied	(2.06)	Amended Budget Shortfall – December 2020	3.97
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	<u>2020/21 General Fund Revenue Forecast Outturn</u>																		
29.	The current forecast spending against the Council's net General Fund revenue budget for 'business as usual' activities (non COVID-19 related) of £191.0M is projected to be an adverse position for portfolios (£5.4M deficit), offset by a favourable variance on non-portfolio expenditure and corporate funds (£10.0M) leaving a surplus position of £4.6M. The major share of the adverse position within portfolio budgets is attributable to Children & Learning which has an adverse forecast variance of £5.8M compared to budget.																		

30.	The position for COVID-19 costs is reported separately. The forecast shortfall relating to pressures from COVID-19 for portfolios is £34.5M. After applying government funding/compensation, corporate funds, the surplus on business as usual activities and in-year savings the net shortfall is reduced to £1.8M.
31.	Further details on the forecast outturn position for 2020/21 are included within the report on the Financial Monitoring for the period to the end of December 2020 to be considered by Cabinet at its meeting on the 23 February 2021.
32.	The latest position for 2020/21, together with expectations about the direct and indirect impact from COVID-19, has been taken into consideration in updating the Medium Term Financial Forecast.
	<u>2020/21 Collection Fund Forecast Outturn</u>
33.	Southampton City Council's share of the forecast deficit to be carried forward on the Collection Fund after applying government grant for business rates reliefs is £5.5M. This comprises a £2.7M deficit for Council Tax and a £2.8M deficit for business rates. The government has made regulations to require 2020/21 in-year deficits to be spread over 3 years. Consequently £3.1M of the deficit will be required to be met in 2021/22 and £2.4M will be carried forward to be met in 2022/23 and 2023/24. This has been taken into account in updating the Medium Term Financial Forecast.
34.	The government has established a scheme to compensate local authorities for 75% of irrecoverable council tax and business rates losses for 2020/21. The Council is expected to benefit by £3.5M from this scheme, which will be carried forward via reserves and has been reflected in the 2021/22 budget.
35.	Further details are included within the Financial Monitoring for the period to the end of December 2020 report to be considered by Cabinet at its meeting on the 23 February 2021.
	<u>Updated Medium Term Forecast</u>
36.	<p>Given the considerable uncertainty over future spending and funding, both due to COVID-19 and the lack of a finance settlement from Government until very late in 2020, an update of the Medium Term Financial Forecast was not provided to Cabinet as part of the budget update report on 15 December 2020. A full update is now attached as part of this report (Annex 1.1).</p> <p>The following sections provide an update on the Council's resources, together with updated budget proposals and the outlook over the medium term.</p>
	<u>Council Resources</u>
	<u>Council Tax</u>
37.	<p>The draft budget proposes an increase for the 'core' council tax level for 2021/22 of 1.99%. An increase of 3% is proposed for 2021/22 in relation to the Adult Social Care precept, with the funds generated earmarked for use in the Adult Social Care budget.</p> <p>This takes the overall charge for the Southampton City Council element of the council tax from £1,566.18 to £1,644.39 for a Band D household. For the typical household (the SCC median is a Band B), it means the increase amounts to an extra £1.17 per week.</p>

	The full calculation is set out in Annex 1.2, which shows the council tax requirement for 2021/22 is £105.9M. Additional charges will be made by the Police and Fire authorities as set out in Annex 1.3.
38.	The tax base has been calculated at 64,389 (Band D equivalents) for 2021/22, which represents a decrease of 1.6% on the tax base applied in 2020/21 (a loss of around £1.8M in council tax). The reduction stems from an estimated increase in the number of working age local council tax support claimants.
	<u>Business Rates</u>
39.	Under the Business Rates Retention Scheme the Council will retain 49% of the business rates collected locally, with 1% going to the Hampshire and Isle of Wight Fire & Rescue Authority and 50% to Central Government. The Council's estimated share of business rates income (excluding S31 grant) for 2021/22 is £48.8M. The estimate includes anticipated losses from appeals to rateable values due to the COVID-19 pandemic and an expected increase in the number of empty properties.
40.	The business rates income estimates included in the MTFF assume some business rates growth, based on an assessment of new developments that are already in the pipeline. A very cautious approach has been taken, with the following developments not yet factored in to growth estimates: <ul style="list-style-type: none"> • Bargate • Frobisher House • Mayflower Quarter (former Toys R Us site)
41.	<u>Business Rates Pilot</u> Southampton City Council participated in the Solent business rates pool pilot during 2018/19 and 2019/20, along with Portsmouth City Council and the Isle of Wight Council. The benefit of the pilot was that a greater share of the growth in business rates was retained locally within the pilot area. The pilot scheme came to an end on 31 March 2020, however accumulated funds retained by the pool have been shared between participants and the Council has received a £3.6M one-off benefit. An estimated share of £3.3M had been anticipated in the MTFF agreed in February 2020 and factored in to the 2021/22 budget.
	<u>Government Grants</u>
42.	<u>Revenue Support Grant</u> Following years of reductions due to austerity measures up to 2019/20, Revenue Support Grant (RSG) has seen two years of small inflationary uplifts. For 2021/22 the proposed inflationary uplift from government amounts to less than £0.1M, taking RSG to £11.0M. However, this compares with an RSG allocation of £72.7M when the current funding system was first introduced in 2013/14.
43.	<u>New Homes Bonus</u> The Council's New Homes Bonus allocation for 2021/22 is £1.5M. This is a significant reduction when compared with the £4.1M received in 2020/21, reflecting government winding down the current scheme. The MTFF assumes that the final legacy payment for grant allocations in previous years will be made in 2022/23. The government launched a

	consultation alongside the final local government final settlement on 10 February 2021 on the future approach to rewarding housing growth.																
44.	<p><u>Other Grants</u></p> <p>In the Spending Review 2020 the government announced support to local authorities to help meet COVID-19 costs in 2021/22. The Council's allocation for general support grant is £7.8M and its allocation for local council tax support grant is £2.8M (see paragraph 75 below).</p>																
45.	Further details on government grants is provided in section 1.2.3 of the Medium Term Financial Forecast (Annex 1.1) and a schedule of key grants received by the Council is included at Annex 1.4.																
46.	Chart 2 below shows how the Council's 2021/22 Net General Fund Budget of £173.9M is funded from council tax, business rates and government grants. Council tax revenue is by far the largest single element.																
47.	<p><u>Chart 2 Funding of 2021/22 Net General Fund Budget</u></p>  <table border="1"> <caption>Funding of Net General Fund Budget</caption> <thead> <tr> <th>Funding Source</th> <th>Color</th> </tr> </thead> <tbody> <tr> <td>Council Tax</td> <td>Blue</td> </tr> <tr> <td>Business Rates</td> <td>Orange</td> </tr> <tr> <td>Other Non-Specific Government Grants</td> <td>Dark Blue</td> </tr> <tr> <td>Revenue Support Grant</td> <td>Yellow</td> </tr> <tr> <td>S31 Business Rates Grants</td> <td>Grey</td> </tr> <tr> <td>Top-Up Grant</td> <td>Light Blue</td> </tr> <tr> <td>New Homes Bonus</td> <td>Green</td> </tr> </tbody> </table>	Funding Source	Color	Council Tax	Blue	Business Rates	Orange	Other Non-Specific Government Grants	Dark Blue	Revenue Support Grant	Yellow	S31 Business Rates Grants	Grey	Top-Up Grant	Light Blue	New Homes Bonus	Green
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	<u>Budget Pressures and Investments</u>																
48.	The budget update report to Cabinet in December 2020 set out budget pressures that are anticipated to continue into 2021/22 from COVID-19 and other budget pressures for business as usual activities totalling £40.4M for 2021/22. Other pressures relate primarily to unavoidable costs, however also include some investments in key priorities of the Council.																
49.	Table 2 below sets out the updated position for projected expenditure pressures from both COVID-19 and business as usual activities. Reserve funding is being used to meet specific budget pressures as set out in the table.																

50.	<p>Table 2 – Summary of Budget Pressures and Investments</p> <table border="1"> <thead> <tr> <th data-bbox="220 241 1074 320">Key Theme</th> <th data-bbox="1082 241 1225 320">2021/22 £M</th> </tr> </thead> <tbody> <tr> <td data-bbox="220 331 1074 365">Place Shaping</td> <td data-bbox="1082 331 1225 365">2.56</td> </tr> <tr> <td data-bbox="220 376 1074 409">Wellbeing</td> <td data-bbox="1082 376 1225 409">23.27</td> </tr> <tr> <td data-bbox="220 421 1074 454">Communities, Culture & Homes</td> <td data-bbox="1082 421 1225 454">2.26</td> </tr> <tr> <td data-bbox="220 465 1074 499">Green City</td> <td data-bbox="1082 465 1225 499">0.79</td> </tr> <tr> <td data-bbox="220 510 1074 544">Successful, Sustainable Business</td> <td data-bbox="1082 510 1225 544">14.99</td> </tr> <tr> <td data-bbox="220 555 1074 589">Centrally Held Budgets</td> <td data-bbox="1082 555 1225 589">(7.06)</td> </tr> <tr> <td data-bbox="220 600 1074 633">Total Budget Pressures</td> <td data-bbox="1082 600 1225 633">36.81</td> </tr> <tr> <td data-bbox="220 645 1074 678">Less:</td> <td data-bbox="1082 645 1225 678"></td> </tr> <tr> <td data-bbox="220 689 1074 723">Use of Social Care Demand Reserve to meet Social Care pressures</td> <td data-bbox="1082 689 1225 723">(12.86)</td> </tr> <tr> <td data-bbox="220 734 1074 768">Use of Digital Strategy Reserve to fund IT investment</td> <td data-bbox="1082 734 1225 768">(1.17)</td> </tr> <tr> <td data-bbox="220 779 1074 813">Total Net Budget Pressures</td> <td data-bbox="1082 779 1225 813">22.78</td> </tr> </tbody> </table> <p>Numbers are rounded</p>	Key Theme	2021/22 £M	Place Shaping	2.56	Wellbeing	23.27	Communities, Culture & Homes	2.26	Green City	0.79	Successful, Sustainable Business	14.99	Centrally Held Budgets	(7.06)	Total Budget Pressures	36.81	Less:		Use of Social Care Demand Reserve to meet Social Care pressures	(12.86)	Use of Digital Strategy Reserve to fund IT investment	(1.17)	Total Net Budget Pressures	22.78
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51.	<p>Details of the final budget pressures for 2021/22 are included at Annex 1.5. Given the high degree of uncertainty and potential volatility with budget in 2021/22, against the impact of the pandemic, elements of the additional budget provision will not immediately be allocated to front line budgets but held subject to release by the Executive Director for Finance, Commercialisation & S151 Officer. This will apply to high risk areas, and should anticipated pressures not emerge, this would provide scope to redirect funds or hold them corporately against new or unexpected pressures, subject to the normal council governance rules around virement of budgets.</p>																								
52.	<p>Assumptions have been made about which COVID-19 pressures are likely to continue beyond 2021/22 and which are likely to cease in the next financial year for the purposes of the MTFF (Annex 1.1).</p>																								
	<p><u>Savings</u></p>																								
53.	<p>Savings proposals totalling £10.3M for 2021/22, with £6.7M in 2022/23 were published for consultation as part of the budget update to Cabinet in December 2020. Full details can be found in appendix 4 to that report which is available as agenda item 9 at: .Agenda for Cabinet on Tuesday, 15th December, 2020, 4.30 pm Southampton City Council</p>																								
54.	<p>The Council’s approach is to find savings through income generation and efficiencies to help address budget shortfalls, to minimise the impact on front line services. While maximising opportunities to generate income remains a key strand of the Council's strategy, the scope for doing so during a period of economic downturn is reduced, therefore greater emphasis will need to be placed on reducing costs and being innovative with service delivery.</p>																								
55.	<p>Further work has been on-going to refine the savings proposals published in December 2020. Table 3 below gives a summary of the updated position, with details of the final savings proposals included at Annex 1.6.</p>																								

56. Table 3 – Summary of Savings Proposals

Key Theme	2021/22 £M	2022/23 £M
Place Shaping	(2.38)	0.00
Wellbeing	(0.53)	(0.92)
Communities, Culture & Homes	(0.36)	(0.17)
Green City	(0.02)	(0.02)
Successful, Sustainable Business	(4.38)	(3.90)
Centrally Held Budgets	(3.00)	(2.14)
Total Savings	(10.68)	(7.14)

The Council proposed a saving in December, by paying bus companies based on patronage for Concessionary Fares (as per the contractual terms).

At the time, this saving was forecast to be £1M for SCC and would provide bus operators with 75% of pre COVID-19 levels of concessionary fares income. Bus usage has since been badly impacted by the recent lockdown, with passenger numbers much more sharply reduced than expected, further delaying the recovery, which could mean a far lower payment from SCC than forecast.

Whilst still seeking a saving, the Council recognises how the situation has evolved and payments based only on current very low usage would be counter productive to maintaining services and supporting the recovery. We propose to engage constructively with the Bus Operators about reducing the Concessionary Fare Subsidy payment, whilst taking the Government guidance issued in January 2021 into consideration. However, this needs to strike a balance so we can ensure the essential bus network provides sufficient coverage, is in a position to respond positively to the national public transport recovery and is consistent with our green aims, also being fair to those reliant on public transport services including allowing access to essential services such as health.

It should also be noted that the Property Investment Fund saving of £2.75M previously included in the budget for 2020/21 onwards has had to be removed, following a change in the rules to access borrowing from the Public Works Loans Board (PWLb) by the Government.

Other MTFF Amendments

57. Inflation

£1.1M has been allocated from the central inflationary pressures budget for 2021/22 for inflation on contracts. No allocation has been made at this stage for 2021/22 pay awards, pending further details on the local government pay settlement, however £0.5M (0.5%) has been allowed for within the budget.

£2.0M has been released from the central inflationary pressures budget as part of the savings proposals outlined above and a further £0.1M to help meet budget pressures.

58. Employer's Pension Costs

The Council's employer contributions to the Local Government Pension Scheme will remain at 18.2% of salary in 2021/22, the same rate as in the current year and as set by the actuary under the triennial valuation. Therefore, there is no additional cost to the Council.

59.	<p><u>Contingency</u></p> <p>£0.6M has been released from the centrally held contingency budget in 2021/22 to help meet budget pressures.</p>														
	<p><u>Balances and Earmarked Reserves</u></p>														
60.	<p>The current General Fund Balance of £10.1M is considered to be appropriate to cover for unforeseen events and financial risks not provided for elsewhere.</p>														
61.	<p>A review of useable reserves has been undertaken as part of the budget planning process and an element of the uncommitted amount has been factored in to the MTFF to help offset the budget shortfall. Earmarked reserves (excluding schools' balances) are projected to reduce from £86.2M at the start of 2020/21 to £37.4M by the end of 2024/25. Further details are provided in section 1.4 of the Medium Term Financial Forecast (Annex 1.1).</p>														
62.	<p>In recognition of the increasing pressures being placed on both Adults and Children Social Care, a demand management reserve was established to cater for the risks faced with these costs. The Social Care Demand Risk Reserve, under these budget proposals, will have a balance of £7.4M by the end of 2024/25, but that is subject to potential further usage. The reserve was applied in the current year to address rising client numbers and costs within Children's services identified through in-year financial monitoring.</p>														
63.	<p>Table 4 sets out the net use of reserves included within the 2021/22 budget proposals. This does not include contributions to or from reserves agreed in previous years.</p>														
64.	<p><u>Table 4 – Use of Reserves</u></p> <table border="1"> <thead> <tr> <th></th> <th>2021/22 £M</th> </tr> </thead> <tbody> <tr> <td>Net use of Social Care Demand Reserve</td> <td>(10.86)</td> </tr> <tr> <td>Use of Digital Strategy Reserve</td> <td>(1.17)</td> </tr> <tr> <td>Use of Medium Term Financial Risk Reserve</td> <td>(6.03)</td> </tr> <tr> <td>Government grant for additional 2020/21 business rates relief carried forward to offset Collection Fund deficit</td> <td>(24.71)</td> </tr> <tr> <td>Government compensation for 2020/21 irrecoverable tax losses carried forward to offset Collection Fund deficit</td> <td>(3.46)</td> </tr> <tr> <td>Net contribution (from) / to reserves</td> <td>(46.23)</td> </tr> </tbody> </table>		2021/22 £M	Net use of Social Care Demand Reserve	(10.86)	Use of Digital Strategy Reserve	(1.17)	Use of Medium Term Financial Risk Reserve	(6.03)	Government grant for additional 2020/21 business rates relief carried forward to offset Collection Fund deficit	(24.71)	Government compensation for 2020/21 irrecoverable tax losses carried forward to offset Collection Fund deficit	(3.46)	Net contribution (from) / to reserves	(46.23)
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65.	<p><u>Capital Asset Management</u></p>														
66.	<p>Capital financing costs are met from the Capital Asset Management budget held centrally within the Council. Further details regarding capital financing assumptions are included in the Treasury Management Strategy and Prudential Limits report to Governance Committee on 15 February 2021.</p> <p>As noted above the Property Investment Fund saving previously included in the budget has been removed. The Capital Asset Management budget has been reduced to reflect the removal of the associated capital financing costs.</p>														
67.	<p>Interest rate forecasts will continue to be monitored and their impact on major projects and the capital programme kept under scrutiny.</p>														
	<p><u>Updated MTFF</u></p>														
68.	<p>Table 5 below summarises the changes since the position for 2021/22 reported to Cabinet in December 2020. Further details of the movements in the budget shortfall since December are provided in Annex 1.7. The new savings identified of £0.42M included in table 5 are anticipated mainly from reduced staff travel and lower office expenses on consumables, arising from the considerable increase in home working, and will have no front line impact.</p>														

69.	<p>Table 5 – Summary of Changes</p> <table border="1"> <thead> <tr> <th></th> <th>2021/22 £M</th> </tr> </thead> <tbody> <tr> <td>Budget Shortfall – December 2020</td> <td>3.97</td> </tr> <tr> <td>New budget pressures</td> <td>2.19</td> </tr> <tr> <td>Changes to budget pressures</td> <td>(5.75)</td> </tr> <tr> <td>New savings proposals</td> <td>(0.42)</td> </tr> <tr> <td>Changes to use of reserves</td> <td>0.53</td> </tr> <tr> <td>Release of centrally held budgets</td> <td>(0.67)</td> </tr> <tr> <td>Changes to grants</td> <td>(0.94)</td> </tr> <tr> <td>Changes to council tax and business rates estimates</td> <td>2.10</td> </tr> <tr> <td>Additional 1% Adult Social Care precept</td> <td>(1.01)</td> </tr> <tr> <td>Amended Budget Shortfall – February 2021</td> <td>0.00</td> </tr> </tbody> </table>		2021/22 £M	Budget Shortfall – December 2020	3.97	New budget pressures	2.19	Changes to budget pressures	(5.75)	New savings proposals	(0.42)	Changes to use of reserves	0.53	Release of centrally held budgets	(0.67)	Changes to grants	(0.94)	Changes to council tax and business rates estimates	2.10	Additional 1% Adult Social Care precept	(1.01)	Amended Budget Shortfall – February 2021	0.00
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70.	The updated position over the period of the MTFF shows a budget shortfall of £26.6M of net expenditure over funding by 2024/25 (the end of the MTFF period) as set out in table 6.																						
71.	<p>Table 6 – Forecast Budget Shortfall</p> <table border="1"> <thead> <tr> <th></th> <th>2021/22 £M</th> <th>2022/23 £M</th> <th>2023/24 £M</th> <th>2024/25 £M</th> </tr> </thead> <tbody> <tr> <td>Net Expenditure</td> <td>173.85</td> <td>212.36</td> <td>220.22</td> <td>225.08</td> </tr> <tr> <td>Funding</td> <td>(173.85)</td> <td>(189.84)</td> <td>(192.91)</td> <td>(198.51)</td> </tr> <tr> <td>Forecast Budget Shortfall</td> <td>0.00</td> <td>22.52</td> <td>27.31</td> <td>26.57</td> </tr> </tbody> </table>		2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	Net Expenditure	173.85	212.36	220.22	225.08	Funding	(173.85)	(189.84)	(192.91)	(198.51)	Forecast Budget Shortfall	0.00	22.52	27.31	26.57		
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Forecast Budget Shortfall	0.00	22.52	27.31	26.57																			
72.	<p>The medium term forecast includes the cautious assumption that there will be no further increases in the Adult Social Care precept. Nothing has been included for Government reward for housing growth once the current New Homes Bonus scheme comes to an end and Revenue Support Grant is assumed to be a flat cash allocation pending any changes to the local government finance system. If any of these assumptions are more favourable than anticipated this would reduce the budget shortfall.</p> <p>No allowance has been made for any new use of uncommitted reserves to help offset budget shortfalls in future years, although any such use would be one-off in nature and further action would need to be taken to replace one-off reserves funding with sustainable measures.</p>																						
73.	Annex 1.1(a) to the Medium Term Financial Forecast (Annex 1.1) sets out the 2021/22 budget and projections for 2022/23, 2023/24 and 2024/25 by key themes, centrally held budgets and sources of funding.																						
74.	The Council will continue to keep the MTFF under review, given the high degree of uncertainty surrounding any potential impacts from the ongoing pandemic, Brexit and possible service pressures.																						
<u>Local Council Tax Support Grant</u>																							
75.	<p>In 2020/21, Government provided £2.6M to the council for Council Tax Hardship Funding, which has been used to provide £150 reduction on council tax bills for those working age residents entitled to claim Local Council Tax Support, but still paying at least £150 normally. On recent take-up numbers, the grant looks to be insufficient.</p> <p>£2.8M of Local Council Tax Support Grant has been provisionally allocated as part of the finance settlement from Government for 2021/22. This is an un-ringfenced grant. The budget for 2021/22 has no proposals on how to apply this funding as yet, given it has only</p>																						

	recently been received and the economic uncertainty means the take-up of any scheme will be uncertain during 2021. Proposals will therefore be brought forward during the year.
<u>ON-GOING BUDGET WORK IN 2021/22</u>	
76.	<p>The budget report to Cabinet on 15 December 2020 noted that “the uncertainty around the council’s finances will persist into 2021/22 and will call for continued adaptability and agility in meeting the financial challenges faced, especially in relation to COVID-19”.</p> <p>The Council’s priorities, corporate processes and budget management will need to adapt to more challenging times with increased financial uncertainty. This will require greater adaptability and flexibility with our finances to ensure a sustainable financial position can be maintained over the longer term. To this end, it is anticipated that the Council will undertake in-year work during 2021/22 to review its budget, the financial pressures faced plus saving opportunities to ensure local services adapt to these challenges faced and provide value for money to our residents.</p>
Annexes	
1.	Medium Term Financial Forecast
2	2021/22 Council Tax Calculation
3	2021/22 Council Tax Collection Fund Estimates
4	Government Grants
5	Budget Pressures and Investments
6	Savings Proposals
7	Movements in Budget Shortfall

Southampton City Council
MEDIUM TERM FINANCIAL
FORECAST

2021/22 – 2024/25

MEDIUM TERM FINANCIAL FORECAST 2021/22 – 2024/25

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INTRODUCTION

The Medium Term Financial Forecast (MTFF) provides a strategic financial framework and a forward looking approach to achieve long term financial sustainability for the Council. It is central to the delivery of the Council's priorities in an affordable and sustainable way over the medium term. It aids robust and methodical planning as it forecasts the Council's financial position, taking into account known pressures, major issues affecting the Council's finances, including external economic influences as well as local priorities and factors.

It helps the Council to respond, in a considered manner, to pressures and changes as a result of many internal and external influences. This is particularly important during a period when the Council faces considerable pressures and challenges, such as those relating to the COVID-19 pandemic. The MTFF recognises the key role that financial resources play in the future delivery of priorities and in enabling the effective planning, management and delivery of services. The approach concentrates on the principles that will provide a strong direction for the medium term.

The key overriding aim of the MTFF is therefore:

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

The 6 key objectives of the MTFF are to:

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

The MTFF enables integrated service and financial planning over the medium term, using a business planning approach. The resulting Medium Term Financial Model provides the framework within which decisions relating to future service provision can be made. The detailed budget, taking account of constantly changing circumstances, will continue to be kept under review over the period and the Council will need to set the level of council tax on an annual basis.

The Council's budget setting process centres around the key themes contained within the City Council Corporate Plan to ensure resources are directed towards agreed priorities. The budget is presented to show the resources being allocated to these priority areas. The council will continue to develop its approach to budget setting to ensure its finances are fully aligned to the agreed goals of the Council. During the 2021/22 budget process, emphasis has been given to income generation and efficiency savings to help address the budget shortfalls the Council faces, to minimise the impact on front line services. It is expected that this approach will continue.

There is significant uncertainty about future funding levels for the Council, with the Government not setting any public expenditure plans beyond 2021/22 and reforms to the local government finance system being delayed. Added to this is the uncertainty around the impact of the COVID-19 pandemic. For these reasons the future years' position within this MTFF is only indicative at this stage.

SECTION 1. Local Financial Forecast

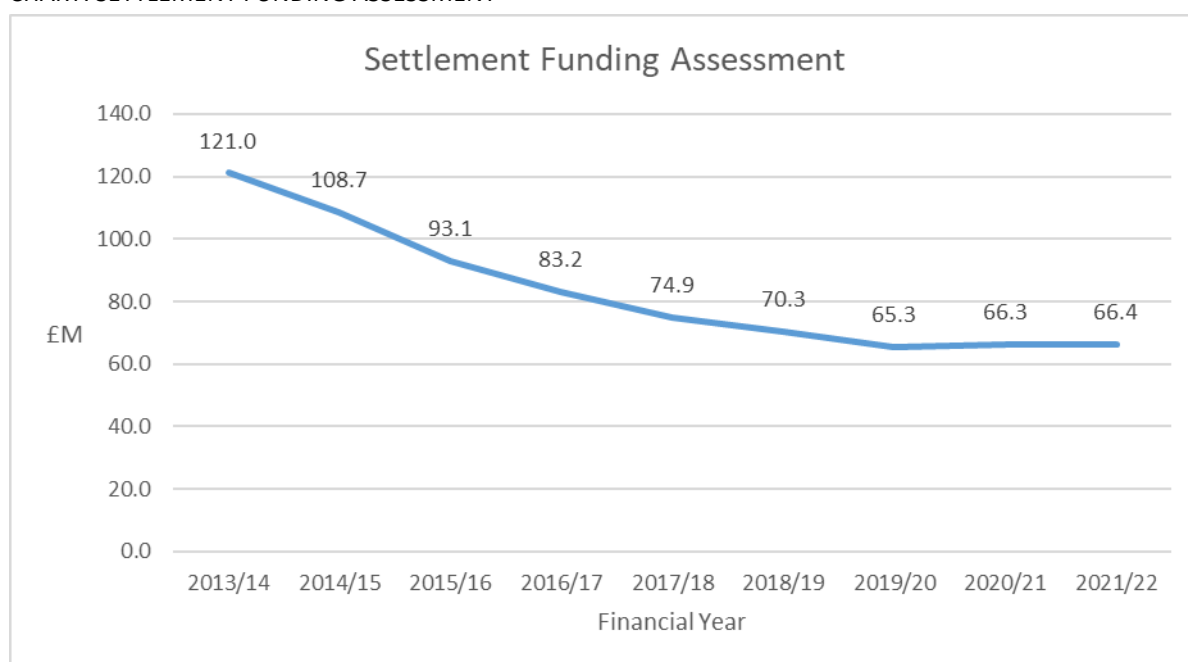
1.1 Financial Trends

1.1.1 Settlement Funding Assessment

The settlement funding assessment is the Government's measure of funding required by a local authority to meet net revenue expenditure after allowing for income generated from council tax. It is used to distribute revenue support grant to local authorities. In line with the Government's plans to reduce spending, the settlement funding assessment was reduced over a number of years to 2019/20, and hence the amount of revenue support grant distributed to local authorities. For 2020/21 and 2021/22 an inflationary uplift has been applied, however the reductions in funding made in previous years have not been restored.

The chart below shows the settlement funding assessment for the Council since 2013/14 when the current local government finance system was introduced.

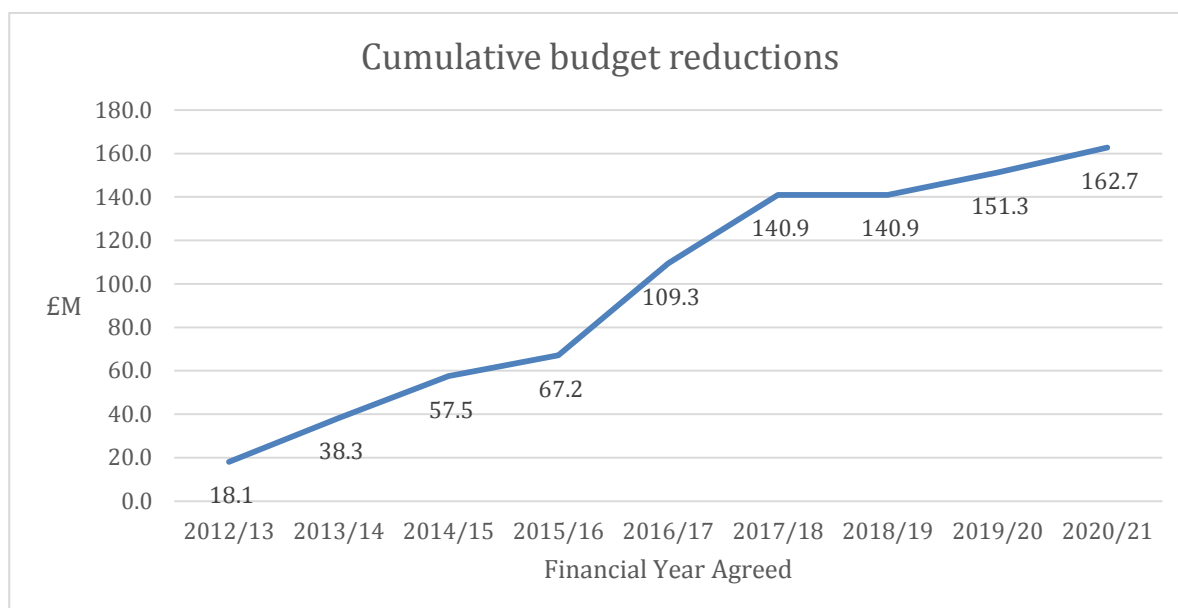
CHART: SETTLEMENT FUNDING ASSESSMENT



1.1.2 Budget Reductions History

In response to Government funding reductions and service expenditure pressures, the council has agreed some £163M of General Fund budget reductions over the last 9 years (see following chart). This level of reduction represents over three-quarters of the level of the 2020/21 net council revenue budget.

CHART: BUDGET REDUCTIONS HISTORY



Sustaining the level of savings required to achieve a balanced budget is becoming increasingly difficult. The Council had sought to change emphasis by generating growth via income to offset funding reductions and budget pressures, rather than make service reductions. However, the restrictions imposed to deal with the COVID-19 pandemic and the impact on the economy has made this approach more difficult in the short to medium term.

1.2 COUNCIL RESOURCES

The table below summarises the Council's key funding assumptions for the Medium Term Financial Forecast. Percentages indicate forecast year-on-year changes.

TABLE 1 SUMMARY OF KEY FUNDING ASSUMPTIONS

Item	2021/22	2022/23	2023/24	2024/25
Increase in Council Tax	1.99%	1.99%	1.99%	1.99%
Increase in Adult Social Care Precept	3.00%	0.00%	0.00%	0.00%
Council Tax Base (No. of Band D equivalents)	64,389	64,389	64,525	64,978
Increase in Small Business Rates Multiplier	0.0%	2.0%	2.2%	2.1%
Increase in Revenue Support Grant	0.55%	0.0%	0.0%	0.0%
Reduction in New Homes Bonus	-63.1%	-55.3%	-100.0%	0.0%

1.2.1 Council Tax and Adult Social Care Precept

In the local government finance settlement local authorities were given the ability to apply an increase in core council tax of up to 2% for 2021/22 without the need for a local referendum. The assumption is that an increase of 1.99% will be applied in accordance with this limit, which will generate £2.0M of additional funding.

Local authorities with Adult Social Care responsibilities were also given the ability to increase council tax by up to 3% in 2021/22 provided this was allocated to help fund Adult Social Care budget pressures, with the option to defer all or part of the increase until 2022/23. The assumption is that a 3% increase to the Adult Social Care Precept will be applied in 2021/22, to maximise the funding available to meet Adult Social Care pressures. A 3% increase in 2021/22 will generate £3.0M extra funding for Adult Social Care.

As set out in Table 1 above, the assumption is that the council tax rise will be set at 4.99% in 2021/22 (a 1.99% general increase and 3.00% under the Adults Social Care Precept flexibility) giving a Band D Council Tax of £1,644.39 in 2021/22. The assumption for future years is a 1.99% increase in the core or general level of council tax. A further increase in the Adult Social Care Precept has not been assumed for future years. If the government makes further flexibility available, each additional 1% would generate £1.0M extra funding for Adult Social Care.

The council tax base that has been assumed for each financial year is detailed in Table 1. The tax base includes assumptions about increased levels of Local Council Tax Support for 2021/22 and over the medium term due to the impact on the economy of the COVID-19 pandemic. The reduction in tax base for 2021/22 comes after several years of growth as shown in the chart below.

CHART: CHANGE IN COUNCIL TAX BASE

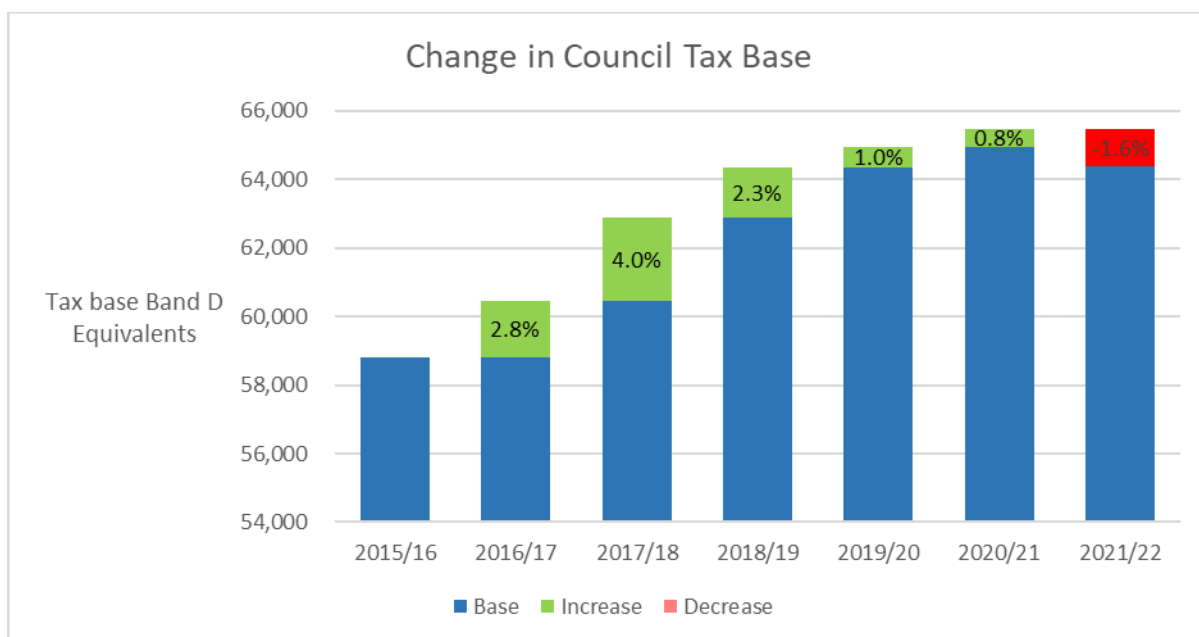


Table 2 below shows the council tax and Adult Social Care precept income that has been included in the medium term financial forecast at Annex 1.1(a).

TABLE 2 COUNCIL TAX INCOME

	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M
Council Tax - General Precept	93.88	95.99	98.35	101.25
Council Tax - Adult Social Care Precept	12.00	12.00	12.02	12.11
Total Council Tax Income	105.88	107.99	110.37	113.36

1.2.2 Business Rates

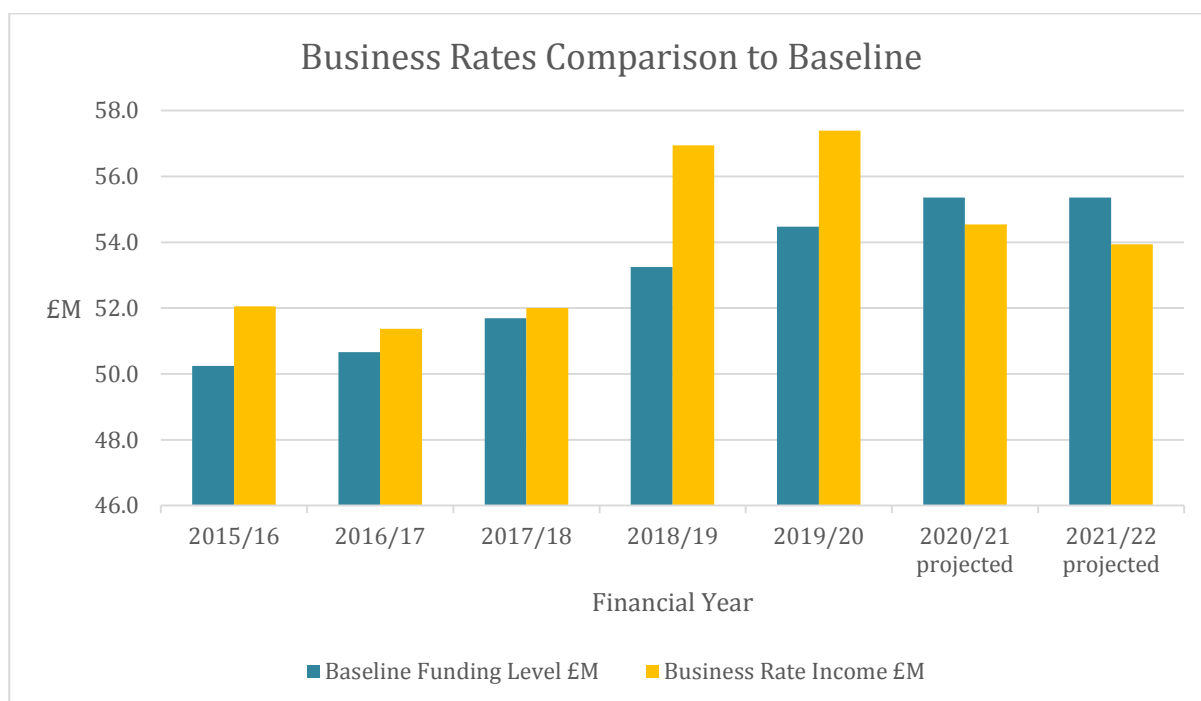
Under the Government's funding arrangements for local authorities the business rate retention scheme means councils retain a proportion of their business rates, including growth, but also take the risk of reductions in business rates during times of recession, although there are 'safety net' arrangements in place to protect against very large reductions. Local

authorities are compensated by way of S31 grant for reductions to business rates arising from changes in Government policy since the retention scheme was introduced e.g. additional reliefs and a lower uplift or freezing of the business rates multiplier.

The government has frozen the business rates multiplier for 2021/22. The MTFF assumes that it will increase with inflation thereafter as set out in Table 1 above.

There has been a cautious assumption built into the MTFF for business rates growth, this is based on an assessment of new property developments undertaken in conjunction with the Growth team. This estimate is based on projects which are already in the pipeline.

The graph below shows the growth in business rates income above the Government's baseline funding level since 2015 up to 2019/20 and the projected decline below the baseline for 2020/21 and 2021/22. The projected decline in business rates income is mainly due to estimated losses from appeals to rateable values due to the COVID-19 pandemic, together with an expected increase in the number of empty properties.



SOLENT REGION - BUSINESS RATES RETENTION PILOT

Southampton City Council participated in a business rates pilot during 2018/19 and 2019/20, as a part of the Solent Pool arrangement with Portsmouth City Council and the Isle of Wight Council. The benefit arising from the pilot was that an increased share of the proceeds of growth in business rates was retained within the pilot area. The pilot scheme came to an end in March 2020 and the accumulated funds retained by the Pool have been shared between the partners. Southampton City Council's share of the accumulated funds was £3.6M. An estimated share of £3.3M had been anticipated when the previous MTFF was agreed in February 2020 and factored in to the 2021/22 budget.

1.2.3 Government Grants

REVENUE SUPPORT GRANT (RSG)

Historically a major source of funding for the Council has been the Revenue Support Grant (RSG), however since the austerity measures were introduced this grant has been reduced drastically with the Council suffering an 85% reduction between 2013/14 (when the Business Rates Retention scheme came in) and 2019/20.

As with the previous year, the government has applied an inflationary uplift to RSG in the 2021/22 settlement and the MTFF reflects this allocation, with an assumption of a cash flat allocation thereafter.

NEW HOMES BONUS (NHB)

Funding from the New Home Bonus continues into 2021/22, with this funded via a 'top-slice' of £622M nationally from the resources allocated to local authorities. Authorities are rewarded via the NHB for the additional homes built or empty properties brought back into use. Government stated as part of the settlement that this year will be the final year under the current approach and it has launched a consultation on the future of the NHB scheme including options for reform, so it is uncertain what funding will be provided beyond 2021/22. The Council did not receive a new allocation for 2021/22 for additional homes built because the growth in the number of properties in the Southampton area was not above the government's NHB threshold. However, a new allocation for empty properties brought back into use was received and the legacy payments for NHB allocations in 2018/19 and 2019/20 will continue in 2021/22. The MTFF assumes that the final legacy payment will be made in 2022/23. Table 3 below shows the assumed allocations in the MTFF.

TABLE 3 NEW HOMES BONUS ALLOCATIONS

	2021/22	2022/23	2023/24	2024/25
	£M	£M	£M	£M
Assumed New Homes Bonus	1.51	0.68	0.00	0.00

PUBLIC HEALTH GRANT

The Public Health Grant continues to be a ring-fenced grant to local authorities in 2021/22. As at the time of writing the Government has not announced the allocations for 2021/22. After a number of years of reduction in Public Health Grant a real-terms increase was applied in 2020/21, as outlined in Table 4 below.

TABLE 4 PUBLIC HEALTH GRANT

	2016/17	2017/18	2018/19	2019/20	2020/21
	£M	£M	£M	£M	£M
Public Health Grant allocations	17.78	17.42	16.90	16.52	17.17

OTHER GRANTS

The Council receives a variety of other grants from Government. Ring-fenced grants are recorded as service income and grants which are not ring-fenced to specific services are held centrally.

In the Spending Review 2020 the Government announced for 2021/22 support to local authorities to help meet COVID-19 costs, support towards costs for Local Council Tax Support, additional grant funding for social care and continuation of existing adult social care grants. For 2021/22 the Council received an allocation of £7.8M COVID-19 support funding, £2.8M Local Council Tax Support Grant, £8.5M Social Care Grant (of which £1.8M is new) and £10.4M Improved Better Care Fund (continuation of existing grant). For planning purposes it has been assumed that the majority of social care grant funding will continue in future years and this will therefore be a risk area should funds be discontinued.

1.3 OTHER FINANCIAL ASSUMPTIONS

1.3.1 Pay Inflation

Assumptions have been made in the forecast about the likely level of pay inflation that will apply from April 2021. As a large proportion of the Council's expenditure is pay related, this can have a significant impact if actual rates are much

higher than predicated.

In the Spending Review 2020 the government announced a pay freeze for non-NHS public sector workers earning more than £24,000 a year. Although the local government pay settlement is negotiated separately, pay awards for the wider public sector are likely to have a bearing, along with the current low level of general price inflation.

A 0.5% pay award has been assumed for 2021/22 and 1% rising to 2% for future years.

1.3.2 National Living Wage

The Government has adopted a policy of 'stepped' increases in the national living wage, which feeds into the council's costs in a number of areas but in particular for the costs of social care. The budget provides an allocation to address this cost pressure.

The Council has adopted the National Living Wage Foundation's recommended living wage, which is currently £9.50 (set in November 2020 but implemented by the Council from 1 April 2021), for payment of SCC employees, and this rate is presently higher than the initial NLW (£8.91 from April 2021).

1.3.3 General Inflation

Assumptions have been made in the forecast about the likely level of general inflation that will apply from April 2021. There is a risk that should inflation increase at a higher rate than anticipated, our costs would rise, with many major contracts being uplifted by indexation linked to inflation on an annual basis.

The Consumer Price Index fell to a low of 0.3% in November 2020, however rose back up to 0.6% in December 2020 and is expected to gradually rise over the coming months. The Consumer Price Index is expected to be around 2.0% - 2.2% over the medium term and the Retail Price Index around 2.8% - 3.2%.

Inflation assumptions are reviewed and a central provision exists to cover this costs but should costs rise in-year it is likely that services would be expected to absorb the difference.

1.3.4 Pension Fund - Employer Costs

Employer contributions to the Hampshire Local Government Pension Scheme (LGPS) were reviewed as part of the 2019 triennial revaluation process and the rate applicable from April 2020 to March 2023 of 18.2% (incorporating past service costs) has been factored into the MTF. No changes to the rate have been assumed following the next triennial revaluation.

1.4 BALANCES AND EARMARKED RESERVES

The minimum level of General Fund balances is reviewed and risk assessed on an annual basis.

The Executive Director for Finance, Commercialisation & S151 Officer recommends that the minimum level of the General Fund Balances should be £10.1M, which represents the current balance. This balance provides mitigation against any unforeseeable events the council may face, as well as potential overspends in demand led areas such as social care and safeguarding for both adults and children.

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

The financial risks facing the Council in the medium term are assessed within the MTFF. This includes assessing the risk of continuing reductions in Central Government funding, the subsequent budget shortfalls that the Council then faces and overall local and national economic factors which can affect the financial stability of the Council. The COVID-19 pandemic has increased the level of risk faced by the Council, both in the cost pressures faced and the economic impact on funding streams.

Reserves totalled £86.2M at the end of 2019/20. A review of useable reserves has been undertaken and the uncommitted element identified. The reserves available to the council, and their forecast future position, is given at Annex 1.1(b). The proposed budget strategy involves using an element of the available reserves to meet budget pressures in 2021/22 and 2022/23, particularly those relating to Adults and Children's Social Care. This will allow more time to develop proposals to make cost reductions or generate additional income as a way to balance the budget. Table 5 below shows the planned use of reserves within the MTFF.

TABLE 5 FORECAST USE OF EARMARKED RESERVES

	2021/22	2022/23	2023/24	2024/25
	£M	£M	£M	£M
MTFF as at February 2020	2.13	1.20	1.20	1.20
Government grants carried forward from 2020/21 to offset Collection Fund deficit	(28.17)			
Other net use of reserves	(18.06)	(6.00)	(1.20)	(1.20)
Sub-Total	(46.23)	(6.00)	(1.20)	(1.20)
MTFF as at February 2021	(44.09)	(4.80)	0.00	0.00

Numbers are rounded

Reserve use and retention is an important part of the medium term financial forecast. Even after applying a proportion of the available reserves, it is estimated there will still be £37.4M left at the end of the MTFF period. Table 6 below shows the forecast General Fund earmarked reserves (excluding schools' balances) at the end of each financial year of the MTFF. See paragraphs 23 and 24 of the main report on reserves in the context of the S151 view of their adequacy.

TABLE 6 GENERAL FUND EARMARKED RESERVES

	2020/21	2021/22	2022/23	2023/24	2024/25
	£M	£M	£M	£M	£M
Total earmarked reserves (excluding schools' balances)	92.43	42.63	37.64	37.37	37.37

The balance at the end of 2020/21 includes carry forward of £28.2M of government grants relating to the Council's share of the deficit on the Collection Fund, which under accounting arrangements is carried forward to be met from the General Fund revenue budget in future years. Excluding the government grants carried forward, the non-school earmarked revenue reserves are forecast to be £64.3M at 31 March 2021.

The reserves forecast includes a £9.4M deficit balance relating to an overspend against the Dedicated Schools Grant, comprising £7.4M overspend brought forward from 2019/20 and £2.0M forecast deficit for 2020/21. The DSG Grant is ring-fenced and the deficit will not impact on the General Fund and non-school services the council provides.

A further review of reserves and balances will be undertaken each year as part of the budget setting and final accounts

process to ensure the council has adequate resources to cover uncertainty and risk. As we potentially move towards a regime of a higher level of funding from business rates, which fluctuate with the business cycle, reserves will provide a cushion against any 'shocks' to council funding, or delay with savings or being unable to realise the assumed level of savings/income generation.

1.5 PRESSURES AND SAVINGS

1.5.1 Pressures and investments

Table 7 summarises the pressures and investments that have been included in the medium term financial forecast in Annex 1.1(a). These have arisen from the impact of the COVID-19 pandemic and demographic and other factors as set out in Section 2, as well as pressures that have been identified via the individual service areas through regular financial monitoring and review. Pressures from additional costs, loss of income and savings that cannot be achieved because of the COVID-19 pandemic are projected to be around £20.0M in 2021/22.

TABLE 7 SUMMARY OF PRESSURES AND INVESTMENTS

Key Theme	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M
Place Shaping	2.56	2.47	2.02	2.02
Wellbeing	23.27	19.61	19.36	19.17
Communities, Culture & Homes	2.26	0.60	0.55	0.55
Green City	0.79	0.37	0.37	0.37
Successful, Sustainable Business	14.99	13.56	13.48	13.08
Centrally held budgets	(7.06)	(7.22)	(7.22)	(7.22)
Total Pressures and Investments	36.81	29.39	28.55	27.97

Numbers are rounded

1.5.2 Savings - Income Generation and Efficiencies

The Council's approach is to find savings through income generation and efficiencies to help address budget shortfalls, to minimise the impact on front line services. While maximising opportunities to generate income remains a key strand of the Council's strategy, the scope for doing so during a period of economic downturn is reduced, therefore greater emphasis is placed on reducing costs and being innovative with service delivery. Table 8 summarises the savings that have been included in the medium term financial forecast in Annex 1.1(a) to the MTF.

TABLE 8 SUMMARY OF SAVINGS

Key Theme	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M
Place Shaping	(2.38)	0.00	0.00	0.00
Wellbeing	(0.53)	(0.92)	(0.92)	(0.92)
Communities, Culture & Homes	(0.36)	(0.17)	(0.17)	(0.17)
Green City	(0.02)	(0.02)	(0.02)	(0.02)
Successful, Sustainable Business	(4.38)	(3.90)	(3.90)	(3.90)
Centrally held budgets	(3.00)	(2.14)	(2.14)	(2.14)
Total Savings	(10.68)	(7.14)	(7.14)	(7.14)

Numbers are rounded

1.6 FORECAST FINANCIAL POSITION 2021/22 – 2024/25

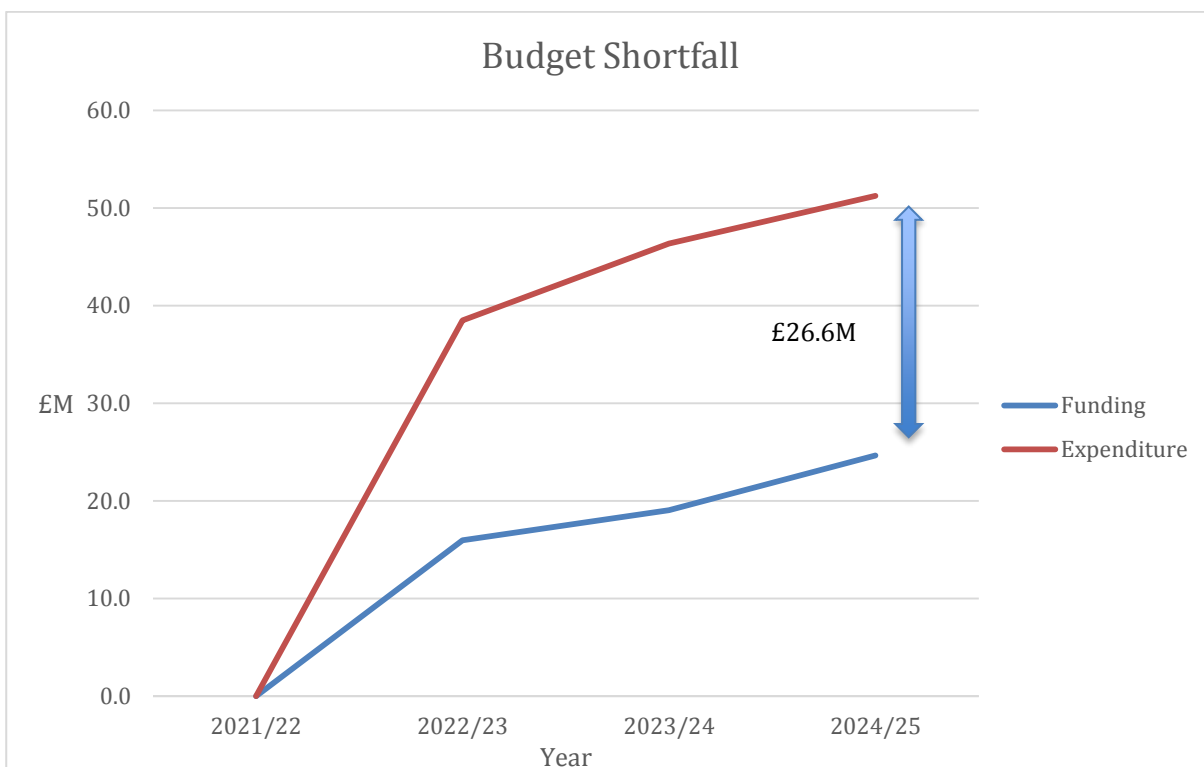
The Council’s current forecast financial position is detailed below and includes the implications of the local government finance settlement. It will be reviewed each year of budget setting to reflect any new pressures and any revision to the Council Strategy.

Where possible factors described in Section 2 have been built into the financial modelling to ascertain the forecast financial position. The graph below demonstrates the budget shortfall to 2024/25 as at February 2021. The outlook will be extended to 2025/26 when more is known from Government about their funding intentions.

Table 9 below shows the current summary position, with the detail being included in Annex 1.1(a) to the MTF. This shows the Council is required to achieve £26.6M savings over the period to 2024/25. Cost pressures that were already being faced by the Council have been exacerbated by the COVID-19 pandemic and combined with a loss in income from an anticipated economic downturn mean there is a significant budget shortfall to address over the medium term.

TABLE 9 FORECAST BUDGET SHORTFALL

	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M
Net Expenditure	173.85	212.36	220.22	225.08
Funding	(173.85)	(189.84)	(192.91)	(198.51)
Forecast Budget Shortfall	0.00	22.52	27.31	26.57



The medium term forecast does not allow for any new general use of reserves to offset the budget shortfall or for an increase in the Adult Social Care Precept beyond 2021/22. A flat cash allocation for Revenue Support Grant has been assumed and nothing has been built in for Government reward for housing growth when the current New Homes Bonus scheme comes to an end. Cautious estimates for growth in both residential and commercial properties have been

assumed and a slow decline in the elevated rates of working age council tax support claims. If any of these factors are more favourable than anticipated this would reduce the budget shortfall.

1.7 CAPITAL PROGRAMME

Planned capital expenditure and the associated financing is detailed within the budget report for approval by Council in February 2021. The programme has been reviewed and reprofiled in light of the COVID-19 pandemic and changing priorities. A limited number of new investments have been considered and have been included in the proposed Capital Programme for 2020/21 to 2025/26. The government has changed the terms of borrowing from the Public Works Loans Board in relation to commercial property investments and therefore the planned Property Investment Fund expenditure has been removed from the capital programme. The proposed programme totals £842.9M and includes £466.4M for the General Fund and £376.5M for the HRA. The General Fund Capital Programme includes the following major commitments:

- £111.8M for Connected Southampton
- £85.5M for highways and transport schemes
- £22.4M for Green City Charter
- £28.3M for City regeneration
- £104.2M for schools and other education projects

Consideration has also been given to the most appropriate use of capital resources in supporting the programme and meeting the investments and the priorities for the City. All the revenue implications of the capital projects are built into both the General Fund Estimates and Housing Revenue Account Business Plan.

1.8 HOUSING REVENUE ACCOUNT

The national self-financing regime for the Housing Revenue Account (HRA) was introduced in April 2012. A 40 year HRA Business Plan, covering both capital and revenue expenditure projections, has been prepared using the planning principles agreed by Council in November 2011 and amended by subsequent budget reports.

The main points to note are:

- Following Full Council approval in July 2020, outline approval has been given for the remainder of the 1,000 homes project to be delivered. This is expected to be delivered over the next 5 years.
- The capital spending plans include provision to maintain and improve all existing dwellings and feature an increase in the level of planned expenditure in the early years.
- A provision of £409M (including inflation adjustment and the 1,000 homes approval) is set aside for stock replacement, which will support the renewal of any of the existing dwellings that may be required over the next 40 years.
- The revenue budget meets the minimum balances of £2M over the life of the Plan.

The Welfare Reform & Work Bill 2015/16 imposed a 1% per annum reduction in rents charged to tenants for a 4 year period from 2016/17 to 2019/20. This period has now ended, and rents are increasing in line with prevailing inflation data. The rental increases are still limited by national Government policy and are currently calculated using the Consumer Price Index inflation plus 1% for the next four years, and Consumer Price Index only thereafter.

The COVID-19 crisis has caused disruption to the delivery of the capital programme through 2020/21 due to the measures taken as part of the response. There is also the risk of future rent arrears becoming bad debt at a cost to the HRA due to increased financial hardship as an economic consequence of the pandemic. An additional provision element has been set aside in the HRA to mitigate this.

1.9 KEY RISKS

There is a significant degree of uncertainty, arising from both internal and external factors, which could have a significant impact on the key assumptions made within the MTFF.

These risks are reflected in a 'Key Financial Risks' document which identifies the key financial risks to the Council's financial position over the short to medium term together with a summary of the mitigating actions in place and planned, which is reviewed on a quarterly basis as part of financial monitoring. These financial risks are reflected in the assessment of the adequacy of estimates and reserves.

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

- The impact of the COVID-19 pandemic;
- The lack of certainty in Government funding for future years including grants and the proposed new fair funding formula;
- Changes in function;
- Changes in how services are funded;
- Changes in the economy;
- Unmanaged service pressures and increases in demand;
- Council tax policy;
- Changes in legislation and government policy;
- Level of future pay awards and general inflation assumptions;
- Adequacy of contingencies in any one period;
- Business rate volatility, more frequent business rates revaluations and Business Rates Retention;
- Treasury Management and interest rate changes;
- Projected income levels from fees & charges;
- Non achievement of savings;
- Impact of National Living Wage;
- Level of provision for insurances;
- New burdens;
- Welfare reforms;
- Provider failure;
- Demographic changes; and
- Impact of the end of the transition period for exiting the European Union.

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

1. **Financial** – the majority of the future years' forecast and model is based on a series of assumptions, the further into the future you look the higher the risk that these assumptions are inaccurate.
2. **Political** – The Spending Review 2020 covers only 2021/22 and hence a further announcement is expected in 2021. Government has also postponed changes to its business rate retention scheme funding for local authorities and its fair funding review, both of which are now expected to be implemented for 2022/23. The impact of any positive or negative change to our future funding as a result of the next Spending Review or changes to the local authority funding system will need to be considered in due course.
3. **Treasury** – the MTFF is based on a reasonably stable global financial position going forward, taking into consideration that there are unknowns with regards to the impact that the COVID-19 pandemic may have on the Council's finances.

If the assumptions change it may have a major impact on the financial position of the Council particularly around business rate income, and interest payments

4. **Internal Change** – Service transformation will be required to address the budget shortfall over the medium term. Inevitably, such changes have associated risks.

1.10 MANAGING BUDGETS AND FORECASTING

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

In year, the Council will monitor its revenue and capital budgets (including the HRA) on a monthly basis and report to Cabinet on a quarterly basis.

CIPFA has introduced a new Financial Management Code, which will apply from 1 April 2021. The Code sets out the broad principles it requires for sound financial management and expects authorities to measure their own processes against the principles it sets out. The Council will ensure all our processes are reviewed for consistency with the good practice the Code expects. The FM Code principles are set out in Annex 1.1(d).

SECTION 2. Context

2.1 STRATEGIC CONTEXT

There are a number of strategies, policies and plans which impact on the direction of the Council and the day to day operations therefore impacting on the MTFF.

2.1.1 Southampton City Strategy 2015-2025

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

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

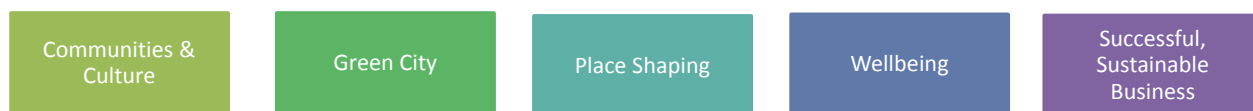
It also includes four cross cutting themes:

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

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

2.1.2 Southampton City Council Strategy

The council's vision is that Southampton is a *City of opportunity*, with strategic goals being "*Greener*", "*Fairer*", "*Healthier*". These goals will be delivered through initiatives within the following themes:



2.1.3 Other Major Strategies

CUSTOMER STRATEGY 2018-2022

The Council's vision is:

We want to put all of our customers at the heart of everything we do, reflecting their feedback in the design and delivery of services, and to provide appropriate support to those who need it ensuring that customer experiences are easy, effective and convenient.

The Customer Strategy sets out three outcomes that the Council aims to deliver for customers, and the high level actions to achieve these outcomes:

- Better customer experiences;
- Digital is the first choice for most customers; and
- Engagement with customers influences design and delivery of services.

DIGITAL STRATEGY 2018-2022

The Council's digital vision is of better customer experiences, greater independence and improved working through making the best use of information and technology. In particular we want to:

- Make contacting the council, finding information and doing business with us easier for our customers;
- Help the council run efficiently and work well with partners; and
- Grow Southampton's economy.

WORKFORCE DEVELOPMENT STRATEGY

The Workforce Development Strategy sets out a high level vision, priorities and outcomes to develop and nurture a motivated and effective workforce who will deliver the Council's priorities. The priority outcomes delivered by the Workforce Strategy will be:

- Recognised as an employer of choice;
- A high performing workforce;
- Good management across the Council;
- Evidenced based decision making, planning and delivery;
- A highly motivated and engage workforce;
- Staff empowered to make decisions;
- An effective Member Development programme for councillors; and
- Demonstrable valuing of diversity and equality.

2.1.4 Key Financial Strategies

CAPITAL STRATEGY

The Capital Strategy provides an overview of the Council's Capital Programme, Treasury Strategy, Service Investment Strategy, Property Investment Strategy and MRP Statement. The strategy details the priorities of the Council in terms of capital expenditure and a framework for the Council's capital plans to be agreed and implemented.

The Capital Programme sets out the capital plans for the next five years, taking account of any capital investment required to deliver priorities.

TREASURY MANAGEMENT STRATEGY

The Treasury Management Strategy is reviewed annually and provides the framework within which authority is delegated to the Executive Director for Finance, Commercialisation & S151 Officer to make decisions on the management of the City Council's debt and investment of surplus funds.

INVESTMENT STRATEGY

The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested, however it should be noted that a lower rate is an acceptable offset for higher credit and less risk, for example a covered bond.

BORROWING STRATEGY

The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

2.2 POLICIES, PLANS AND OTHER FACTORS

Key issues affecting council services and finances are detailed below as they can have a major impact on the Council's budget in the short and medium term. There are demographic and system-wide social-economic factors which undoubtedly impact the residents of Southampton and have an impact on the services which the council and its partners deliver across the city. The financial implications of these factors are included in the Medium Term Financial Forecast where it has been possible to make a financial assessment at this time.

2.2.1 Demographics

Population forecasts for Southampton and nationally show that more people are living longer and as a consequence average life expectancy is increasing. The fastest growing sector of the population is that aged 75 to 79 years. Forecasts predict the 75 to 79 years age group will rise by 30.5% between 2019 and 2026, whilst the number of people aged 75 and over is forecast to rise by 22.5% over the same period. Longer term projections, based on past trends, predict a 43.4% increase in over 65s in Southampton between 2016 and 2041.

The increasing proportion of older people creates challenges for individuals and policy makers alike, and it increases pressures on social care resources and other public services. Medical advances mean that people who previously might have died at a young age are living longer, often into adulthood, but do so frequently with long-term conditions and needs which require support to help them live as independently as possible. Likewise, with old age being extended, demands for social care and support are increasing. At the same time, the proportion of the working age population (aged 16-64 years) is only due to increase by 4.8% between 2018 and 2025, and this may affect availability of informal and community care.

As more people live longer the number of people living with dementia will continue to rise. It is anticipated that as techniques for diagnosing dementia will improve, this will add to the total number of individuals requiring support. In 2020 there were 1,581 Southampton residents recorded on GP registers as having dementia; this has increased from 1,549 in 2019. This increase represents increasing prevalence and the ageing of the population as well as increased diagnosis and recording by GPs.

2.2.2 National and Local Policy

COVID-19 PANDEMIC

The Government's priority over the last year has been and continues to be responding to the COVID-19 pandemic. Since the start of the crisis the Government has taken extensive and unprecedented action to tackle the virus and mitigate the financial impacts on individuals, families and businesses. At the outset the Cabinet Minister, Robert Jenrick, stated that "the government stands ready to do whatever is necessary to support councils in their response to coronavirus" and in the 2021/22 provisional local government finance settlement the Government reiterated its aim to "continue to support councils in dealing with the immediate impacts of the pandemic, to promote recovery and renewal at local level, and support and maintain critical mainstream services".

Southampton City Council has played a critical role in helping to lead the local response to COVID-19, both through its own services and via co-ordination with partner bodies such as the Local Resilience Forum (LRF). The aim has been to save lives, protect the NHS, ensure our residents are protected, help support those residents who need to shield as part of particularly vulnerable groups in the community and that crucial public services continue to operate. The Council has either put in place directly, or worked to support and deliver Government initiatives designed to protect our communities, local business and vulnerable people. These measures include:

- Providing additional financial support to adult social care providers, including support for infection control measures within care homes

- Administering grant payments to local businesses, council tax hardship discounts and self-isolation support payments
- Providing additional support for the homeless and rough sleepers to stay in local accommodation
- Operating an emergency food hub
- Providing additional local support to the test, track and trace process

COVID-19 has had a significant financial impact across many of the Council's services, in terms of demand for support in areas such as both Adults and Children's social care as well as many other services producing much higher than expected costs. At the same time, income has fallen significantly in many areas such as car parking and commercial property rental income. The impact from COVID-19 has also meant it has not been possible to implement planned budget savings.

The Government has provided general grant funding to local authorities to help meet costs arising from the pandemic, as well as compensation schemes for income and irrecoverable tax losses and funding for specific services and measures, however this is not sufficient to meet all of the costs/income losses that the Council faces.

END OF THE TRANSITION PERIOD FOR EXITING THE EUROPEAN UNION

Following the outcome of the referendum on 23 June 2016, the UK left the EU on 31 January 2020 and entered an 11-month transition period. On 24 December 2020, an EU-UK Trade and Cooperation Agreement was made in principle at negotiator's level. The Agreement was backed by Commons and Lords on 30 December and received Royal Assent on 31 December.

The agreement consists of:

- a free trade agreement
- cooperation on economic, social, environmental and fisheries issues
- a close partnership for citizens' security
- an overarching governance framework

Although a Trade Agreement is now in place, From 1 January 2021 a number of wider policy changes were introduced including:

- People planning to move between the UK and EU to live, work, or retire are no longer automatically allowed to do so
- The UK has introduced a points-based immigration system to EU citizens
- Travel rules are changing and people will need to ensure that their passport is still valid, that they have the right health care documents and the right driving documents before entering the EU

EU, EEA and Swiss citizens and their family members who wish to continue living as they do now in the UK (after 30 June 2021) need to obtain permission to remain by applying through the EU Settlement Scheme (the 'EUSS') by no later than 30 June 2021. So far over 25,000 Southampton residents have submitted their application.

The end of the transition period and beginning of a new relationship between the UK and EU will inevitably have an impact on the council's finances. This will include the ending of certain funding streams and changes to some of our financial processes such as procurement.

Southampton City Council will continue to monitor the impacts of the end of the EU Exit Transition period to understand the impacts on local businesses and the local economy.

2.2.3 Socio-Economic Factors

Southampton is ranked 55th on the overall Index of Multiple Deprivation (IMD) 2019 out of the 317 Local Authorities in England (1 equals the most deprived). Previously for IMD 2015 Southampton ranked 54th so has become relatively less deprived. 7 out of 16 wards have some areas which are within the 10% most deprived areas in the country.

However, in addition in terms of economic growth in the 2019 Good Growth for Cities index, Southampton and its environs was ranked the 3rd highest city. The index takes into account jobs, income, health, work-life balance, new businesses, housing, transport, skills, environment and income distribution.

LOOKED AFTER CHILDREN

From 2010 to 2015, the rates of referrals of children and young people to Children’s Social Services continued to increase year on year. However, as can be seen from the table below, from 2015 onwards, there has been a downward trend in the rate per 10,000 (0-17) children from 1,322.2 in 2015 to 511.1 in 2019. We have, however, seen an increase in the rate per 10,000 children in 2020, increasing by 85% to 943.9. This is a lot higher than the national average, and now above the average of statistical neighbours. We have since seen the rate of referrals drop during the first 6 months of 2020/21, but they remain high.

Rates of Referrals per 10,000 (0-17) Children

Year	Southampton CC	National Averages
2015	1322.2	548.3
2016	839.1	532.2
2017	610.9	548.2
2018	519.4	552.5
2019	511.1	544.5
2020	943.9	534.8

Over the period from 2010 to 2015, the rate of Looked After Children (per 10,000 children aged under 18) increased by 42.9% in Southampton compared to a 5.3% increase nationally (England average).

Although Southampton's rate is still higher than the national average, it has from 2016 onwards, seen annual decreases in the rate - with the latest figure now 95. This remains at the same level as 2019, whilst England and South East generally have seen increases in rates of children in care.

Rates of Looked After Children per 10,000 (0-17) Children

Area	2015	2016	2017	2018	2019	2020
Southampton CC	120	120	108	104	95	95
National Averages	60	60	62	64	65	67

In the year ending March 2020, the council carried out 412.7 Section 47 Child Protection investigations for every 10,000 children compared with 167.2 per 10,000 nationally. The city had a rate per 10,000 children of 137.1 subject to an initial

child protection conference, compared with an average of 64.4 per 10,000 In England.

These high rates of referrals, Looked After Children and child protection investigations in Southampton reflect the level of need in the city. To ensure that children's needs are met at the earliest stage, a children's services transformation programme is underway.

With regards to Looked After Children (LAC) numbers, from April to December 2020, the average number of children in care was 494, a slight decrease from the 2019/20 12-month average of 501. The figure in 2017/18 was 523 on average and in 2016/17 it was 593, showing a downward trend in the average numbers of Looked After Children.

The number of children in care has, from December 2016 onwards, remained under 600 and from July 2018 under 530. The majority of 2019/20 saw levels below 500. The average percentage of fostering placements made with independent fostering agencies, (IFA) from April to December 2020 was approx. 29% (an average of 143 placements over the period of April - November 2019). This is down from 150 during the same period last year. This could be due to the slight drop in Looked After Children so far this year.

The cost of an IFA is, on average two to three times more expensive than an internal placement. This has created and continues to create a significant pressure on the Children Services budget.

We are continuing to review our contracts with IFAs to negotiate cost reductions as well as also increasing the numbers of 'in-house' foster carers through targeted recruitment, providing more options for in-house placements where appropriate. As at the end of December 2020, Southampton CC had 153 in-house foster carers, many of which can provide placements for more than one child.

2.2.4 Physical-environmental factors

HOUSING

In Southampton 25% of residents live in privately rented accommodation, which is higher than the average for comparator cities at 18% and the England average of 17%. There are around 6,500 Houses of Multiple Occupation (HMOs) in the city. Nearly a quarter of all homes are in the social rented sector with 15,895 managed by the council with 7,695 households on its housing waiting list. The council has a responsibility to ensure that its own properties meet minimum decency standards. As of January 2021, 34.7% of stock was non-decent as a result of the aging profile and the deteriorating condition of components.

The most up to date housing target for Southampton is set out in the Partnership for South Hampshire (PFSH) Spatial Position Statement 2016. This states that the target for Southampton is to deliver 19,450 dwellings during the period 2011-2034. The council recognises that the number of new affordable homes available needs to be increased, and the Executive has made a commitment to deliver 1,000 council homes by 2025, a £144M programme was approved at Cabinet and Council in July 2020.

2.2.5 Wider Partnership Working

BETTER CARE FUND

The Better Care Fund commenced 1 April 2015 and is framed within a formal contract with Southampton City Clinical Commissioning Group (SCCG) for a pooled budget under Section 75 of the National Health Service Act 2006. The purpose of the Fund is to ensure closer integration between health and social care services.

The Southampton Better Care Fund pools funding for a significantly greater number of services than the minimum required which is consistent with the ambition locally to integrate and pool resources at a scale to significantly transform its health and care services.

The Southampton Better Care Plan has identified key areas where greater integration between Health and Social Care will make system wide efficiencies that will benefit both organisations. For the Council these efficiencies have been included within the medium-term financial forecast. In 2021/22 the provisional combined Better Care Fund budget is £131.9M, comprising £83.9M for the CCG and £48.0M for the Council.

2.2.6 Strategic Contracts

The Council has in previous years entered into a number of strategic contracts which have resulted in ongoing financial commitments. These include PFI contracts for schools and street lighting, a highways services partnership and a long term waste disposal contract. Whilst these contracts are actively monitored and performance managed to ensure they deliver value for money, it can be lengthy and more difficult to renegotiate these contracts to reduce expenditure and the Council has already realised savings in previous financial years. The financial health of these major contractors is kept under review as part of the monitoring arrangements.

2.3 NATIONAL ECONOMIC AND PUBLIC EXPENDITURE PLANS

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

2.3.1 Spending Review 2020

The government published the Spending Review 2020 on 25 November 2020, setting out spending plans for the single financial year 2021/22. The Chancellor set out his 3 key priorities as: Responding to COVID-19, Stronger Public Services and Investment in Infrastructure. The key themes relevant to Southampton City Council were as follows:

COVID-19 Support

- Local government will receive around £3Bn additional funding for COVID-19 in 2021/22, of which £1.55Bn is for additional expenditure pressures, £670M for funding local council tax support and £762M to compensate 75% of irrecoverable loss of council tax and business rates revenues in 2020/21.
- An extension to the existing COVID-19 sales, fees and charges compensation scheme for a further 3 months until the end of June 2021.

Social Care

- £300M additional grant for adult and children's social care, with confirmation that the £1Bn social care grant in 2020/21 will be rolled forward.
- Local authorities with adult social care responsibilities will be able to levy a 3 per cent Adult Social Care precept.

Schools, Children and Young People

- The government reaffirmed its commitment to increase the funding for schools by £7.1Bn by 2022/23 compared with 2019/20 funding levels (£2.2Bn increase in the schools budget for 2021/22).
- £165M in 2021/22 for continuation of the Troubled Families programme.

Local Government Funding

- The government will consult on a 2 per cent council tax referendum threshold (in addition to the 3 per cent for the social care precept).
- Revenue Support Grant would be increased in line with inflation.
- The small business rates multiplier will be frozen in 2021/22 (instead of increasing by inflation), with local authorities fully compensated for any loss of income.
- A fundamental review of the Business Rates System will report in Spring 2021.
- There will not be a reset of the business rates baseline in 2021/22 i.e. no change to the current Business Rates

Retention Scheme and councils will continue to benefit from any past growth in their local business rates.

- New Homes Bonus will continue for a further year with no new legacy payments.

Infrastructure

- The government will reduce the Public Works Loan Board (PWLB) borrowing rate by 100bps (1%) for all new Standard Rate loans and 0.8% on Certainty Rate loans.
- New Levelling Up Fund worth £4Bn - local areas to bid to fund local projects.
- £1.7Bn in 2021/22 for local roads maintenance and upgrades to tackle potholes, to relieve congestion and boost connectivity.

Other Measures

- A further £254M funding to tackle homelessness and rough sleeping (of which £103M had already been announced).
- Local authority spending through the Public Health Grant will continue to be maintained.
- Public sector pay rises to be paused next year for other than 1 million NHS workers and those earning below £24,000 - the latter will be guaranteed a £250 annual pay rise.

2.3.2 Provisional Local Government Finance Settlement 2021/22

The 2021/22 provisional settlement was announced on 17 December 2020. It largely confirmed the announcements made in the Spending Review 2020 published 3 weeks earlier, providing allocations at individual local authority level. Further information on COVID-19 support for local authorities for 2021/22 was published alongside the settlement. Additional announcements made are as follows:

- A new £111M un-ringfenced Lower Tier Services Grant which incorporates a minimum funding floor so that no authority sees an annual reduction in Core Spending Power.
- An extra £125M new burdens funding for local authorities to provide safe accommodation for victims of domestic abuse and their children (a new duty included in the Domestic Abuse Bill).
- £15M in 2021/22 to implement Sir Tony Redmond's recommendations for strengthening the local audit system.
- Details of the proposed local tax income guarantee scheme for irrecoverable council tax and business rates losses in 2020/21.

For Southampton the impact of the settlement in terms of grant funding is included in the council resources outlined in Section 1.

2.3.3 Financial outlook for 2022/23 and after

The Government's priority of responding to the COVID-19 pandemic has meant a further year's delay to the planned implementation of changes to the local government finance system until at least April 2022. If the Government continues with plans to make changes through reform of the business rates retention system and the fair funding review, these changes would increase the proportion of business rates retained locally from 50% to 75%. This would be done in a financial neutral way at a national level, with grants such Public Health Grant, which is currently ring-fenced, being replaced by a share of retained business rates as revenue funding.

The anticipated multi-year spending review, setting out the Government's public expenditure plans over the medium term, was also postponed by a year until 2021.

The changes to the local government finance system will impact local authorities' resources in two ways:

- i. Government decisions about the overall sum total of funding available to local authorities and how it is likely to change; and
- ii. the determination of each authority's share of the national total based on an assessment of its spending needs relative to all other authorities.

Therefore, most local authority funding is set to come from council tax and business rates from 2022/23 onwards. However, projections indicate that revenues will struggle to keep up with demand and cost increases, even allowing for continued council tax rises and efficiency measures.

The major budget pressures felt across adults and children's social care remain key factors in the sustainability of local government finance. The Government's proposals for putting the adult social care system on a sound financial footing are keenly awaited.

Conclusion

This MTFP provides a robust framework for setting the budget for 2021/22 and ensuring the Council remains in a sustainable financial position over the medium term. The current forecast position is extremely challenging, with the additional budgetary pressures arising from the COVID-19 pandemic adding to those faced through increasing demand for key statutory services. Responding to the COVID-19 pandemic has been the primary focus this year, which has inevitably meant taking some short term measures such as the use of reserves to balance the budget for 2021/22. However, many of the budget pressures faced are ongoing, therefore action will need to be taken to find long term solutions for addressing the future years' budget shortfalls.

The MTFP will be kept under regular review, and funding assumptions will be amended where Government announcements provide more clarity on funding beyond 2021/22. Irrespective of those announcements, the Council will pursue a policy of maximising its efficiency, but also providing arrangements and supporting services in generating additional income to help offset the budgetary pressures faced.

MEDIUM TERM FINANCIAL FORECAST MODEL															
GENERAL FUND REVENUE ACCOUNT															
	2020/21			2021/22			2022/23			2023/24			2024/25		
	Approved 2020/21 Budget	Forecast Changes	Revised 2020/21 Budget	Approved 2021/22 Budget	Forecast Changes	Revised 2021/22 Budget	Approved 2022/23 Budget	Forecast Changes	Revised 2022/23 Budget	Approved 2023/24 Budget	Forecast Changes	Revised 2023/24 Budget	Approved 2024/25 Budget	Forecast Changes	Revised 2024/25 Budget
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
Approved Budget As at Feb 2020															
Place Shaping	12.31	(0.03)	12.27	12.61	0.00	12.61	12.42	2.29	14.71	12.42	1.84	14.26	12.42	1.84	14.26
Wellbeing	109.59	4.03	113.62	111.22	21.56	132.78	112.44	19.50	131.95	112.44	19.25	131.70	112.44	19.06	131.51
Communities, Culture & Homes	8.96	2.41	11.37	8.27	2.26	10.53	8.34	0.79	9.13	8.34	0.74	9.08	8.34	0.74	9.08
Green City	4.81	(0.01)	4.80	4.66	0.56	5.22	4.76	0.14	4.90	4.76	0.14	4.90	4.76	0.14	4.90
Successful, Sustainable Business	28.60	1.22	29.82	24.26	13.13	37.39	25.36	8.80	34.16	25.36	8.57	33.93	25.36	8.18	33.54
Other Inflationary Pressures	8.81	(0.80)	8.01	9.03	(3.99)	5.05	8.85	(3.99)	4.86	8.85	(2.56)	6.29	8.85	2.51	11.36
Programme Expenditure	173.08	6.82	179.90	170.06	33.52	203.58	172.17	27.54	199.71	172.17	27.99	200.16	172.17	32.48	204.65
Capital Asset Management	10.67		10.67	16.69	(8.03)	8.66	20.01	(7.33)	12.68	20.01	(4.87)	15.14	20.01	(4.49)	15.52
Levies & Contributions	0.65	(0.56)	0.09	0.65	(0.56)	0.09	0.65	(0.56)	0.09	0.65	(0.56)	0.09	0.65	(0.56)	0.09
Other Expenditure & Income & Centrally Held Allocations	6.83	(0.91)	5.92	6.61	(0.99)	5.62	7.56	(2.87)	4.69	7.56	(2.73)	4.83	7.56	(2.73)	4.83
Transfer to/from Reserves	(0.41)	(5.16)	(5.56)	2.13	(46.23)	(44.09)	1.20	(6.00)	(4.80)	1.20	(1.20)	0.00	1.20	(1.20)	0.00
Net Revenue Expenditure	190.82	0.20	191.02	196.14	(22.29)	173.85	201.58	10.79	212.36	201.58	18.64	220.22	201.58	23.51	225.08
Funding															
Contribution to/from General Fund Balances	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Council Tax (including Adult Social Care Precept)	(102.53)		(102.53)	(104.90)	(0.98)	(105.88)	(107.18)	(0.81)	(107.99)	(107.18)	(3.19)	(110.37)	(107.18)	(6.18)	(113.36)
Collection Fund Surplus/Deficit - Council Tax	0.25		0.25	0	2.20	2.20	0.00	0.22	0.22	0.00	0.22	0.22	0.00	0.00	0.00
Business Rates	(51.86)		(51.86)	(53.92)	5.09	(48.83)	(54.98)	4.26	(50.72)	(54.98)	2.83	(52.15)	(54.98)	1.48	(53.50)
Collection Fund Surplus/Deficit - Business Rates	(0.94)		(0.94)	0.00	25.59	25.59		0.98	0.98		0.98	0.98		0.00	0.00
Business Rates Retention Pool Growth Funding	(1.77)		(1.77)	(3.32)	0.00	(3.32)		0.00	0.00		0.00	0.00		0.00	0.00
Revenue Support Grant	(10.96)		(10.96)	(10.96)	(0.06)	(11.02)	(10.96)	(0.06)	(11.02)	(10.96)	(0.06)	(11.02)	(10.96)	(0.06)	(11.02)
Top Up Grant/Tariff Payment	(4.63)		(4.63)	(4.63)	0.00	(4.63)	(4.63)	0.00	(4.63)	(4.63)	0.00	(4.63)	(4.63)	0.00	(4.63)
New Homes Bonus	(4.10)		(4.10)	(1.47)	(0.04)	(1.51)	(0.68)	0.00	(0.68)	(0.68)	0.68	0.00	(0.68)	0.68	0.00
S31 Business Rates Grants	(5.83)		(5.83)	(4.85)	(0.50)	(5.35)	(4.89)	(0.80)	(5.69)	(4.89)	(0.87)	(5.76)	(4.89)	(1.04)	(5.93)
Other Non-Specific Government Grants	(8.45)	(0.20)	(8.65)	(8.22)	(12.88)	(21.10)	(8.02)	(2.28)	(10.31)	(8.02)	(2.15)	(10.17)	(8.02)	(2.04)	(10.06)
Total Funding	(190.82)	(0.20)	(191.02)	(192.27)	18.42	(173.85)	(191.35)	1.51	(189.84)	(191.35)	(1.56)	(192.91)	(191.35)	(7.16)	(198.51)
Savings Requirement	(0.00)	(0.00)	(0.00)	3.87	(3.87)	0.00	10.22	12.30	22.52	10.22	17.08	27.31	10.22	16.35	26.57

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Appendix 4

General Fund Earmarked Reserves (excluding Schools Balances)

	Forecast Balance As At 31/03/2021	Forecast Balance As At 31/03/2022	Forecast Balance As At 31/03/2023	Forecast Balance As At 31/03/2024	Forecast Balance As At 31/03/2025	Uncommite d Corporate Reserves As At 31/03/2025
	£M	£M	£M	£M	£M	£M
Medium Term Financial Risk Reserve*	48.65	33.01	28.21	28.21	28.21	28.21
Organisational Design Reserve *						
Digital Strategy Reserve *	2.23					
Revenue Contributions to Capital (Reward Grant) *						
Social Care Demand Risk Reserve	11.58	7.39	7.39	7.39	7.39	7.39
Revenue Grants Reserve	28.17					
PFI Sinking Fund	4.48	4.36	4.16	3.77	3.77	
Insurance Reserve	2.65	2.65	2.65	2.65	2.65	
Other Reserves	4.01	4.57	4.58	4.70	4.70	
Sub-Total	101.78	51.98	46.99	46.72	46.72	35.60
DSG Reserve (deficit)	(9.35)	(9.35)	(9.35)	(9.35)	(9.35)	
Total	92.43	42.63	37.64	37.37	37.37	35.60

* These 4 reserves will be included within the MTFRR from 1 April 2021

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Appendix 5

<u>HOUSING REVENUE ACCOUNT</u>	2020/21 Budget £M	2021/22 Budget £M	2022/23 Budget £M	2023/24 Budget £M	2024/25 Budget £M
Responsive repairs	13.26	12.15	12.12	12.13	12.19
Cyclical maintenance	5.19	5.37	5.52	5.70	5.89
Rents payable	0.10	0.10	0.10	0.11	0.11
Debt management	0.09	0.09	0.21	0.25	0.29
Supervision & management	22.52	24.54	24.96	24.74	25.33
Interest & principal repayments	5.09	8.83	7.56	8.36	9.17
Depreciation	20.47	20.92	21.54	22.12	22.71
Direct revenue financing of capital	8.89	3.88	6.05	6.70	8.23
Total Expenditure	75.60	75.87	78.06	80.11	83.91
Dwelling rents	70.24	71.38	73.46	75.39	79.05
Other rents	1.22	1.20	1.22	1.25	1.28
Service charge income	3.26	2.34	2.38	2.43	2.48
Leaseholder service charges	0.88	0.95	0.99	1.03	1.10
Interest received	0.01	0.01	0.01	0.01	0.01
Total Income	75.60	75.87	78.06	80.11	83.91
Savings Requirement	0.00	0.00	0.00	0.00	0.00
(Surplus) /Deficit for the Year	(0.00)	(0.00)	0.00	0.00	0.00

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CIPFA financial management standards

Section 1: The responsibilities of the chief finance officer and leadership team

- A** The leadership team is able to demonstrate that the services provided by the authority provide value for money.
- B** The authority complies with the CIPFA *Statement on the Role of the Chief Finance Officer in Local Government*.

Section 2: Governance and financial management style

- C** The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
- D** The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).
- E** The financial management style of the authority supports financial sustainability.

Section 3: Long to medium-term financial management

- F** The authority has carried out a credible and transparent financial resilience assessment.
- G** The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
- H** The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.
- I** The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

Section 4: The annual budget

- J** The authority complies with its statutory obligations in respect of the budget setting process.
- K** The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

Section 5: Stakeholder engagement and business plans

- L** The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
- M** The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Section 6: Monitoring financial performance

- N** The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.
- O** The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.

Section 7: External financial reporting

- P** The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the *Code of Practice on Local Authority Accounting in the United Kingdom*.
- Q** The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

**SOUTHAMPTON CITY COUNCIL
COUNCIL TAX CALCULATION 2021/22**

	2020/21 £M	2021/22 £M	Change £M	%
Budget Requirement (a)	190.82	173.85	(16.97)	-8.89%
Less Non Domestic Rating Income	(53.63)	(52.15)		
Less Business Rates S31 Grants	(5.83)	(5.35)		
Less Top Up Payment/Plus Tariff	(4.63)	(4.63)		
Less Revenue Support Grant	(10.96)	(11.02)		
Other Central Grant Funding	(12.55)	(22.61)		
Aggregate External Finance	(87.60)	(95.76)	(8.16)	9.32%
Deficit/(Surplus) on Council Tax Collection Fund	0.25	2.20		
Deficit/(Surplus) on Business Rates Collection Fund	(0.94)	25.59		
Net General Grant Income & Business Rates (b)	(88.29)	(67.97)	20.32	-23.01%
Amount to be met from Council Tax (a - b)	102.53	105.88	3.35	3.26%
Tax base	65,468.0	64,389.0	(1,079.0)	-1.65%
Basic amount of Council Tax (Band D)	1,566.18	1,644.39	78.21	4.99%
Last years Council Tax		1,566.18		
Council Tax - General Increase	1.99%	31.23		
Council Tax - Social Care Precept	3.00%	46.98		
Total Annual Cash Increase		78.21		
Increase (Cash per Week for band D)		1.50		
Total Increase (%)		4.99%		

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COLLECTION FUND ESTIMATES 2021/22

	2020/21 £000	2021/22 £000	Change £000	Change %
Southampton City Council Precept	102,534.7	105,880.6	3,346.0	3.26%
Hampshire Police Precept	13,843.9	14,581.5	737.7	5.33%
Fire and Rescue Services Precept	4,521.2	4,534.9	13.7	0.30%
Income due from Council Tax Payers	120,899.8	124,997.1	4,097.3	3.39%
Tax Base for Area	65,468.0	64,389.0	(1,079.0)	-1.65%
Basic Amount of Tax for Band D Property	1,846.70	1,941.28	94.58	5.12%

SCC Council Tax increase per Property Band 2021/22

Band	SCC Band Charge	Council Tax Increase	SCC Band Charge	Police Band Charge	Fire & Rescue Band Charge	Total
	2020/21	4.99%	2021/22	2021/22	2021/22	2021/22
A	£1,044.12	52.14	£1,096.26	£150.97	£46.95	£1,294.18
B	£1,218.14	60.83	£1,278.97	£176.14	£54.78	£1,509.89
C	£1,392.16	69.52	£1,461.68	£201.30	£62.60	£1,725.58
D	£1,566.18	78.21	£1,644.39	£226.46	£70.43	£1,941.28
E	£1,914.22	95.59	£2,009.81	£276.78	£86.08	£2,372.67
F	£2,262.26	112.97	£2,375.23	£327.11	£101.73	£2,804.07
G	£2,610.30	130.35	£2,740.65	£377.43	£117.38	£3,235.46
H	£3,132.36	156.42	£3,288.78	£452.92	£140.86	£3,882.56

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Government Grants

	2020/21 Revised Estimate £M	2021/22 Estimate £M
General Government Grants		
Revenue Support Grant	10.96	11.02
Business Rates Retention Top-up	4.63	4.63
S31 Business Rates Grants	30.54	5.35
New Homes Bonus	4.10	1.51
Social Care Grant	6.70	8.45
COVID-19 Local Authority Support Grant	15.53	7.82
COVID-19 Fees & Charges Compensation	2.97	
COVID-19 Local Council Tax Support Grant		2.82
Other grants less than £1M	2.82	1.69
	78.24	43.29
Service Specific Government Grants		
Dedicated Schools Grant	135.71	146.57
Housing Benefit Grant	67.77	67.77
Public Health Grant	17.17	17.17
Additional and Improved Better Care Fund	10.39	10.39
Pupil Premium	9.14	9.14
Private Finance Initiative (PFI)	5.86	5.86
Teachers Pay and Pension Grants*	5.05	
Universal Infants Free School Meals	1.54	1.54
Homelessness Prevention Grant		1.29
COVID-19 grants to support businesses	75.77	
COVID-19 Adult Social Care Infection Control Fund	4.21	
COVID-19 Contain Outbreak Management Fund	2.60	
COVID-19 Council Tax Hardship Fund	2.58	
COVID-19 Test & Trace Service Support Grant	1.57	
COVID-19 Active Travel Fund	1.23	
Other grants less than £1M	12.15	6.46
	352.75	266.19
Total Government Grants	430.99	309.48

* Included within Dedicated Schools Grant from 2021/22

A full list of government COVID-19 grants received is included in the the Financial Monitoring to the end of December 2020 report

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COVID-19 Pressures

Description of Pressure	Portfolio	2021/22 £000
Additional Costs		
Home to school transport	Children & Learning	1,591
Home to School Transport equipment	Children & Learning	4
Increase in placement costs for children in care	Children & Learning	1,844
Temporary staff employed to deal with pandemic issues	Children & Learning	548
Libraries costs to remain open Covid Secure	Culture & Homes	50
Additional Emergency Planning resource	Customer & Orgainsation	15
Personal, Protective Equipment and other election costs	Customer & Orgainsation	50
Contract Liability - Leisure Contracts	Finance & Income Generation	60
Corporate Personal Protective Equipment	Finance & Income Generation	100
City services - citywide deep cleansing to support public health	Green City & Place	175
Public conveniences additional cleansing	Green City & Place	60
Waste collection - Additional Personal Protective Equipment costs	Green City & Place	40
Waste Disposal - net impact on disposal costs	Green City & Place	110
Adult Social Care - demographic pressures	Health & Adults	5,656
Registration Office additional running costs	Stronger Communities	60
Additional support for domestic abuse cases	Stronger Communities	79
Total Additional Costs		10,441
Loss of Income		
Early Years Training - loss of fee income	Children & Learning	2
Music Service - loss of income from cancelled lessons	Children & Learning	30
Educational Psychologists training fees	Children & Learning	35
Libraries room hire, DVD rentals, fines etc.	Culture & Homes	60
Homes of Multiple Occupancy License processing	Culture & Homes	95
Loss of venues income	Culture & Homes	239
Investment Property target income	Finance & Income Generation	750
Property Investment Fund - review	Finance & Income Generation	9,970
Contract Liability - St Marys Sports Hall - loss of usage income	Finance & Income Generation	16
Car park off street income	Green City & Place	560
Car park off street Penalty Charge Notices	Green City & Place	25
Car park season tickets - off street	Green City & Place	60
Itchen toll bridge - tolls	Green City & Place	450
External income loss due to redeployment of City Services resourcing to Deep City Cleaning	Green City & Place	65
Reduced Trade Waste Collection from closed businesses	Green City & Place	150
Registration ceremonies	Stronger Communities	150
Property Investment Fund - review - capital financing costs	Non-Portfolio	(7,220)
Total Loss of Income		5,437

Description of Pressure	Portfolio	2021/22 £000
Unachievable Savings		
Increase rental income by sale & reinvesting in properties returning a higher return	Finance & Income Generation	100
Cost recovery & charging policy	Finance & Income Generation	60
Improved collection of council tax	Finance & Income Generation	321
Reducing the level of bad debt & cost recovery	Finance & Income Generation	250
Review of Transport services and functions	Green City & Place	250
Increase capacity of Shared Lives provision - general population (non students)	Health & Adults	100
Reviewing homecare care provision to framework	Health & Adults	50
Application of strengths-based approaches when addressing review backlog across all care types	Health & Adults	450
Bringing our activity in line with the highest performing authorities for the provision of small homecare packages	Health & Adults	740
Clients being offered reablement	Health & Adults	1,179
Direct payments - improved controls to ensure meeting care needs/personal budget brokerage/increase use of PAs (based on audit findings and peer challenge)	Health & Adults	220
Extra care housing reducing use of residential care for older people	Health & Adults	217
More effective demand management (pre-front door and front door)	Health & Adults	150
Occupational Therapy reviews	Health & Adults	80
Increasing the proportion of patients who return home after a short-term period (no more than six weeks) rather than being in a residential care bed.	Health & Adults	34
Total Unachievable Savings		4,201
TOTAL COVID-19 PRESSURES		20,078

Other Pressures

Description of Pressure	Portfolio	2021/22 £000
Additional Costs		
Looked After Children placement costs	Children & Learning	4,168
Children's - Agency costs	Children & Learning	2,135
Safer Families for Children increased costs	Children & Learning	120
Temporary classrooms	Children & Learning	440
City of Culture extra investment	Culture & Homes	960
Private Sector Housing - Condition Survey	Culture & Homes	120
Public building review	Culture & Homes	70
IT investment	Customer & Organisation	1,420
Apprenticeship Levy	Customer & Organisation	100
Street Lighting - project management resources	Finance & Income Generation	60
Transforming Cities fund - revenue contribution	Green City & Place	400
Waste volumes due to City growth	Green City & Place	200
Golf Course net operating costs	Green City & Place	492
Adult Social Care - additional staffing	Health & Adults	1,750
Adult Social Care - equipment	Health & Adults	300
Childhood Obesity Strategy	Health & Adults	41
Public Health Act funerals	Stronger Communities	50
Stronger Communities Future Service Design	Stronger Communities	200
IT investment - capital financing costs	Non-Portfolio	64
Capital programme - capital financing costs	Non-Portfolio	100
Total Additional Costs		13,190
Loss of Income		
Reduction in recharges to the Dedicated Schools Grant	Children & Learning	60
Libraries income shortfall	Culture & Homes	50
One Guildhall Square under occupancy costs	Finance & Income Generation	1,500
Park & Ride loss of car park income	Green City & Place	10
Reduction in waste recyclables income	Green City & Place	300
Late night levy withdrawal	Stronger Communities	
Total Loss of Income		1,920
Unachievable Savings		
Specialist Support Services savings	Children & Learning	470
Early Help - unachievable year-on-year increase in savings	Children & Learning	416
Workforce Development - income and savings targets	Children & Learning	444
IT savings	Customer & Organisation	200
Customer Payments & Debt income shortfall	Finance & Income Generation	92
Total Unachievable Savings		1,622
TOTAL OTHER PRESSURES		16,732
TOTAL BUDGET PRESSURES		36,811
Less:		
Use of Social Care Demand Reserve to meet Social Care pressures		(12,856)
Use of Digital Strategy Reserve to fund IT investment		(1,170)
TOTAL NET BUDGET PRESSURES		22,785

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Savings Proposals

Saving Proposal	Description	Portfolio	2021/22 £000	2022/23 £000
Income Generation				
Libraries income review	General review of fees and charges and maximising the benefit of the space.	Culture & Homes	6	6
City lottery proposal	Exploring a city lottery and crowdfunding options to democratise and maximising the impact of charitable giving and creating additional revenue for good causes. Lotteries are run in over 80 local authorities nationally, generating in excess of £5m of additional revenue for local good causes.	Finance & Income Generation	23	40
Procure digital system to carry out financial assessments for adult social care	Reducing any delays so all assessments can be carried out within 8 weeks.	Finance & Income Generation	88	81
Review pricing strategy	Review the pricing model the authority applies and implement an approach that will generate income above inflation levels where opportunity exists to raise charges	Finance & Income Generation	250	250
Review of Telecare Rental Charges	Review of income through increased Telecare rental charges to reflect the overall service offer.	Health & Adults	34	34
Review of overheads chargeable to Licensing Services	Look at overheads incurred and costs recovered in areas for licensing (including Premises, Taxis and Gambling)	Stronger Communities	30	30
Registration – potential opportunity to expand venues and attract more custom	Potential to increase number of bookings at licensed wedding venues.	Stronger Communities	68	
Unallocated receipts over 2 years old	Suspense account items over 2 years old that cannot be identified to be written out of suspense and credited centrally to revenue.	Non-Portfolio	30	30
Debt saving to the General Fund by transferring land to the HRA as part of 1,000 homes	Parcels of land currently owned by the General Fund will transfer over to the HRA to assist with delivery of the 1,000 new homes programme.	Non-Portfolio	107	107
Total Income Generation			635	578

Saving Proposal	Description	Portfolio	2021/22 £000	2022/23 £000
Efficiency & Service Improvement				
Temp staff/agency workers etc savings	Review arrangements to recruit and reduce the duration of employment of temp staff.	All Portfolios	1,000	1,000
Staff travel, office consumables, postage etc savings	IT solutions reducing the need for physical meetings and postage	All Portfolios	400	400
Increase Disabled Facility Grant (DFG) contribution to revenue provision of service	Proposal to increase the contribution charged to the capital programme to cover staff	Culture & Homes	80	80
Extending vacancy savings within CCH directorate	Review vacancies and hold them unfilled during 2021/22	Culture & Homes	38	
Review of allowances	Reviewing payments (e.g. First Aid and Fire Marshall) being made that may not apply in current COVID and post COVID working arrangements	Customer & Organisation	5	5
Reconfigure contact centre management	Review contact centre management arrangements	Customer & Organisation	23	23
Efficiencies in Customer and Communications	Utilisation of current budget efficiencies to deliver the savings. No impact on current staffing levels. Efficiencies in the Gateway and Digital Media team.	Customer & Organisation	151	151
Business Support	Review of effectiveness and efficiency of Business Support arrangements across all teams.	Customer & Organisation	250	250
Finalise access to online payslips for all staff	Revised arrangements to access payslips once printing contract with Capita expires	Customer & Organisation	18	18
Reduce planned recruitment in Policy, Projects and Performance	Reduce planned recruitment to data team	Customer & Organisation	100	50
Temp staff - cabinet report master vendor	New contract for the supply of temporary agency staff for a three years. Savings in the main are due to reduced agency and Master Vendor fees. Additional savings should be made from minimising off-contract spend too.	Customer & Organisation	200	250
Enhancement of Salary Sacrifice Scheme	Implementation of Salary Sacrifice Scheme for all employees enabling the acquisition of electric or hybrid vehicles, helping green city commitments.	Finance & Income Generation	31	42
Greater use of purchase cards	The proposal is to introduce use of a cash back card to pay specific organisations that supply the council with goods and services.	Finance & Income Generation	115	115
Refinancing of PFI Street Lighting Contract	Refinancing of PFI Street Lighting Contract	Finance & Income Generation	500	
Renegotiate payment terms with suppliers	Deliver savings to the council by negotiating discounts with suppliers for early payment.	Finance & Income Generation	25	25
Finance and Commercialisation Directorate – cost reduction	To be managed through a review of vacant posts, selective recruitment and supplies budgets	Finance & Income Generation	500	500
Procurement and contract management savings	Review third party contracts and identify and implement savings options which should have minor or no impact on service delivery, performance standards, outputs and outcomes.	Finance & Income Generation	500	500
Review Housing Revenue Account (HRA) staff time allocations	Allocation of staff to be funded from HRA	Finance & Income Generation	200	200
Review of allocations to/from reserves for Car Parks & Itchen Bridge & On street car parks	Draw down from dedicated funds to maintain Itchen Bridge and offset losses arising from COVID.	Green City & Place	780	
Rephasing the TCF project	Rephasing of the TCF programme, including the proposals for Albion St, Castle Way and Civic car parks	Green City & Place	600	
Reduce the concessionary fares subsidy to reflect lower usage	Engage with bus operators to agree a reduction in the concessionary fares subsidy to reflect lower journey numbers while minimising the impact on route availability and taking the Government guidance issued in January 2021 into consideration. This needs to strike a balance so we can ensure the essential bus network provides sufficient coverage.	Green City & Place	1,000	
Clean Growth Fund	Installing energy efficiency equipment and renewable energy measures in council buildings	Green City & Place	21	18
Improved use of appropriate lifting equipment to help reduce double handed care (two staff)	A review of the double handed component will be required alongside evidence that the appropriate lifting equipment can be installed within the property to improve people's independence through the use of equipment.	Health & Adults	68	240
Maximising independence for people with Learning Disabilities	Reviewing high need placements to ensure the most effective services are in place to achieve the best outcomes for individuals including the review of appropriate health funded care.	Health & Adults	252	470
Citywide cleaning due to COVID-19	To recoup the costs of deep, additional cleaning via Public Health.	Health & Adults	180	180
Extending vacancy savings within CCH directorate	Review vacancies and hold them unfilled during 2021/22	Stronger Communities	86	
Exploring Community funding with alternative model	Investigate the possibility of introducing a crowd funding scheme or use of proceeds from a local lottery to fund future grant awards.	Stronger Communities	50	50
Review of Capital 20/21 programme, revenue implications	Impact of decisions to review items of capital investment	Non-Portfolio	400	
Review of Capital 21/22 programme, revenue implications	Impact of decisions to review items of capital investment	Non-Portfolio	467	
General inflationary allowance	Reduced estimate for inflation in budget.	Non-Portfolio	500	500
National pay award assumptions - budget at around level of inflation	Budget assumption only - will have no impact on actual pay award implemented as agreed at national level.	Non-Portfolio	1,500	1,500
Total Efficiency & Service Improvement			10,040	6,567
TOTAL SAVINGS			10,675	7,145

Movements in 2021/22 Budget Shortfall - December 2020 Cabinet Report to February 2021

Movements	£M	Comment
Budget shortfall from December Cabinet report	3.97	
Changes to Budget Pressures:		
COVID-19 Pressures		
Changes to costs		
Adult Social Care - lower expected numbers and further CCG funding	(6.34)	Revised estimate
All other	0.12	
Loss of Income		
Mainly revision to venue income	0.19	
Unachievable Savings		
Bad debts	0.29	Adjustment to previous assumption
Other Pressures		
Changes to costs		
Golf Course net operating costs	0.49	As reported to Cabinet 9 February 2021
Temporary classrooms	0.44	Re: expected schools reconfiguration costs
IT investment additional sum	0.32	
All other	0.58	
Loss of Income		
Reduction in waste recyclables income	0.30	
All other	0.06	
Unachievable Savings	(0.01)	
Total Changes to Budget Pressures	(3.56)	
New Savings	(0.42)	Primarily reduced staff travel and office costs from revised working arrangements
Change in Use of Reserves	0.53	
Change in Centrally Held Budgets	(0.67)	Use of contingency and corporate budgets
Change in Grants	(0.94)	Additional grant, mainly extra above budget assumptions for the finance settlement (£0.76M)
Revised Collection Fund estimate	2.10	Mainly lower estimate for business rates yield in 2021/22
Funding Changes		
Additional 1% Adult Social Care precept	(1.01)	
Revised budget shortfall	0.00	

Numbers are rounded

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THE CAPITAL STRATEGY & GENERAL FUND PROGRAMME 2020/21 TO 2025/26																																															
INTRODUCTION																																															
1.	The purpose of this report is to update the Capital Strategy and to inform Council of any major changes in the overall General Fund (GF) Capital Programme for the period of 2020/21 to 2025/26, highlighting the changes in the programme since the last reported position to Cabinet in February 2021. The net result of the changes since the previous report is a decrease to the General Fund programme of £195.27M.																																														
2.	The additional investment, detailed within this report, has been limited to high priority, fully-funded or health and safety related schemes due to a future period of uncertainty as a result of the COVID-19 pandemic. Borrowing to fund this additional investment has been restricted where possible.																																														
3.	The capital programme and potential further investment will be reviewed in July 2021 as part of the intended in-year budget update. Previously the capital programme has been set to include proposals to reflect the anticipated needs of the Council over the next 5-year period. Service managers should therefore still have the ability to respond to changing demands in their services within their approved budgets.																																														
THE FORWARD CAPITAL PROGRAMME																																															
4.	Table 1 shows a comparison of the latest capital expenditure for the period 2020/21 to 2025/26 compared to the previously reported programme.																																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="8" style="text-align: left; padding: 5px;"><u>Table 1 – Programme Comparison</u></th> </tr> <tr> <th style="text-align: left; padding: 5px;">Reported Programme</th> <th style="text-align: center; padding: 5px;">2020/21 £M</th> <th style="text-align: center; padding: 5px;">2021/22 £M</th> <th style="text-align: center; padding: 5px;">2022/23 £M</th> <th style="text-align: center; padding: 5px;">2023/24 £M</th> <th style="text-align: center; padding: 5px;">2024/25 £M</th> <th style="text-align: center; padding: 5px;">2025/26 £M</th> <th style="text-align: center; padding: 5px;">Total £M</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Latest</td> <td style="text-align: center; padding: 5px;">83.53</td> <td style="text-align: center; padding: 5px;">117.46</td> <td style="text-align: center; padding: 5px;">198.88</td> <td style="text-align: center; padding: 5px;">44.83</td> <td style="text-align: center; padding: 5px;">17.92</td> <td style="text-align: center; padding: 5px;">3.82</td> <td style="text-align: center; padding: 5px;">466.43</td> </tr> <tr> <td style="padding: 5px;">Previous</td> <td style="text-align: center; padding: 5px;">133.86</td> <td style="text-align: center; padding: 5px;">259.83</td> <td style="text-align: center; padding: 5px;">201.44</td> <td style="text-align: center; padding: 5px;">44.83</td> <td style="text-align: center; padding: 5px;">21.74</td> <td style="text-align: center; padding: 5px;">0.00</td> <td style="text-align: center; padding: 5px;">661.70</td> </tr> <tr> <td style="padding: 5px;">Variance</td> <td style="text-align: center; padding: 5px;">(50.33)</td> <td style="text-align: center; padding: 5px;">(142.37)</td> <td style="text-align: center; padding: 5px;">(2.56)</td> <td style="text-align: center; padding: 5px;">0.00</td> <td style="text-align: center; padding: 5px;">(3.83)</td> <td style="text-align: center; padding: 5px;">3.82</td> <td style="text-align: center; padding: 5px;">(195.27)</td> </tr> </tbody> </table> <p style="text-align: right; padding: 5px;"><i>NB: Table include rounded figures</i></p>								<u>Table 1 – Programme Comparison</u>								Reported Programme	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	Total £M	Latest	83.53	117.46	198.88	44.83	17.92	3.82	466.43	Previous	133.86	259.83	201.44	44.83	21.74	0.00	661.70	Variance	(50.33)	(142.37)	(2.56)	0.00	(3.83)	3.82	(195.27)
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5.	Table 2 below details the General Fund Capital Programme by portfolio and shows the decrease of £195.27M to a total of £466.43M.																																														
6.	Paragraphs 14-24 and annex 2.1 summarise the new schemes and changes to existing schemes by individual portfolio programmes.																																														

CHANGES TO THE PROGRAMME			
7.	<u>Table 2 – Changes in Portfolio Programmes</u>		
		Latest Programme £M	Previous Programme £M
			Total Net Change £M
	Children & Learning	109.16	107.16
	Culture & Homes	20.36	19.96
	Customer & Organisation	21.38	20.30
	Finance & Income Generation	1.27	201.27 (200.00)
	Green City & Place	305.08	303.14
	Health & Adults	0.62	0.62
	Stronger Communities	8.57	9.25 (0.68)
	Total GF Capital Programme	466.43	661.70 (195.27)
	<i>NB: Table include rounded figures</i>		
8.	New additions total £6.52M and are offset by reductions to the programme of £201.79M. Details of the major projects are given in paragraphs 14-24.		
9.	Approval is sought for the addition and spend of £6.52M to the General Fund programme to be funded as set out in annex 2.1.		
10.	Approval is sought for the reduction of £201.79M to the General Fund capital programme, as set out in annex 2.1. The usable funding from these schemes will be used to finance the new additional projects.		
11.	Approval to spend is sought for £2.50M already added to the programme in February 20 for the Special Educational Needs and Disabilities review budget of £39.00M budget. Details of this spend are shown in paragraph 14.		
12.	Approval is sought to accept government grant funding of £1.68M from the Department of Business, Energy & Industrial Strategy under the Public Sector Decarbonisation Scheme awarded following a bid made by the Green City & Place portfolio.		
13.	As part of the appraisal process, all projects were assessed to ensure that they meet the objectives of the Council and align the 5 key programme areas. Table 3 summarises the items of major spend by programme.		

Table 3 – Capital Spend by Programme							
Programme	Major Project	2020/ 2021 £M	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M
Communities Culture & Homes	Community Safety	1.40	4.76	0.00	0.00	0.00	0.00
	City of Culture	0.00	0.50	0.00	0.00	0.00	0.00
	Arts & Heritage	0.18	1.52	0.00	0.00	0.00	0.00
	Estate Improvements	0.09	1.26	0.00	0.00	0.00	0.00
	Sport & Recreation	0.74	0.00	0.00	0.00	0.00	0.00
	Outdoor Leisure	0.10	0.00	12.70	4.10	0.05	0.00
	Other	0.43	1.03	0.19	0.00	0.00	0.00
Green City	Green City Charter	0.08	4.41	5.97	4.08	4.00	3.83
	Open Spaces	1.34	1.06	0.25	0.00	0.00	0.00
	Play Area Improvements	0.52	0.41	0.00	0.00	0.00	0.00
	Parks Development Works	0.03	0.00	0.00	0.00	0.00	0.00
	Solar Powered Compactor Bins	1.00	0.00	0.00	0.00	0.00	0.00
	Other	0.68	0.02	0.00	0.00	0.00	0.00
Place Shaping	Bridges Programme	1.23	0.03	0.00	0.00	0.00	0.00
	Highways Programme	11.29	7.11	7.80	7.80	7.80	0.00
	Integrated Transport	16.89	9.18	16.38	0.00	0.00	0.00
	Fleet Investment	7.02	2.36	2.00	2.00	2.00	0.00
	Flood Risk Management	0.97	0.00	0.00	0.00	0.00	0.00
	Connected Southampton	13.04	29.40	45.84	22.00	1.50	0.00
	Pavements Programme	0.50	0.50	0.50	0.50	0.50	0.00
	Bitterne Community Hub	0.18	0.00	30.00	0.00	0.00	0.00
	Heart of the City	0.34	1.41	0.00	0.00	0.00	0.00
	Other	0.46	0.59	0.00	0.00	0.00	0.00
Successful, sustainable business	Digital & IT	5.64	5.06	1.52	1.31	1.02	0.00
	City Regeneration	1.32	0.23	26.70	0.00	0.00	0.00
	The Way we Work	0.56	3.29	1.00	1.00	1.00	0.00
	Other	0.12	1.08	0.00	0.00	0.00	0.00
Wellbeing	Early Years Expansion	0.16	0.34	0.24	0.00	0.00	0.00
	Primary Review & Expansion	1.39	0.10	0.00	0.00	0.00	0.00
	School Capital Maintenance	2.32	3.36	2.00	1.36	0.00	0.00

	Secondary Review & Expansion	12.39	30.97	8.09	0.56	0.00	0.00
	Newlands Hearing Centre	0.05	0.60	0.43	0.03	0.00	0.00
	SEND Review & Expansion	0.04	5.16	36.51	0.00	0.00	0.00
	Residential/Assessment Units	0.44	1.41	0.67	0.00	0.00	0.00
	Adult & Health	0.15	0.20	0.10	0.10	0.05	0.00
	Other	0.45	0.12	0.00	0.00	0.00	0.00
	TOTAL	83.53	117.46	198.88	44.83	17.92	3.83

NB: Table includes rounded numbers

MAJOR PROGRAMME CHANGES

Children & Learning - £2.00M Increase

14. SEND Review (£2.00M addition)
 The Children's and Families Act 2014 introduced Education, Health and Care Plans, £39.00M was added to the programme budget in February 2020, to review and expand the Special Educational Needs and Disabilities (SEND) provision within the City. An additional £2.00M budget is required to meet the immediate and significant pressure in increased capacity demand as an interim arrangement until a full business case for this scheme is reported to Executive Management Team and Cabinet. This will be funded by capital receipts. Approval to spend £4.50M on these interim arrangements is also sought.

Culture & Homes - £0.40M Increase

15. Libraries Extended Opening Hours (£0.25M addition)
 The extension of library opening hours will be achieved by offering an unstaffed self-service option within the city's libraries this allows for better value in the use of the buildings. Control system will need to be installed such as CCTV, door mag locks, lighting, audio systems, intruder alarm systems, computers to open and close the building, which make the library functional without staff needing to be present. This will be funded by council resources and capital receipts.

16. Heritage Assets Repairs Programme (£0.20M addition)
 Pending the completion of the business case for repairs to the city's heritage assets, an initial year one budget has been added to the programme to ensure that the physical deterioration of assets doesn't impact on public safety, the reputation of the Council and the City of Culture bid. This will be funded by capital receipts.

Customer & Organisation - £1.08M increase

17. Client Case Management System (£1.06M addition)

	Further enhancements to improve usability and navigation are required to ensure the system is fit for purpose and achieve best value for the funds that have been spent to date on this scheme. These additions will allow a go-live date later in 2021. Additional detail of this scheme is provided in annex 2.1(a). This will be funded by direct revenue financing.
	<u>Finance & Income Generation - £200.00M decrease</u>
18.	Property Investment Fund (£200.00M reduction) This scheme was intended to maximise the yield of council borrowing through the purchase of investment property using that funding. Recent updated guidance from the Public Works Loans Board (PWLB), the main lenders to local authorities, has made it no longer possible to borrow to invest for yield in the same way.
	<u>Green City & Place - £1.94M Increase</u>
19.	Mayflower Park Revetments (£0.50M addition) Essential repairs to the revetments are needed to protect Mayflower park from damage from the waterways. This is a necessary health and safety requirement and protects against the inability to use the park for major events in future. This will be funded by a combination of S106 contributions, capital receipts and council resources.
20.	Green Flag Park Improvements (£0.22M addition) Capital works will improve Green Flag parks within the city to enable bid a multi-park approach to the Green Flag award and support the City of Culture bid. This will be funded by S106 contributions.
21.	COVID 19 Depot Improvements (£0.25M addition) Improvements to City Depot meeting rooms as well as additional external buildings are required to maintain adequate social distancing and remain COVID safe ensuring staff welfare. This will be funded by capital receipts.
22.	Purchase of Vehicles (£0.50M reduction) In an effort to reduce the cost of borrowing, reviews have taken place throughout the year of capital schemes funded by borrowing. The purchase of vehicles scheme has now been streamlined to reduce these costs.
23.	<u>Decarbonisation (£1.68M addition, Green City - Salix Clean Growth Fund reduction £0.31M)</u> This scheme is designed to fund energy efficiency and heat decarbonisation projects within non-domestic buildings and will be used on measures across the Council's non-domestic property portfolio to create cost and carbon savings. This addition will be funded by government grant. The bid for this grant under the Public Sector Decarbonisation Scheme provides an alternative source of funding for works originally planned under the Green City - Salix Clean Growth Fund scheme therefore reducing the need for Council borrowing. The reduction was to be funded by a combination of council resources and external contributions.

	<u>Stronger Communities - £0.68M Decrease</u>																														
24.	<p>Warm Homes (£0.68M reduction)</p> <p>The Warm Homes scheme is intended to reduce fuel poverty and emissions in private sector housing. Due to the COVID-19 pandemic, one of the Council's contractors has pulled out of the project, resulting in a subsequent loss of grant funding. This has reduced the scope of the project and the budget has been reduced accordingly. This reduction was to be funded by government grants and S106 contributions.</p>																														
	CAPITAL RESOURCES																														
25.	<p>The resources which can be used to fund the capital programme are as follows:</p> <ul style="list-style-type: none"> • Council Resources – Borrowing; • Council Resources - Capital Receipts from the sale of HRA assets; • Council Resources - Capital Receipts from the sale of General Fund assets; • Contributions from third parties; • Central Government Grants and from other bodies ; and • Direct Revenue Financing. 																														
26.	Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes within the Stronger Communities portfolio.																														
27.	It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future Government Grants to be received. The majority of these grants relate to funding for schools and transport and are non-ring fenced. However, in 2020/21 those grants have been passported to these areas. These assumptions will be monitored closely and any updates reported as part on the monthly monitoring process; should any grants not materialise then the projects affected will need to be reconsidered.																														
28.	Table 4 shows the current level of available resources.																														
	<p><u>Table 4 – Available Capital Funding</u></p> <table border="1"> <thead> <tr> <th>Resource</th> <th>Balance B/Fwd. £M</th> <th>Received to Date 2020/21 £M</th> <th>Allocated to Current Programme £M</th> <th>Available Funding £M</th> <th>Anticipated Receipts 2020/21 £M</th> </tr> </thead> <tbody> <tr> <td>Capital Receipts</td> <td>(9.31)</td> <td>(0.07)</td> <td>11.52</td> <td>2.14</td> <td>(1.99)</td> </tr> <tr> <td>CIL</td> <td>(15.60)</td> <td>(0.65)</td> <td>5.49</td> <td>(10.76)</td> <td>(0.78)</td> </tr> <tr> <td>S106</td> <td>(7.73)</td> <td>(2.69)</td> <td>8.11</td> <td>(2.31)</td> <td>(0.58)</td> </tr> <tr> <td></td> <td><u>(32.64)</u></td> <td><u>(3.41)</u></td> <td><u>25.12</u></td> <td><u>(10.93)</u></td> <td><u>(3.35)</u></td> </tr> </tbody> </table>	Resource	Balance B/Fwd. £M	Received to Date 2020/21 £M	Allocated to Current Programme £M	Available Funding £M	Anticipated Receipts 2020/21 £M	Capital Receipts	(9.31)	(0.07)	11.52	2.14	(1.99)	CIL	(15.60)	(0.65)	5.49	(10.76)	(0.78)	S106	(7.73)	(2.69)	8.11	(2.31)	(0.58)		<u>(32.64)</u>	<u>(3.41)</u>	<u>25.12</u>	<u>(10.93)</u>	<u>(3.35)</u>
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29.	Table 4 shows that the largest resource currently available is Community Infrastructure Levy (CIL) funding. There are a number of potential large scale infrastructure projects in the future that could utilise this funding, for example flood defence infrastructure.																														

30.	Funding for the capital programme has previously been heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate and the response to COVID-19 has increased the Council's risk in this area. To reduce this risk properties that are not yet on the market have been removed from the assumptions of what is available to fund the programme and a small contingency is being held to alleviate pressures from any reductions to sales value.																																																																																																																
31.	Table 5 below shows the previous and current capital receipt assumptions, together with the actual receipts received in year for the General Fund. There has been no movement since the last reported position.																																																																																																																
32.	<p>Table 5 – General Fund Capital Receipts Estimates</p> <table border="1" data-bbox="331 689 954 913"> <thead> <tr> <th>Forecast</th> <th>B/Fwd. £M</th> <th>2020/21 £M</th> <th>2021/22 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Latest</td> <td>9.31</td> <td>2.06</td> <td>0.25</td> <td>11.62</td> </tr> <tr> <td>Previous</td> <td>9.31</td> <td>2.06</td> <td>0.25</td> <td>11.62</td> </tr> <tr> <td>Variance</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table> <p data-bbox="975 831 1369 891">*No further receipts from 2022/23 to 2025/26</p>	Forecast	B/Fwd. £M	2020/21 £M	2021/22 £M	Total £M	Latest	9.31	2.06	0.25	11.62	Previous	9.31	2.06	0.25	11.62	Variance	0.00	0.00	0.00	0.00																																																																																												
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OVERALL CAPITAL PROGRAMME																																																																																																																	
33.	Tables 6 and 7 show capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme up to and including 2025/26. Annex 2.2 provides details of each portfolios latest programme and the financing of that programme.																																																																																																																
	<p>Table 6 – Capital Expenditure by Programme</p> <table border="1" data-bbox="331 1216 1398 1697"> <thead> <tr> <th></th> <th>2020/21 £M</th> <th>2021/22 £M</th> <th>2022/23 £M</th> <th>2023/24 £M</th> <th>2024/25 £M</th> <th>2025/26 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Children & Learning</td> <td>17.24</td> <td>42.03</td> <td>47.94</td> <td>1.95</td> <td>0.00</td> <td>0.00</td> <td>109.16</td> </tr> <tr> <td>Culture & Homes</td> <td>1.03</td> <td>2.29</td> <td>12.89</td> <td>4.10</td> <td>0.05</td> <td>0.00</td> <td>20.36</td> </tr> <tr> <td>Customer & Organisation</td> <td>6.20</td> <td>8.34</td> <td>2.52</td> <td>2.31</td> <td>2.02</td> <td>0.00</td> <td>21.38</td> </tr> <tr> <td>Finance & Income Generation</td> <td>1.27</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>1.27</td> </tr> <tr> <td>Green City & Place</td> <td>55.76</td> <td>57.88</td> <td>135.44</td> <td>36.38</td> <td>15.80</td> <td>3.83</td> <td>305.08</td> </tr> <tr> <td>Health & Adults</td> <td>0.15</td> <td>0.22</td> <td>0.10</td> <td>0.10</td> <td>0.05</td> <td>0.00</td> <td>0.62</td> </tr> <tr> <td>Stronger Communities</td> <td>1.87</td> <td>6.70</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>8.57</td> </tr> <tr> <td>Total</td> <td>83.53</td> <td>117.46</td> <td>198.88</td> <td>44.83</td> <td>17.92</td> <td>3.83</td> <td>466.43</td> </tr> </tbody> </table> <p>Table 7 – Use of Resources</p> <table border="1" data-bbox="331 1765 1398 2011"> <thead> <tr> <th></th> <th>2020/21 £M</th> <th>2021/22 £M</th> <th>2022/23 £M</th> <th>2023/24 £M</th> <th>2024/25 £M</th> <th>2025/26 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>*CR - GF Borrowing</td> <td>(20.28)</td> <td>(35.78)</td> <td>(128.00)</td> <td>(16.97)</td> <td>(12.75)</td> <td>(1.91)</td> <td>(215.69)</td> </tr> <tr> <td>Capital Receipts</td> <td>(6.61)</td> <td>(3.37)</td> <td>(1.55)</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>(11.52)</td> </tr> <tr> <td>Contributions</td> <td>(9.06)</td> <td>(4.79)</td> <td>(8.95)</td> <td>(3.50)</td> <td>(2.50)</td> <td>(1.91)</td> <td>(30.70)</td> </tr> <tr> <td>Capital Grants</td> <td>(45.96)</td> <td>(72.06)</td> <td>(60.37)</td> <td>(24.36)</td> <td>(2.67)</td> <td>0.00</td> <td>(205.43)</td> </tr> </tbody> </table>		2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	Total £M	Children & Learning	17.24	42.03	47.94	1.95	0.00	0.00	109.16	Culture & Homes	1.03	2.29	12.89	4.10	0.05	0.00	20.36	Customer & Organisation	6.20	8.34	2.52	2.31	2.02	0.00	21.38	Finance & Income Generation	1.27	0.00	0.00	0.00	0.00	0.00	1.27	Green City & Place	55.76	57.88	135.44	36.38	15.80	3.83	305.08	Health & Adults	0.15	0.22	0.10	0.10	0.05	0.00	0.62	Stronger Communities	1.87	6.70	0.00	0.00	0.00	0.00	8.57	Total	83.53	117.46	198.88	44.83	17.92	3.83	466.43		2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	Total £M	*CR - GF Borrowing	(20.28)	(35.78)	(128.00)	(16.97)	(12.75)	(1.91)	(215.69)	Capital Receipts	(6.61)	(3.37)	(1.55)	0.00	0.00	0.00	(11.52)	Contributions	(9.06)	(4.79)	(8.95)	(3.50)	(2.50)	(1.91)	(30.70)	Capital Grants	(45.96)	(72.06)	(60.37)	(24.36)	(2.67)	0.00	(205.43)
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	Revenue Financing	(1.62)	(1.46)	0.00	0.00	0.00	0.00	(3.08)
	Total Financing	(83.53)	(117.46)	(198.88)	(44.83)	(17.92)	(3.83)	(466.43)
	*CR – Council Resources			NB: Table includes rounded figures				
34.	Table 7 demonstrates that the most significant amount of funding for the General fund programme is provided by Council Resources, which at present, will be mainly through borrowing. Borrowing costs are in the main met within a central provision, which is detailed within the revenue budget.							
35.	Every effort will be made to explore external funding opportunities to reduce the need for borrowing. Should grants or contributions be made available to the Council in the future, these will be reported as part of the routine financial monitoring process.							
	CAPITAL STRATEGY							
36.	The Council needs to have a fit for purpose Capital Strategy to ensure that all the Council's priorities are accounted for in the allocation of resources to the capital programme. A review has therefore been undertaken to update the Capital Strategy for the period 2020/21 to 2025/26 and this is attached in annex 2.3.							
37.	<p>The Prudential Code for Capital Finance in Local Authorities requires authorities to produce a capital strategy. The guidance outlines a number of key factors which they recommend be included in a capital strategy:</p> <ul style="list-style-type: none"> • The strategy should be formally approved by Council; • Clearly sets out the forthcoming capital expenditure of the Council; • There should be a clear link to the treasury management strategy, therefore including prudential indicators; • Focus on commercial activity and associated risks; • Long term impact and liabilities of decisions being undertaken; • Knowledge and skills of responsible officers. 							
38.	<p>Prudential Indicators are an indication that capital investment planning and the Authority's borrowing decisions are prudent and sustainable.</p> <p>HRA prudential indicators by statute are ring-fenced and are calculated separately.</p> <p>The prudential indicators have been set for the forthcoming period and comprise of three main components relating to: -</p> <ul style="list-style-type: none"> • Capital Expenditure – Estimates of Capital Expenditure and Capital Financing, Current and Estimated Movement in the Capital Financing Requirement i.e. the Authority's underlying need to borrow; • External Debt – Current and Estimated Movement in Gross Debt. Authorised limits for Borrowing set by the Authority and the Operational Boundary for Total External Debt (excluding investments) and separate identification for borrowing against debt and other long-term liabilities. Other indicators outline the estimated movement in borrowing requirement and loans over the forthcoming five-year period; and 							

	<ul style="list-style-type: none"> • Affordability – the Ratio of Financing Costs to Net Revenue Stream – this indicates the revenue implications of capital expenditure required to meet borrowing costs.
39.	In setting the indicators, the Authority will also take into account Minimum Revenue Provision (MRP) to set aside amounts for repayment of debt over the loan period or an equitable amount in line with Capital Regulations. The Council’s MRP policy is detailed in Annex 2.3(a), and requires approval as part of this report.
40.	In preparing the capital strategy, the Authority will also take into account: <ul style="list-style-type: none"> • The Council’s Treasury Strategy, to be approved by Governance on 15th February 2021; • The Council’s Investment Strategy which is detailed in Annex 2.3(b) and requires approval as part of this report.

Annexes	
2.1.	Variations to the General Fund Capital Programme Since Q3
	2.1(a) Client Case Management Addition
2.2.	General Fund Capital Programme – Scheme Details
2.3.	Capital Strategy 2020/21 – 2025/26
	2.3(a) MRP Strategy
	2.3(b) Investment Strategy

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Portfolio	Scheme	£M	Funding Source	Report (App. 2) Paragraph Ref.
<u>Additions to the GF Programme</u>				
Children & Learning	SEND Review	2.00	Capital Receipts	14
Culture & Homes	Heritage Assets Repairs Programme	0.20	Capital Receipts	16
	Libraries Extended Opening Hours	0.25	Council Resources / Capital Receipts	15
	SeaCity Museum - Coroners Court Improvements	0.02	Capital Receipts	
		0.46		
Customer & Organisation	Civic Centre North Entrance	0.02	Capital Receipts	
	Client Case Management System*	1.06	DRF	17
		1.08		
Green City & Place	Mayflower Park Revetments	0.50	S106 Contributions / Capital Receipts / Council Resources	19
	Decarbonisation	1.68	Gov Grant	23
	Weston Shore Footpath	0.09	CIL Contributions	
	Southampton Common Gravel Path	0.05	Capital Receipts	
	Green Flag Park Improvements	0.22	S106 Contributions	20
	Traveller Defences	0.10	Capital Receipts	
	COVID 19 Depot Improvements	0.25	Capital Receipts	21
	Golf Course Cottages	0.09	Capital Receipts / External Contributions	
		2.98		
TOTAL GF ADDITIONS		6.52		
<u>Reductions from the GF Programme</u>				
Culture & Homes	Woolston Library	(0.06)	Council Resources	
Finance & Income Generation	Property Investment Fund	(200.00)	Council Resources	18
Green City & Place	Purchase of Vehicles	(0.50)	Council Resources	22
	Green City - Salix Clean Growth Fund	(0.31)	Council Resources / External Contributions	23
	S106 Unallocated - Open Spaces	(0.23)	S106 Contributions	
		(1.04)		
Stronger Communities	Warm Homes	(0.68)	Gov Grants / S106 Contributions	24
TOTAL GF REDUCTIONS		(201.79)		
<u>Total Variations to the GF Programme</u>		(195.27)		
<i>NB: Figure above include rounded numbers</i>				
Approved By Full Council		0.00		
Approved By Cabinet		0.00		
Approved under Delegated Powers		0.00		
To be Approved	Addition & Spend	6.52		
	Reduction	(201.79)		
		(195.27)		

* additional detail relating to the Client Case Management System detailed in annex 2.1(a)

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Client Case Management Programme

The Client Case Management (CCM) programme is one of the Council's largest and most strategically important programmes. CCM started in 2018 with the procurement of CareDirector as a replacement for the current system for social care case management (Paris). SCC has used Paris for over 15 years and is one of the few remaining Paris customers. The ability of Adult and Children's social care staff to fully care for and protect their clients, to maintain accurate records that support good performance management and integration with health colleagues, and to undertake modernisation to ensure services remain effective and efficient all depend on having systems that are up to date and fit for purpose. It is considered essential to replace Paris as it is no longer formally supported by the supplier and is not capable of supporting service transformation plans.

The original pre-procurement CCM budget of £2.5M was approved by Council in 2018. Significant delays were experienced early in the programme due to the new version of CareDirector not being in an advanced state of development. As a result, Council was asked to approve a further £0.8M in autumn 2019 in order to fund the continuation of the programme team and keep Paris running until the revised launch date of April 2021. A settlement was reached with the supplier to secure compensatory licences and development time.

In late 2019 the supplier of CareDirector was acquired by Advanced, a global healthcare systems company, who conducted a post-acquisition audit and made significant changes to the development process. In February 2020 the Council became aware that key functionality was not yet developed in the product and would not be available until mid-2020. Further disruption was caused when the Covid-19 lockdown started in March 2020: the CCM programme was not stood down, in order to try and stay on track for April 2021 launch, but numerous staff had to be redeployed on urgent Covid response priorities, and more recently the team has been affected by the direct impact of absence due to Covid. As a result, although no audit has been conducted, some of the funding previously approved for CCM was effectively spent on the Council's Covid response.

Despite these hurdles, excellent progress has still been made during 2020, and in particular the commitment of Adult and Children's social care teams has grown. This has resulted in an expansion of work required as practitioners get to grips with the product and finalise the forms required (300 forms overall, of which half have now been built).

The cumulative effect of all these factors is that launch in April 2021 is no longer possible. All options for moving forward have been evaluated, including terminating the programme and either re-procuring an alternative, which would entail writing off most of the £3.3M spent so far and embarking on a new multi-year programme with no guarantee of quicker or cheaper outcomes; or staying with Paris, which is not considered acceptable as a way forward. As it remains the view of social care colleagues that CareDirector represents an important step forward for the Council, it is better for services and clients, as well as more economical for the Council, to extend rather than terminate the CCM programme.

A request for additional funding is therefore being made to ensure that the sizeable cross-council programme team, which needs to expand further as it approaches the testing phase, can maintain the necessary capacity through to the new launch date of autumn 2021. The request includes £0.64M of capital funding as well as £0.25Mk of revenue funding to cover training, continued Paris costs and delayed savings from decommissioning Paris. Contingency capital funding of £0.43M has also been requested in case the programme slips any further or 'surge' capacity is required as we approach launch.

As part of the revised programme plan, changes are being made to strengthen the social care expertise of CCM programme leadership. The Director of Children and Learning will now chair the programme and manage the supplier relationship. Relationships with other CareDirector customers, particularly Hampshire County Council, will also be maximised to ensure that jointly we hold the supplier to account and ensure launch during 2021.

Appendix 16

Scheme No.	Project Description	Budget 2020/21 £M	Budget 2021/22 £M	Budget 2022/23 £M	Budget 2023/24 £M	Budget 2024/25 £M	Budget 2025/26 £M	Total £M
CC0002	Primary Review P2 - Valentine Primary School Westwood Block	0.014	0.000	0.000	0.000	0.000	0.000	0.014
CC0004	Primary Review P2 - Fairisle Junior	0.513	0.035	0.000	0.000	0.000	0.000	0.548
CC0008	Springwell School - Main Expansion 15/16	0.517	0.000	0.000	0.000	0.000	0.000	0.517
CC0010	Springhill Primary Academy School - one modular building	0.000	0.000	0.039	0.000	0.000	0.000	0.039
CC0014	St Denys	0.069	0.000	0.000	0.000	0.000	0.000	0.069
CC0020	R&M Programme for School	2.159	3.155	2.000	1.361	0.000	0.000	8.675
CC0021	Early Years Expansion Programme	0.160	0.335	0.240	0.000	0.000	0.000	0.735
CC0023	St Mark's School	7.900	21.000	6.500	0.507	0.000	0.000	35.907
CC0025	Schools Devolved Capital	0.401	0.000	0.000	0.000	0.000	0.000	0.401
CC0029	Bitterne Park Secondary Building Programme - planning contribution	0.060	0.000	0.000	0.000	0.000	0.000	0.060
CC0030	Bitterne Park Autism Resource Base	0.029	0.000	0.000	0.000	0.000	0.000	0.029
CC0033	St George's School ESFA	0.756	0.000	0.000	0.000	0.000	0.000	0.756
CC0034	Sholing Technical College Renovation	2.027	0.000	0.000	0.000	0.000	0.000	2.027
CC0035	Regent Park Expansion	0.980	0.045	0.000	0.000	0.000	0.000	1.025
CC0037	St George's Expansion	0.132	0.600	1.555	0.050	0.000	0.000	2.337
CC0038	Cantell School Expansion	0.380	0.449	0.000	0.000	0.000	0.000	0.829
CC0039	Chamberlayne Refurbishment	0.000	7.529	0.000	0.000	0.000	0.000	7.529
CC0041	Healthy Pupil Capital Fund	0.093	0.000	0.000	0.000	0.000	0.000	0.093
CC0042	Sure Start Sholing Year R Springwell	0.054	0.064	0.000	0.000	0.000	0.000	0.118
CC0043	Great Oaks (Additional Interim Capacity & Improvement works)	0.061	0.000	0.000	0.000	0.000	0.000	0.061
CC0044	Regent Park Sports Facility	0.055	1.345	0.000	0.000	0.000	0.000	1.400
CC0046	Bitterne Park Cricket Nets	0.011	0.000	0.000	0.000	0.000	0.000	0.011
CC0047	Mount Pleasant Junior School - Safeguarding	0.061	0.207	0.000	0.000	0.000	0.000	0.268
CC0048	Newlands Hearing Centre	0.050	0.600	0.430	0.029	0.000	0.000	1.109
CC0049	SEND Review	0.000	4.500	36.500	0.000	0.000	0.000	41.000
CC0050	Children's Services - Residential Unit	0.430	0.757	0.665	0.000	0.000	0.000	1.852
CC0051	Children's Services - Assessment Unit	0.010	0.649	0.000	0.000	0.000	0.000	0.659
CC0052	Maytree School Playground	0.000	0.050	0.000	0.000	0.000	0.000	0.050
CC0053	Surestart	0.050	0.050	0.000	0.000	0.000	0.000	0.100
CC0054	Purchase of two double modular classrooms at Bitterne Park School	0.229	0.000	0.000	0.000	0.000	0.000	0.229
CC0055	Modular relocation & purchase from Springwell to Vermont	0.025	0.189	0.000	0.000	0.000	0.000	0.214
CC0056	Reconfiguration of Compass School Green Lane	0.015	0.473	0.010	0.000	0.000	0.000	0.498
		17.241	42.032	47.939	1.947	0.000	0.000	109.159
Sources of Finance								
	Council Resources	3.416	13.207	45.633	0.586	0.000	0.000	62.842
	Capital Receipts	0.000	2.000	0.000	0.000	0.000	0.000	2.000
	Central Govt Grants	13.825	26.825	2.306	1.361	0.000	0.000	44.317
Total Programme		17.241	42.032	47.939	1.947	0.000	0.000	109.159

Culture & Homes

Scheme No.	Project Description	Budget	Budget	Budget	Budget	Budget	Budget	Total
		2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	
CAP1	City of Culture - VE Day	0.000	0.510	0.000	0.000	0.000	0.000	0.510
CAP11	Outdoor Leisure	0.000	0.000	12.700	4.100	0.050	0.000	16.850
CAP18	Hoarders Project	0.100	0.000	0.000	0.000	0.000	0.000	0.100
CAP23	Art Gallery Roof	0.050	1.350	0.000	0.000	0.000	0.000	1.400
CG0132	Arts Gallery Improvements	0.020	0.000	0.000	0.000	0.000	0.000	0.020
CG0136	Ancient Scheduled Monuments	0.000	0.150	0.000	0.000	0.000	0.000	0.150
CG0137	Tudor House Museum Phase 1	0.005	0.000	0.000	0.000	0.000	0.000	0.005
CG0138	Sections 106 Playing Field Improvement	0.071	0.000	0.000	0.000	0.000	0.000	0.071
CG0139	Outdoor Sports Centre Improvements	0.430	0.000	0.000	0.000	0.000	0.000	0.430
CG0140	Art in Public Places – Millbrook and Weston	0.013	0.000	0.000	0.000	0.000	0.000	0.013
CG0142	Tudor House Museum Phase 2 Implementation	0.009	0.000	0.000	0.000	0.000	0.000	0.009
CG0201	S106 - Playing Fields - Unallocated	0.234	0.000	0.000	0.000	0.000	0.000	0.234
CG0202	S106 - Art in Public Spaces - Unallocated	0.036	0.000	0.000	0.000	0.000	0.000	0.036
CG0203	S106 - City Walls - Unallocated	0.014	0.000	0.000	0.000	0.000	0.000	0.014
CG0208	Heritage assets - Strategy	0.050	0.000	0.000	0.000	0.000	0.000	0.050
LCAP1	Extend Library Opening Hours	0.000	0.064	0.185	0.000	0.000	0.000	0.249
LCAP2	SeaCity Museum	0.000	0.015	0.000	0.000	0.000	0.000	0.015
LCAP3	Heritage Assets Repairs	0.000	0.200	0.000	0.000	0.000	0.000	0.200
		1.032	2.289	12.885	4.100	0.050	0.000	20.356

Sources of Finance

Council Resources	0.105	1.574	6.971	3.100	0.050	0.000	11.800
Capital Receipts	0.000	0.215	0.314	0.000	0.000	0.000	0.529
Contributions	0.785	0.500	5.600	1.000	0.000	0.000	7.885
Central Govt Grants	0.100	0.000	0.000	0.000	0.000	0.000	0.100
Other Grants	0.042	0.000	0.000	0.000	0.000	0.000	0.042
Total Programme	1.032	2.289	12.885	4.100	0.050	0.000	20.356

Customer & Organisation

Scheme No.	Project Description	Budget	Budget	Budget	Budget	Budget	Budget	Total
		2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	
CA0010	Client Case Management System	1.655	1.492	0.000	0.000	0.000	0.000	3.147
CAP10	Smarter Ways Of Working	0.000	2.650	1.000	1.000	1.000	0.000	5.650
CF0002	Digital Investment Phase 2 & 3	0.051	0.000	0.000	0.000	0.000	0.000	0.051
CG0155	Desktop Refresh Programme	0.970	0.000	0.000	0.000	0.000	0.000	0.970
CG0158	Civic Centre Upgrade	0.562	0.620	0.000	0.000	0.000	0.000	1.182
CG0211	IT Equipment and Software Refresh	1.723	3.507	1.515	1.306	1.015	0.000	9.066
CG0214	Office 365	0.800	0.000	0.000	0.000	0.000	0.000	0.800
CI0001	Customer Relationship Management Project	0.042	0.000	0.000	0.000	0.000	0.000	0.042
CI0002	CRM Phase 2	0.100	0.000	0.000	0.000	0.000	0.000	0.100
CI0020	Other. PA System	0.000	0.060	0.000	0.000	0.000	0.000	0.060
CI0030	Digital Customer - Content Management	0.050	0.000	0.000	0.000	0.000	0.000	0.050
CI0040	Digital Customer - Contact Centre Telephony	0.250	0.000	0.000	0.000	0.000	0.000	0.250
PCAP1	Civic Centre North Entrance	0.000	0.015	0.000	0.000	0.000	0.000	0.015
		6.203	8.344	2.515	2.306	2.015	0.000	21.383

Sources of Finance

Council Resources	4.238	6.837	2.515	2.306	2.015	0.000	17.911
Capital Receipts	1.697	0.444	0.000	0.000	0.000	0.000	2.141
Direct Revenue	0.268	1.063	0.000	0.000	0.000	0.000	1.331
Total Programme	6.203	8.344	2.515	2.306	2.015	0.000	21.383

Finance & Income Generation

Scheme No.	Project Description	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Total
		£M	£M	£M	£M	£M	£M	£M
CG0210	Drivers Wharf	1.205	0.000	0.000	0.000	0.000	0.000	1.205
CG0210	Coopers Wharf	0.065	0.000	0.000	0.000	0.000	0.000	0.065
		1.270	0.000	0.000	0.000	0.000	0.000	1.270
Sources of Finance								
	Council Resources	0.630	0.000	0.000	0.000	0.000	0.000	0.630
	Direct Revenue	0.640	0.000	0.000	0.000	0.000	0.000	0.640
	Total Programme	1.270	0.000	0.000	0.000	0.000	0.000	1.270

Green City & Place

Scheme No.	Project Description	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Total
		£M	£M	£M	£M	£M	£M	£M
CAP19	Stoneham Lodge	0.068	0.000	0.000	0.000	0.000	0.000	0.068
CAP2	Bitterne Community Hub	0.000	0.000	30.000	0.000	0.000	0.000	30.000
CAP20	Play Areas (high priority as part of Leader initiatives)	0.000	0.410	0.000	0.000	0.000	0.000	0.410
CAP21	Open Spaces (and remaining play parks)	0.160	0.350	0.000	0.000	0.000	0.000	0.510
CAP22	Transport Schemes Match Funding	1.500	0.150	5.150	0.000	0.000	0.000	6.800
CAP27	Pavements	0.500	0.500	0.500	0.500	0.500	0.000	2.500
CAP3	Green City - Salix Clean Growth Fund	0.000	2.163	5.700	4.000	4.000	3.827	19.690
CAP6	Highways Programme	0.000	6.800	7.800	7.800	7.800	0.000	30.200
CCAP1	Mayflower Park	0.000	0.250	0.250	0.000	0.000	0.000	0.500
CCAP2	Weston Shore Footpath	0.000	0.090	0.000	0.000	0.000	0.000	0.090
CCAP3	Southampton Common	0.000	0.050	0.000	0.000	0.000	0.000	0.050
CCAP4	Green Flag Improvements	0.000	0.223	0.000	0.000	0.000	0.000	0.223
CCAP5	Traveller Defences	0.000	0.100	0.000	0.000	0.000	0.000	0.100
CCAP7	Covid improvements - Depots	0.000	0.250	0.000	0.000	0.000	0.000	0.250
CG0002	Mobile Working	0.048	0.000	0.000	0.000	0.000	0.000	0.048
CG0004	QE2 Mile - Bargate Square	0.000	0.960	0.000	0.000	0.000	0.000	0.960
CG0006	Cycling	1.886	0.000	0.000	0.000	0.000	0.000	1.886
CG0008	Public Transport	1.438	0.000	0.000	0.000	0.000	0.000	1.438
CG0009	Improved Safety	0.451	0.090	0.000	0.000	0.000	0.000	0.541
CG0010	Travel to School	0.219	0.000	0.000	0.000	0.000	0.000	0.219
CG0012	School Travel Plan Measures	0.022	0.000	0.000	0.000	0.000	0.000	0.022
CG0013	Accessibility	0.293	0.000	0.000	0.000	0.000	0.000	0.293
CG0016	Local Transport Improvement Fund	0.253	0.000	0.000	0.000	0.000	0.000	0.253
CG0017	Intelligent Transport Systems	0.862	0.000	0.000	0.000	0.000	0.000	0.862
CG0021	Urban Freight Strategy - Delivery Service Plans	0.047	0.000	0.000	0.000	0.000	0.000	0.047
CG0024	Electric Vehicle Action Plan	0.809	0.000	0.000	0.000	0.000	0.000	0.809
CG0026	Additional Roads Programme	0.661	0.000	0.000	0.000	0.000	0.000	0.661
CG0027	Essential Highways Minor Works	0.055	0.000	0.000	0.000	0.000	0.000	0.055
CG0028	Pothole Action Fund	0.482	0.000	0.000	0.000	0.000	0.000	0.482
CG0029	Cycleways Improvements Programme	0.084	0.000	0.000	0.000	0.000	0.000	0.084
CG0033	Eastern strategic cycle route development	0.035	0.000	0.000	0.000	0.000	0.000	0.035
CG0034	NCR: Ave East Lodge Rd – Dorset St	0.088	0.000	0.000	0.000	0.000	0.000	0.088
CG0037	Bus Lane & Traffic Enforcement	0.010	0.000	0.000	0.000	0.000	0.000	0.010
CG0038	Bus Corridor Minor Works	0.248	0.000	0.000	0.000	0.000	0.000	0.248
CG0040	Northam Rail Bridge and corridor improvements	0.134	0.000	0.000	0.000	0.000	0.000	0.134
CG0042	Other Bridge Works	1.025	0.030	0.000	0.000	0.000	0.000	1.055
CG0045	Various Principal	1.400	0.000	0.000	0.000	0.000	0.000	1.400
CG0046	Classified Roads	0.500	0.000	0.000	0.000	0.000	0.000	0.500
CG0049	Unclassified Roads	1.670	0.000	0.000	0.000	0.000	0.000	1.670
CG0050	Footways - Various Treatments	1.655	0.000	0.000	0.000	0.000	0.000	1.655
CG0051	Highways Network Delivery	0.274	0.000	0.000	0.000	0.000	0.000	0.274
CG0052	Highways Drainage Investigations	0.295	0.000	0.000	0.000	0.000	0.000	0.295
CG0053	Street Lighting	0.013	0.000	0.000	0.000	0.000	0.000	0.013
CG0054	Road Restraint Systems	0.164	0.000	0.000	0.000	0.000	0.000	0.164
CG0060	Highways Improvements (Developer)	0.571	0.000	0.000	0.000	0.000	0.000	0.571
CG0063	Emergency Repairs to Multi-Storey Carparks	0.020	0.036	0.000	0.000	0.000	0.000	0.056

Scheme No.	Project Description	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Total
		£M	£M	£M	£M	£M	£M	£M
CG0064	Car Park shutters	0.111	0.000	0.000	0.000	0.000	0.000	0.111
CG0145	Bitterne Public Services Hub	0.177	0.000	0.000	0.000	0.000	0.000	0.177
CG0147	Enterprise Centre	0.019	0.000	0.000	0.000	0.000	0.000	0.019
CG0148	Town Depot	0.020	0.210	0.000	0.000	0.000	0.000	0.230
CG0149	Royal Pier	0.000	0.406	0.000	0.000	0.000	0.000	0.406
CG0150	Mayflower Park Spitfire Memorial	0.000	0.012	0.000	0.000	0.000	0.000	0.012
CG0151	West Quay Phase 3 Watermark West Quay	0.015	0.417	0.000	0.000	0.000	0.000	0.432
CG0152	West Quay Phase 3 Site B	0.020	0.037	0.000	0.000	0.000	0.000	0.057
CG0176	Replacement Card Readers	0.039	0.000	0.000	0.000	0.000	0.000	0.039
CG0193	Former Toys R Us Site Development	0.035	0.226	26.700	0.000	0.000	0.000	26.961
CG0195	Itchen Bridge Card Readers	0.200	0.000	0.000	0.000	0.000	0.000	0.200
CG0196	M27/M3 Travel Demand Management	0.360	0.000	0.000	0.000	0.000	0.000	0.360
CG0197	S106 - Highways - Unallocated	0.073	0.308	0.000	0.000	0.000	0.000	0.381
CG0198	S106 - Integrated Transport - Unallocated	0.248	0.000	0.000	0.000	0.000	0.000	0.248
CG0199	S106 - Open Spaces - Unallocated	0.714	0.000	0.000	0.000	0.000	0.000	0.714
CG0200	S106 - Play Areas - Unallocated	0.189	0.000	0.000	0.000	0.000	0.000	0.189
CG0204	S106 - QE2 Mile - Unallocated	0.300	0.000	0.000	0.000	0.000	0.000	0.300
CG0205	S144 Contract Completion	0.035	0.000	0.000	0.000	0.000	0.000	0.035
CG0209	Future Transport Zone	8.590	8.940	11.230	0.000	0.000	0.000	28.760
CG0215	Transforming Cities Fund	13.041	29.396	45.836	22.000	1.500	0.000	111.773
CT0001	Purchase of vehicles	3.303	2.364	2.000	2.000	2.000	0.000	11.667
CT0002	Priory Road - Property Level Protection Scheme	0.002	0.000	0.000	0.000	0.000	0.000	0.002
CT0003	Lighting Upgrades Salix Works	0.000	0.006	0.000	0.000	0.000	0.000	0.006
CT0007	Deep Dene Play Area	0.004	0.000	0.000	0.000	0.000	0.000	0.004
CT0009	Cedar Lodge Play Area	0.003	0.000	0.000	0.000	0.000	0.000	0.003
CT0018	Daisy Dip Play Area	0.096	0.000	0.000	0.000	0.000	0.000	0.096
CT0020	Coxford Play Area	0.007	0.000	0.000	0.000	0.000	0.000	0.007
CT0035	Hum Hole	0.002	0.000	0.000	0.000	0.000	0.000	0.002
CT0036	Lordsdale Greenway	0.005	0.000	0.000	0.000	0.000	0.000	0.005
CT0037	Riverside Park	0.005	0.000	0.000	0.000	0.000	0.000	0.005
CT0039	Westwood Greenway	0.028	0.000	0.000	0.000	0.000	0.000	0.028
CT0040	Mayfield Park Improvements	0.023	0.000	0.000	0.000	0.000	0.000	0.023
CT0041	City Pride - Improvements to Queens Park	0.035	0.000	0.000	0.000	0.000	0.000	0.035
CT0042	Shoreburs Greenway Footpath Improvement Project	0.084	0.000	0.000	0.000	0.000	0.000	0.084
CT0043	Portswood Entrance Improvements	0.008	0.000	0.000	0.000	0.000	0.000	0.008
CT0044	Blechynden Terrace Park	0.012	0.000	0.000	0.000	0.000	0.000	0.012
CT0046	Tree Surgery Mobile Elevated Working Platform	0.075	0.000	0.000	0.000	0.000	0.000	0.075
CT0047	Wildflower Area Mower	0.035	0.000	0.000	0.000	0.000	0.000	0.035
CT0049	Realignment of Park Walk Entrance to East Park	0.031	0.000	0.000	0.000	0.000	0.000	0.031
CT0053	Purchase of vehicles - Electric Vehicles	0.816	0.000	0.000	0.000	0.000	0.000	0.816
CT0054	Purchase of vehicles - Refuse Collection Vehicles	2.900	0.000	0.000	0.000	0.000	0.000	2.900
CT0055	Solar Powered Compactor Bins	1.000	0.000	0.000	0.000	0.000	0.000	1.000
CT0059	Woodmill Play Area	0.002	0.000	0.000	0.000	0.000	0.000	0.002
CT0061	Weston Shore Coastal Erosion	0.972	0.000	0.000	0.000	0.000	0.000	0.972
CT0063	Red Lodge Bin Storage	0.050	0.000	0.000	0.000	0.000	0.000	0.050
CT0064	Welfare Improvements at Mayfield Depot	0.019	0.000	0.000	0.000	0.000	0.000	0.019
CT0065	Clean Air Zone	0.130	0.140	0.000	0.000	0.000	0.000	0.270
CT0066	Townhill Park Infrastructure - Roads	2.783	0.000	0.000	0.000	0.000	0.000	2.783
CT0067	Townhill Park Infrastructure - Parks	0.536	0.000	0.000	0.000	0.000	0.000	0.536
CT0069	Eddies Play Trail	0.005	0.000	0.000	0.000	0.000	0.000	0.005
CT0070	Hoglands Park Improvements	0.081	0.000	0.000	0.000	0.000	0.000	0.081
CT0071	Tranman - Fleet System Upgrade	0.036	0.000	0.000	0.000	0.000	0.000	0.036
CT0074	S106 - Air Quality - Unallocated	0.000	0.011	0.000	0.000	0.000	0.000	0.011
CT0075	City Services - Depots	0.100	0.620	0.000	0.000	0.000	0.000	0.720
CT0076	Rozel Court Play Area	0.036	0.000	0.000	0.000	0.000	0.000	0.036
CT0077	Millbrook Rec Play Area	0.053	0.000	0.000	0.000	0.000	0.000	0.053
CT0078	Bracklesham Close Play Area	0.046	0.000	0.000	0.000	0.000	0.000	0.046
CT0079	Pat Bear Close Play Area	0.042	0.000	0.000	0.000	0.000	0.000	0.042
CT0080	Ivy Dene Play Area	0.038	0.000	0.000	0.000	0.000	0.000	0.038
CT0082	Peace Fountain	0.150	0.000	0.000	0.000	0.000	0.000	0.150
CT0090	Green City - Action Plan	0.084	0.568	0.270	0.078	0.000	0.000	1.000
CCAP8	Golf Course Cottages	0.000	0.085	0.000	0.000	0.000	0.000	0.085
CCAP9	Decarbonisation	0.000	1.680	0.000	0.000	0.000	0.000	1.680
		55.763	57.878	135.436	36.378	15.800	3.827	305.082

Scheme No.	Project Description	Budget 2020/21 £M	Budget 2021/22 £M	Budget 2022/23 £M	Budget 2023/24 £M	Budget 2024/25 £M	Budget 2025/26 £M	Total £M
Sources of Finance								
	Council Resources	11.720	13.483	72.785	10.878	10.630	1.914	121.410
	Capital Receipts	4.615	0.456	1.235	0.000	0.000	0.000	6.306
	Contributions	8.129	2.997	3.350	2.500	2.500	1.913	21.389
	Central Govt Grants	30.526	40.542	58.066	23.000	2.670	0.000	154.804
	Other Grants	0.060	0.000	0.000	0.000	0.000	0.000	0.060
	Direct Revenue	0.713	0.400	0.000	0.000	0.000	0.000	1.113
	Total Programme	55.763	57.878	135.436	36.378	15.800	3.827	305.082

Health & Adults

Scheme No.	Project Description	Budget 2020/21 £M	Budget 2021/22 £M	Budget 2022/23 £M	Budget 2023/24 £M	Budget 2024/25 £M	Budget 2025/26 £M	Total £M
CA0003	S106 - Centenary Quay	0.001	0.015	0.000	0.000	0.000	0.000	0.016
CA0006	Telecare Equipment	0.150	0.100	0.100	0.100	0.050	0.000	0.500
CA0009	Integrated Working	0.000	0.100	0.000	0.000	0.000	0.000	0.100
		0.151	0.215	0.100	0.100	0.050	0.000	0.616
Sources of Finance								
	Council Resources	0.150	0.200	0.100	0.100	0.050	0.000	0.600
	Contributions	0.001	0.015	0.000	0.000	0.000	0.000	0.016
	Total Programme	0.151	0.215	0.100	0.100	0.050	0.000	0.616

Stronger Communities

Scheme No.	Project Description	Budget 2020/21 £M	Budget 2021/22 £M	Budget 2022/23 £M	Budget 2023/24 £M	Budget 2024/25 £M	Budget 2025/26 £M	Total £M
CT0027	Disabled Facilities Grants - Approved Adaptations	1.100	4.508	0.000	0.000	0.000	0.000	5.608
CT0028	Disabled Facilities Grants - Support Costs	0.295	0.250	0.000	0.000	0.000	0.000	0.545
CT0030	Estate Parking Improvements	0.090	0.141	0.000	0.000	0.000	0.000	0.231
CT0068	Warm Homes	0.360	0.194	0.000	0.000	0.000	0.000	0.554
CT0072	S106 - Affordable Homes - Unallocated	0.000	1.122	0.000	0.000	0.000	0.000	1.122
CT0073	S106 - CCTV - Unallocated	0.000	0.005	0.000	0.000	0.000	0.000	0.005
CT0081	Crematorium Refurbishment	0.020	0.480	0.000	0.000	0.000	0.000	0.500
		1.865	6.700	0.000	0.000	0.000	0.000	8.565
Sources of Finance								
	Council Resources	0.020	0.480	0.000	0.000	0.000	0.000	0.500
	Capital Receipts	0.295	0.250	0.000	0.000	0.000	0.000	0.545
	Contributions	0.140	1.273	0.000	0.000	0.000	0.000	1.413
	Central Govt Grants	1.210	4.618	0.000	0.000	0.000	0.000	5.828
	Other Grants	0.200	0.079	0.000	0.000	0.000	0.000	0.279
	Total Programme	1.865	6.700	0.000	0.000	0.000	0.000	8.565

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Southampton City Council

CAPITAL STRATEGY

2020/21 – 2025/26

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	<u>SECTION 1 – INTRODUCTION</u>																																																																																																
1.1	Background																																																																																																
1.1.1	This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.																																																																																																
1.1.2	The Prudential Code requires the Council to have in place a capital strategy that sets out the long term context in which capital expenditure decisions are made in order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.																																																																																																
1.1.3	Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised within this strategy.																																																																																																
	<u>SECTION 2 - CAPITAL EXPENDITURE AND FINANCING</u>																																																																																																
2.1	Estimates of Capital Expenditure																																																																																																
2.1.1	<p>Capital expenditure is where the Authority spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year. In 2021/22 the Authority is planning capital expenditure of £179.40M, shown below:</p> <p><i>Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions</i></p> <table border="1"> <thead> <tr> <th>Capital Expenditure and Financing</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25</th> <th>2025/26</th> </tr> <tr> <td></td> <td>Actual</td> <td>Forecast</td> <td>Forecast</td> <td>Forecast</td> <td>Forecast</td> <td>Forecast</td> <td>Forecast</td> </tr> </thead> <tbody> <tr> <td>General Fund</td> <td>56.04</td> <td>83.53</td> <td>117.46</td> <td>198.88</td> <td>44.83</td> <td>17.92</td> <td>3.83</td> </tr> <tr> <td>HRA</td> <td>41.05</td> <td>47.36</td> <td>61.94</td> <td>73.99</td> <td>98.05</td> <td>65.55</td> <td>29.62</td> </tr> <tr> <td>Total Expenditure</td> <td>97.09</td> <td>130.88</td> <td>179.40</td> <td>272.86</td> <td>142.88</td> <td>83.47</td> <td>33.45</td> </tr> <tr> <td>Capital receipts</td> <td>8.20</td> <td>17.76</td> <td>11.35</td> <td>14.23</td> <td>9.01</td> <td>4.32</td> <td>2.77</td> </tr> <tr> <td>Capital Grants</td> <td>31.85</td> <td>45.96</td> <td>72.56</td> <td>60.37</td> <td>24.36</td> <td>2.67</td> <td>0.00</td> </tr> <tr> <td>Contributions</td> <td>4.35</td> <td>9.06</td> <td>6.70</td> <td>9.25</td> <td>3.50</td> <td>2.50</td> <td>1.91</td> </tr> <tr> <td>Major Repairs Allowance</td> <td>19.60</td> <td>19.07</td> <td>20.92</td> <td>21.53</td> <td>22.12</td> <td>22.71</td> <td>23.42</td> </tr> <tr> <td>Direct Revenue Financing</td> <td>11.83</td> <td>10.41</td> <td>5.34</td> <td>6.05</td> <td>6.70</td> <td>8.23</td> <td>1.19</td> </tr> <tr> <td>Council Resources - borrowing</td> <td>21.26</td> <td>28.63</td> <td>62.53</td> <td>161.43</td> <td>77.19</td> <td>43.05</td> <td>4.16</td> </tr> <tr> <td>Total Financing</td> <td>97.09</td> <td>130.88</td> <td>179.40</td> <td>272.86</td> <td>142.88</td> <td>83.47</td> <td>33.45</td> </tr> </tbody> </table>	Capital Expenditure and Financing	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	General Fund	56.04	83.53	117.46	198.88	44.83	17.92	3.83	HRA	41.05	47.36	61.94	73.99	98.05	65.55	29.62	Total Expenditure	97.09	130.88	179.40	272.86	142.88	83.47	33.45	Capital receipts	8.20	17.76	11.35	14.23	9.01	4.32	2.77	Capital Grants	31.85	45.96	72.56	60.37	24.36	2.67	0.00	Contributions	4.35	9.06	6.70	9.25	3.50	2.50	1.91	Major Repairs Allowance	19.60	19.07	20.92	21.53	22.12	22.71	23.42	Direct Revenue Financing	11.83	10.41	5.34	6.05	6.70	8.23	1.19	Council Resources - borrowing	21.26	28.63	62.53	161.43	77.19	43.05	4.16	Total Financing	97.09	130.88	179.40	272.86	142.88	83.47	33.45
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	Due to changes in the accounting requirements for 'right to use leases, which comes into effect on 1 April 2022, the Authority is currently assessing what impact this will have on the Capital programme, CFR and MRP liability.							
2.1.2	The main General Fund capital projects are summarised below, in Table 2, by the Council's 5 key programmes.							
2.1.3	Table 2: General Fund Major Projects By Programme							
	Programme	Major Project	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M
	Communities, culture & homes	Community Safety	1.40	4.76	0.00	0.00	0.00	0.00
		City of Culture	0.00	0.50	0.00	0.00	0.00	0.00
		Arts & Heritage	0.18	1.52	0.00	0.00	0.00	0.00
		Estate Improvements - GF	0.09	1.26	0.00	0.00	0.00	0.00
		Sport & Recreation	0.74	0.00	0.00	0.00	0.00	0.00
		Outdoor Leisure	0.10	0.00	12.70	4.10	0.05	0.00
		Other	0.43	1.03	0.19	0.00	0.00	0.00
	Green City	Green City Charter	0.08	4.41	5.97	4.08	4.00	3.83
		Open Spaces	1.34	1.06	0.25	0.00	0.00	0.00
		Play Area Improvements	0.52	0.41	0.00	0.00	0.00	0.00
		Parks Development Works	0.03	0.00	0.00	0.00	0.00	0.00
		Solar Powered Compactor Bins	1.00	0.00	0.00	0.00	0.00	0.00
		Other	0.68	0.02	0.00	0.00	0.00	0.00
	Place Shaping	Bridges Programme	1.23	0.03	0.00	0.00	0.00	0.00
		Highways Programme	11.29	7.11	7.80	7.80	7.80	0.00
		Integrated Transport	16.89	9.18	16.38	0.00	0.00	0.00
		Fleet Investment	7.02	2.36	2.00	2.00	2.00	0.00
		Flood Risk Management	0.97	0.00	0.00	0.00	0.00	0.00
		Connected Southampton	13.04	29.40	45.84	22.00	1.50	0.00
		Pavements Programme	0.50	0.50	0.50	0.50	0.50	0.00
		Bitterne Community Hub	0.18	0.00	30.00	0.00	0.00	0.00
		Heart of the City	0.34	1.41	0.00	0.00	0.00	0.00
		Other	0.46	0.59	0.00	0.00	0.00	0.00
	Successful, sustainable business	Digital & IT	5.64	5.06	1.52	1.31	1.02	0.00
		City Regeneration	1.32	0.23	26.70	0.00	0.00	0.00
		The Way we Work	0.56	3.29	1.00	1.00	1.00	0.00
		Other	0.12	1.08	0.00	0.00	0.00	0.00
	Wellbeing	Early Years Expansion	0.16	0.34	0.24	0.00	0.00	0.00
		Primary Review & Expansion	1.39	0.10	0.00	0.00	0.00	0.00
		School Capital Maintenance	2.32	3.36	2.00	1.36	0.00	0.00
		Secondary Review & Expansion	12.39	30.97	8.09	0.56	0.00	0.00
		Newlands Hearing Centre	0.05	0.60	0.43	0.03	0.00	0.00
		SEND Review & Expansion	0.04	5.16	36.51	0.00	0.00	0.00
		Childrens Services - Residential/Assess	0.44	1.41	0.67	0.00	0.00	0.00
		Health & Adult Social Care	0.15	0.20	0.10	0.10	0.05	0.00
		Other	0.45	0.12	0.00	0.00	0.00	0.00
	TOTAL	83.53	117.46	198.88	44.83	17.92	3.83	

2.1.4	<p>The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of new homes. The main programmes are shown below:</p> <p><i>Table 3: HRA Major Projects By Programme</i></p> <table border="1" data-bbox="300 394 1449 965"> <thead> <tr> <th>Programme</th> <th>Major Project</th> <th>2020/21 £M</th> <th>2021/22 £M</th> <th>2022/23 £M</th> <th>2023/24 £M</th> <th>2024/25 £M</th> <th>2025/26 £M</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Communities, culture & homes</td> <td>Improving Quality of Homes</td> <td>4.83</td> <td>7.57</td> <td>6.25</td> <td>7.37</td> <td>7.73</td> <td>7.73</td> </tr> <tr> <td>Making Homes Energy Efficient</td> <td>5.89</td> <td>17.94</td> <td>22.84</td> <td>12.17</td> <td>13.11</td> <td>12.68</td> </tr> <tr> <td>Making Homes Safe</td> <td>13.14</td> <td>11.97</td> <td>5.98</td> <td>6.16</td> <td>1.35</td> <td>1.28</td> </tr> <tr> <td>Estate Regeneration</td> <td>19.70</td> <td>19.09</td> <td>34.48</td> <td>68.35</td> <td>39.12</td> <td>3.68</td> </tr> <tr> <td>Supporting Communities</td> <td>1.69</td> <td>2.51</td> <td>2.40</td> <td>1.98</td> <td>2.22</td> <td>2.22</td> </tr> <tr> <td>Supporting Independent Living</td> <td>2.11</td> <td>2.87</td> <td>2.02</td> <td>2.02</td> <td>2.02</td> <td>2.02</td> </tr> <tr> <td></td> <td>TOTAL</td> <td>47.35</td> <td>61.94</td> <td>73.99</td> <td>98.05</td> <td>65.55</td> <td>29.62</td> </tr> </tbody> </table>	Programme	Major Project	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	Communities, culture & homes	Improving Quality of Homes	4.83	7.57	6.25	7.37	7.73	7.73	Making Homes Energy Efficient	5.89	17.94	22.84	12.17	13.11	12.68	Making Homes Safe	13.14	11.97	5.98	6.16	1.35	1.28	Estate Regeneration	19.70	19.09	34.48	68.35	39.12	3.68	Supporting Communities	1.69	2.51	2.40	1.98	2.22	2.22	Supporting Independent Living	2.11	2.87	2.02	2.02	2.02	2.02		TOTAL	47.35	61.94	73.99	98.05	65.55	29.62
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2.2.1	<p>Service managers bid annually in November/December to include projects in the Authority's capital programme. Bids are collated by corporate finance who calculate the financing cost (which can be nil if the project is fully externally financed). The Executive Management Board (EMB) appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to Cabinet members. The final capital programme is then presented to Cabinet and to Council in late February each year.</p> <p>The Capital Strategy 2020/21 to 2025/26 is incorporated into the Revenue Budget 2021/22, Medium Term Financial Forecast 2021/22 to 2024/25 and Capital Programme 2020/21 to 2025/26 report, presented to Council on 24 February 2021.</p>																																																											
2.3	Methods of Funding																																																											
2.3.1	<p><u>Use of Leasing</u></p> <p>The council does have the option to lease assets utilising an operating lease arrangement, however with the flexibility afforded through Prudential Borrowing this source of financing is less attractive.</p>																																																											
2.3.2	<p><u>Local Enterprise Partnership Funding</u></p> <p>Priorities are largely as set by the Government Department concerned and jobs created, private sector leverage and deliverability. The process to award funding is led by the LEP Executive and agreed by Board. The lead accountable body is Portsmouth City Council.</p>																																																											

2.3.3	<p><u>Tax Increment Financing (TIF)</u></p> <p>The Local Government Finance Act 2012 which received Royal assent on 1 November 2012 provided the legislative framework for the introduction of TIF, as an incentive to grow local economies and attract new businesses to areas.</p> <p>In essence TIF allows councils to borrow against future increases in Business Rate revenues generated as a result of local developments and growth. By capturing predicted increases in income from business rates, it will create an income stream that can be used to borrow against, repay existing borrowing incurred under existing borrowing powers or to reimburse costs to a developer for the initial lay out of infrastructure work. This alternative financing for the infrastructure work is aimed at kick-starting regeneration and thereby supporting locally driven development and growth.</p>
2.3.4	<p><u>S106 Agreements</u></p> <p>S106 agreements are made with developers / landowners as part of the planning approval process to ensure that new development mitigates its own impact and provides the necessary site specific infrastructure to support it.</p> <p>These contributions are site specific or can be ‘pooled’ for a maximum of 5 site specific projects. Any contributions received are ‘ring-fenced’ for the purpose as set out in the relevant S106 agreement and are applied to fund schemes within the relevant capital programme once an eligible scheme has been identified.</p> <p>S106 contribution agreements have covered all types of infrastructure including transport, affordable housing, play areas, open spaces, playing fields, public realm and public art. However, since the council adopted CIL the planning obligations sought within S106 agreements have been scaled back to deal with only site specific requirements, as required by the CIL Regulations. Pooled contributions previously sought for strategic transport, public realm and public open space related obligations are now dealt with by CIL.</p> <p>The S106 contributions are time limited in that if they are not spent within an agreed timescale, typically 5 – 10 years, dependent on what has been agreed in the S106 agreement and any funds not spent in line with the agreement would have to be repaid to the developer, which, may include interest.</p> <p>With the exception of funding for affordable housing the other pooled S106 obligations, such as Strategic Transport, Public Realm and Public Open Space will become zero over time as the CIL continues to be applied.</p>
2.3.5	<p><u>Community Infrastructure Levy (CIL)</u></p> <p>CIL was adopted by the council in September 2013. CIL contributions are determined by set rates as detailed within the council’s CIL Charging Schedule, and based on the amount of floor space being created by the development. CIL can be used to fund a wide range of infrastructure that is needed as a result of new development but is not site specific, giving more flexibility in where the funding can be used in geographical terms.</p> <p>The CIL does not replace the requirement of S106 contributions. S106 contributions will still be relevant and will be sought alongside CIL.</p> <p>The Planning Act and subsequent Community Infrastructure Levy Regulations 2010 (as amended) says that authorities can only spend CIL on providing infrastructure to support the development of their areas. This includes flood</p>

	<p>defence, open space, recreation and sport, roads and transport facilities, education and health facilities. However, it does not include affordable housing, which will continue to be funded by S106 obligations. In addition, SCC have opted to continue to seek S106 contributions for transport. All other S106s contributions are now agreed through CIL.</p> <p>The Localism Act also clarifies that CIL can be spent on the ongoing costs of providing infrastructure, including maintenance works. The funding could be used towards a significant number of the council's current programmes i.e. School Expansion and the Roads Programme.</p> <p>The CIL funding can be used to fund existing schemes within the current General Fund capital programme that meet the definition of infrastructure. The previous agreed approach is to treat the CIL monies as a central pot of funding to be allocated as overall council resources to fund the capital programme.</p> <p>However, it should be noted that 15% (25% if a Neighbourhood Plan is in place) of receipts need to be applied to schemes in the ward that the receipt originated from, in consultation and agreement with the local community.</p>
2.3.6	<p><u>Private Finance Initiative (PFI)</u></p> <p>Although PFI schemes are not shown within the capital programme as they are not financed by capital resources, PFI is a means by which the council can facilitate major new infrastructure projects. PFI schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital.</p> <p>Under PFI, a private sector contractor agrees to accept the risks associated with the design, construction and maintenance of the asset over the contract term, which is typically for a 25 year period. The public sector partner pays an annual fixed price during the contract term, part of which is subject to inflation. At the end of the term, the asset is wholly owned by the council.</p> <p>No additional PFI projects are anticipated. Any such proposals would be presented to the EMB for evaluation before presentation for Members approval.</p>
2.4	<p>Gross Debt and the Capital Financing Requirement</p>
2.4.1	<p>Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The Authority's full MRP strategy is detailed in annex 2.3(a).</p>
2.4.2	<p>The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £48M during 2021/22.</p>
2.4.3	<p>CFR is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as detailed in table 4 below.</p>

2.4.4	Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £M																																																																																											
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Fund Debt	339.58	349.95	374.32	490.16	492.08	488.48	HRA	169.13	177.49	201.07	232.69	291.11	321.41	Total CFR	508.71	527.44	575.39	722.85	783.19	809.89	Estimated Debt	345.06	359.90	457.33	609.72	670.28	695.13	Under / (Over) Borrowed	163.65	167.54	118.06	113.13	112.91	114.76
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2.4.6	<p>There is a significant difference between the gross external borrowing requirement and the net external borrowing requirement represented by the Council's level of balances, reserves, provisions and working capital as the Council's strategy has been to only borrow to the level of its net borrowing requirement. The reasons for this are to reduce credit risk, take pressure off the Council's lending list and also to avoid the cost of carry existing in the current interest rate environment.</p>																																																																																											
2.4.7	<p>Given the significant cuts to public expenditure and in particular to local government funding the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With Short-term interest rates currently much lower than long-term rates, it is likely</p>																																																																																											

	to be more cost effective in the short term to either use internal resources, or to borrow short-term loans instead.
2.4.8	By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis.
2.4.9	Any change to the strategy would require approval by full council and additional Treasury Training would be provided to assist members in understanding the risks and implications of any change to the current strategy
2.5	Asset Management
2.5.1	<p>To ensure that capital assets continue to be of long-term use, the Authority has engaged a specialist to assist with the production of a comprehensive corporate asset management strategy. It is envisaged that the strategy will allow the City Council to plan effectively for its property needs now and in the future, focusing on:</p> <ul style="list-style-type: none"> • what property assets the City Council owns and uses; • how property is used by the City Council; • how the City Council's property needs might change and evolve over time; • ensuring where possible that the City Council always has the right property fit for purpose. <p>This work is ongoing and the Authority's asset management strategy should be available in 2021/22.</p>
2.5.2	<p>When determining the capital programme and allocating resources the Council will also have regard to:</p> <ul style="list-style-type: none"> • The preparation of the statutory Local Transport Plan, and Transport Asset Management Plan (TAMP); • The preparation of the Asset Management Plan for Schools and Council Buildings to ensure health and safety issues have been dealt with appropriately; and • The council's obligation to finance adaptations to the homes of disabled residents. Funding is passported directly to the Better Care Fund along with the Adults Personal Social Services grant. It has been agreed with the CCG that these monies will be retained by the council, as part of the S75 pooling arrangement outlined in the Medium Term Financial Forecast (Annex 1.1).
2.6	Asset Disposals
2.6.1	When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Authority is currently also permitted to spend capital receipts on service transformation projects until 2021/22 (see paragraph 2.6.3). Repayments of capital grants, loans and investments also generate capital receipts. There are no planned significant asset disposals.

2.6.2	<p>The current strategy for the use of capital receipts is to:</p> <ul style="list-style-type: none"> • Provide for an MRP holiday to the value of external loan payments generating a revenue budget saving; • Consider forgoing the immediate capital receipt for longer term and sustainable income stream through development of sites; • Consider flexible use to meet the costs of reform projects as detailed below; and • Assume receipts from sale of assets not currently on the market will not be taken into consideration when assessing the total value of receipts available to fund the capital programme.
2.6.3	<p><u>Flexible use of Capital Receipts</u></p> <p>The 2015 Comprehensive Spend Review (CSR) announced that local authorities will be allowed to spend up to 100% of capital receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Instead of holding assets that could be made surplus, councils will be able to sell them to reinvest in their services. Guidance relating to specific conditions, number of years that this will be offered and the qualifying criteria for a 'reform' project was issued as part of the Final Local Government Settlement on 11th March 2016. The key points included:</p> <ul style="list-style-type: none"> • The direction only relates to new receipts received in the period 1st April 2016 to 31st March 2019 that could be applied to meet the revenue costs of reform incurred in the same timeframe (this has now been extended to March 2022) ; • The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to the authority's net service expenditure and is expenditure on a project where incurring up-front costs will generate ongoing savings; and • Individual authorities demonstrate the highest standards of accountability and transparency. The guidance recommends that each authority should prepare a strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full council or the equivalent. • Examples of qualifying expenditure include the sharing of back office and administrative services; investment in service reform feasibility work; collaboration between central and local government to free up land for economic use; funding the cost of service reconfiguration or restructuring leading to ongoing efficiencies; sharing Chief Executives; driving a digital approach; aggregating procurement on common goods; improving systems and processes to tackle fraud; setting up commercial or alternative delivery models to deliver services more efficiently or increase revenue income; and integrating public facing services across two or more public sector bodies. <p>In November 2020 the council agreed a major investment in an IT strategy that will contribute to transforming services and generating savings. To help deliver this IT programme the council intends keep under review the opportunity provided by the government to flexibly use capital receipts to invest in and fund this transformation of services.</p>

2.6.4	<p><u>HRA Right to Buy Receipts</u></p> <p>In most cases there will be no ring fencing of capital receipts to specific projects. One exception to this is the retained Right to Buy (RTB) receipts held by the council under the agreement signed in June 2012 and amended in June 2013. Under this agreement any retained RTB receipts, which are not used for the specific purpose of providing replacement affordable housing, must be returned to MHCLG.</p>
	<u>SECTION 3 - TREASURY MANAGEMENT</u>
3.1	Background
3.1.1	<p>Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.</p>
3.2	Borrowing strategy
3.2.1	<p>The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.0 to 2.0%).</p> <p>Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).</p> <p>Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.</p>
3.3	Liability benchmark
3.3.1	<p>To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10M at each year-end. This benchmark is currently £277.7M and is forecast to rise to £587.8M over the next three years.</p>

<i>Table 6: Liability Benchmark in £M</i>							
	31-Mar-20	31-Mar-21	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			Movement				
	£M	£M	in year	£M	£M	£M	£M
	£M	£M	£M	£M	£M	£M	£M
Loans CFR	440.88	463.00	22.12	514.76	665.74	729.74	760.78
Less Usable Reserves	(174.55)	(178.40)	(3.85)	(128.87)	(123.89)	(123.89)	(72.97)
Less Working Capital Surplus	(58.01)	(58.01)	0.00	(58.01)	(58.01)	(58.01)	(58.01)
Plus Minimum Investments	69.34	40.00	(29.34)	40.00	40.00	40.00	40.00
Liability Benchmark	277.66	266.59	(11.07)	367.88	523.84	587.84	669.80
Less Committed External Borrowing	(276.87)	(231.59)	45.28	(222.84)	(216.84)	(210.84)	(204.84)
Minimum Borrowing Need	0.79	34.99	34.20	145.04	307.00	376.99	464.95
3.4	Affordable Borrowing Limit						
3.4.1	<p>The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.</p> <p>The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.</p>						
3.4.2	<p>The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases.</p> <p>The Authorised Limit, shown in table 7, has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom to allow for unusual cash movements, for example a complete debt restructure requiring monies to be borrowed in advance of repayment of existing debt.</p>						
3.4.3	<i>Table 7 – Authorised Limit for External Debt £M</i>						
	Authorised Limit for External Debt	2021/22	2022/23	2023/24	2024/25		
	Borrowing	735	910	945	1140		
	Other Long-term Liabilities	70	65	65	60		
	Total	805	975	1010	1200		

3.4.4	The Operational Boundary is linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit which allows for a full debt restructure if a favourable opportunity arose.																				
3.4.5	<p><i>Table 8 – Operational Boundary for External Debt £M</i></p> <table border="1" data-bbox="300 517 1402 757"> <thead> <tr> <th data-bbox="300 517 719 600">Operational Boundary for External Debt</th> <th data-bbox="719 517 890 600">2021/22</th> <th data-bbox="890 517 1061 600">2022/23</th> <th data-bbox="1061 517 1232 600">2023/24</th> <th data-bbox="1232 517 1402 600">2024/25</th> </tr> </thead> <tbody> <tr> <td data-bbox="300 600 719 651">Borrowing</td> <td data-bbox="719 600 890 651">640</td> <td data-bbox="890 600 1061 651">785</td> <td data-bbox="1061 600 1232 651">805</td> <td data-bbox="1232 600 1402 651">850</td> </tr> <tr> <td data-bbox="300 651 719 703">Other Long-term Liabilities</td> <td data-bbox="719 651 890 703">65</td> <td data-bbox="890 651 1061 703">65</td> <td data-bbox="1061 651 1232 703">60</td> <td data-bbox="1232 651 1402 703">55</td> </tr> <tr> <td data-bbox="300 703 719 757">Total</td> <td data-bbox="719 703 890 757">705</td> <td data-bbox="890 703 1061 757">850</td> <td data-bbox="1061 703 1232 757">865</td> <td data-bbox="1232 703 1402 757">905</td> </tr> </tbody> </table>	Operational Boundary for External Debt	2021/22	2022/23	2023/24	2024/25	Borrowing	640	785	805	850	Other Long-term Liabilities	65	65	60	55	Total	705	850	865	905
Operational Boundary for External Debt	2021/22	2022/23	2023/24	2024/25																	
Borrowing	640	785	805	850																	
Other Long-term Liabilities	65	65	60	55																	
Total	705	850	865	905																	
3.4.6	The Executive Director for Finance, Commercialisation & S151 Officer has delegated authority, within the above limits for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Council will be notified of any use of this delegated authority.																				
3.5	Treasury Investment Strategy																				
3.5.1	Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.																				
3.5.2	<p>The Authority's policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.</p> <p>Further details on treasury investments can be found in the treasury management strategy.</p> <p>https://www.southampton.gov.uk/modernGov/documents/s49909/Enc.%201%20TREASURY%20MANAGEMENT%20STRATEGY%20202122.pdf</p>																				
3.6	Risk Management																				
3.6.1	The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.																				

3.7	Governance
3.7.1	Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Executive Director for Finance, Commercialisation & S151 Officer and staff, who must act in line with the treasury management strategy to be approved by Governance committee on 15 th February 2021. Quarterly reports on treasury management activity are presented to cabinet. The Governance committee is responsible for scrutinising treasury management decisions.
	SECTION 4 - INVESTMENTS FOR SERVICE PURPOSES
4.1	Background
4.1.1	<p>The Authority makes investments to assist local public services, including making loans to and buying shares in local service providers to promote economic growth. In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for such investments to break-even after all costs.</p> <p>Currently the Council does not have any investments for service purposes, the criteria for potential investments in the future is set out in the investment strategy (annex 2.3(b)).</p>
4.2	Governance
4.2.1	Decisions on service investments are made by the relevant service manager in consultation with the Executive Director for Finance, Commercialisation & S151 Officer and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme. Further details on service investments are given in of the investment strategy.
	<u>SECTION 5 - COMMERCIAL ACTIVITIES</u>
5.1	Background
5.1.1	<p>With central government financial support for local public services declining, the Authority invests in commercial property for financial gain. Total commercial investments are currently valued at £24.3M, consisting of 3 properties providing a net return after all costs of 1.97%.</p> <p>With financial return being the main objective, the Authority accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include reduced income due to rent voids or rent reductions and fall in capital value due to market conditions/demands. These risks are managed by performing credit checks on potential tenants, having a reserve set aside for voids and maintenance costs and regular monitoring to identify potential risks as early as possible.</p> <p>The government has changed the terms of borrowing from the Public Works Loans Board to prohibit borrowing for investment purposes. With this and considering the</p>

	current economic climate the £200M Property Investment Fund has been removed from the capital programme.
5.2	Governance
5.2.1	Decisions on commercial investments are made by the Head of Property and Executive Director for Finance, Commercialisation & S151 Officer, in consultation with the Cabinet Member for Finance & Income Generation and the Leader of the Council in line with the criteria and limits in the Property Investment Strategy approved by Council. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme. However, see comment above with respect to the government changing the terms of borrowing from the Public Works Loan Board. Further details on commercial investments and limits on their use are detailed in the investment strategy (annex 2.3(b)).
	<u>SECTION 6 – LIABILITIES</u>
6.1	Background
6.1.1	In addition to debt detailed above, the Authority has set aside an earmarked Insurance reserve of £0.35M to cover risks of a potential liability, of £1.39M as at 31 st March 2020, under a Scheme of Arrangement with Municipal Mutual Insurance.
6.2	Governance
6.2.1	Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Executive Director for Finance, Commercialisation & S151 Officer. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported to the appropriate committee. New liabilities exceeding £2M are reported to full council for approval/notification as appropriate. Further details on liabilities and guarantees are on pages 103 and 104 of the 2019/20 statement of accounts.
	<u>SECTION 7- REVENUE BUDGET IMPLICATIONS</u>
7.1	Background
7.1.1	Although capital expenditure is not charged directly to the revenue budget, interest payable on loans, MRP and loans fund repayment are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.
7.2	Ratio of financing costs to net revenue stream
7.2.1	This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The upper limit for this ratio is currently set at 10% and will increase to 15% to allow for known borrowing decisions in the next five years and to allow for additional borrowing affecting major schemes. The table below shows the likely position based on the proposed capital programme

7.2.2	<p><i>Table 10: Prudential Indicator: Ratio of financing costs to net revenue stream %</i></p> <table border="1"> <thead> <tr> <th>Ratio of Financing Costs to Net Revenue Stream</th> <th>2019/20 Actual</th> <th>2020/21 Forecast</th> <th>2021/22 Forecast</th> <th>2022/23 Forecast</th> <th>2023/24 Forecast</th> <th>2024/25 Forecast</th> </tr> <tr> <td></td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> </tr> </thead> <tbody> <tr> <td>General Fund</td> <td>7.97</td> <td>8.45</td> <td>10.76</td> <td>9.98</td> <td>11.39</td> <td>11.89</td> </tr> <tr> <td>HRA</td> <td>7.20</td> <td>6.48</td> <td>11.59</td> <td>10.67</td> <td>11.78</td> <td>10.04</td> </tr> <tr> <td>Total</td> <td>8.79</td> <td>9.01</td> <td>12.36</td> <td>11.21</td> <td>12.56</td> <td>12.65</td> </tr> </tbody> </table>	Ratio of Financing Costs to Net Revenue Stream	2019/20 Actual	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast		%	%	%	%	%	%	General Fund	7.97	8.45	10.76	9.98	11.39	11.89	HRA	7.20	6.48	11.59	10.67	11.78	10.04	Total	8.79	9.01	12.36	11.21	12.56	12.65
Ratio of Financing Costs to Net Revenue Stream	2019/20 Actual	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast																														
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Total	8.79	9.01	12.36	11.21	12.56	12.65																														
7.2.3	<p>This indicator is not so relevant for the HRA, especially since the introduction of self-financing, as financing costs have been built into their 40 year business plan, including the voluntary payment of MRP. No problem is seen with the affordability but if problems were to arise then the HRA would have the option not to make principle repayments in the early years, which it has currently opted to do.</p>																																			
7.3	<p>Sustainability</p>																																			
7.3.1	<p>Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 40 years into the future. The Executive Director for Finance, Commercialisation & S151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable.</p>																																			
<p><u>SECTION 8 - CAPACITY AND SKILLS</u></p>																																				
8.1	<p>Background</p>																																			
8.1.1	<p>The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.</p> <p>For example, the Executive Director for Finance, Commercialisation & S151 Officer is a qualified accountant with extensive years' experience within local government at a senior level. The Authority pays for junior staff to study towards relevant professional qualifications including CIPFA, ACCA, AAT, ACT (treasury), ATT (tax). Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.</p>																																			

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<u>2021/22 MINIMUM REVENUE PROVISION (MRP) STATEMENT</u>
<p>Where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008, the council is required to make a prudent provision. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2018.</p>
<p>The broad aim of the CLG guidance is to ensure that MRP charges on unsupported borrowing should be made over a period commensurate with the period the assets financed from borrowing continue to provide benefit. Where it is practical or appropriate to do so, the Council may make voluntary revenue provision, or apply capital receipts, to reduce debt over a shorter period.</p>
<p>The CLG Guidance requires the Council to approve an Annual MRP Statement each year. For borrowing prior to the prudential regime we use the regulatory method (over a 50 year life) and for prudential borrowing the asset life method, this now also includes MRP for investment property, as the depreciation method which was previously used, is no longer available for Investment property following the revised guidance.</p>
<p>Further statutory guidance on MRP was issued by Government on 2 February 2018, which largely becomes effective from 1 April 2019. The exception related to the section allowing local authorities to change their approach to calculating MRP at any time, which took effect immediately. A variety of options are provided to councils under the regulations and guidance, so long as there is a prudent provision.</p>
<p>A key part of the updated guidance clarified that the duty to make MRP extends to investment properties where their acquisition has been partially or fully funded by an increase in borrowing or credit arrangements.</p>
<p>We will continue to review MRP and it is proposed that delegated powers should be given to the CFO to change the proposed methods to aid good financial management whilst maintaining a prudent approach. Any changes to the original MRP Statement during the year will be reported as part of quarterly financial and performance monitoring and in revisions to the TM strategy as part of the year end and midyear reviews.</p>
<p>Where loans are made to other bodies for their capital expenditure and are to be repaid in annual instalments, no MRP will be charged. However, the capital receipts generated by the annual repayment on those loans will be put aside to repay debt instead. MRP will be charged where there is no repayment.</p>
<p>There is no requirement for the HRA to make debt repayments but it has previously opted to make voluntary repayments and provision has been made within its business plan to show that it can pay down debt over the life of the 40 year business plan.</p>
<p>MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.</p>
<p>Capital expenditure incurred during 2021/22 and funded from borrowing will not be subject to a MRP charge until 2022/23.</p>

Based on the Council's latest estimate of its Capital Financing Requirement on 31 March 2021 the budget for MRP has been set on the assumption that we will be using the regulatory method for borrowing prior to the prudential regime (over the remainder of a 50 year life) and using the asset life method for prudential borrowing where it applies.

The current and estimated levels of MRP and CFR are shown in **Table 1** below:

Table 1 - Current and Estimated MRP and CFR for 2021/22

	31/03/2020 Actual CFR	2020/21 MRP Liability	31/03/2021 Estimated CFR	2021/22 Estimated MRP
	£M	£M	£M	£M
Capital expenditure before 01.04.2008	90.53	1.76	88.76	1.75
Unsupported capital expenditure after 31.03.2008	181.22	4.74	196.76	5.84
Transferred debt	13.83	0.37	13.46	0.37
Finance leases and Private Finance Initiative	54.00	3.04	50.97	3.45
Total General Fund CFR and MRP Liability	339.58	9.91	349.95	11.41
Transfers			0.00	0.00
Net General Fund CFR and MRP Liability (Table 11)	339.58	9.91	349.95	11.41
Assets in the Housing Revenue Account	78.61	Nil	88.72	Nil
HRA subsidy reform payment	90.52	0.00	88.77	Nil
Transfers			0.00	Nil
Total Housing Revenue Account (Table 17)	169.13	0.00	177.49	0.00
Total	508.71	9.91	527.44	11.41

Due to changes in the accounting requirements for 'right to use' leases, which comes into effect on 1 April 2022, the Authority is currently assessing what impact this will have on its CFR and MRP liability.

As with PFI schemes which were brought onto the Balance Sheet under the International Financial Reporting Standards (IFRS), any MRP liability will match the annual principal repayment for the associated deferred liability and will have a neutral impact on cost to the budget.

Southampton City Council

INVESTMENT STRATEGY

2021/22 – 2024/25

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Section 7 Investment Indicators

7.1 Background

7.2 Total risk exposure

7.3 How investments are funded

7.4 Rate of return received

	<u>SECTION 1 – INTRODUCTION</u>
1.1	Background
1.1.1	<p>The Authority invests its money for three broad purposes:</p> <ul style="list-style-type: none"> • because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments), • to support local public services by lending to or buying shares in other organisations (service investments), and • to earn investment income (known as commercial investments where this is the main purpose). <p>This investment strategy meets the requirements of statutory investment guidance issued by the government in January 2018, and focuses on the second and third of these categories.</p>
	<u>SECTION 2 - TREASURY MANAGEMENT INVESTMENTS</u>
2.1	Background
2.1.1	<p>The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure [and collects local taxes on behalf of other local authorities and central government]. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to be £40M at the end of 2021/22 financial year.</p>
2.1.2	<p>The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.</p>
2.1.3	<p>Full details of the Authority’s policies and its plan for 2021/22 for treasury management investments are covered in a separate document, the treasury management strategy.</p>
	<u>SECTION 3 - SERVICE INVESTMENTS: LOANS</u>
3.1	Background
3.1.1	<p>The Council is able to lend money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.</p>
3.2	Loan Limits
3.2.1	<p>The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as in Table 1.</p>

3.2.2	<p>Table 1 – Loans for service purposes £M</p> <table border="1"> <thead> <tr> <th data-bbox="308 241 703 353">Category of Borrower</th> <th data-bbox="711 241 911 353">31.03.2020 Net showing in accounts</th> <th data-bbox="919 241 1114 353">2021/22 Approved Limit</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 365 703 409">Subsidiaries</td> <td data-bbox="711 365 911 409">-</td> <td data-bbox="919 365 1114 409">2.00</td> </tr> <tr> <td data-bbox="308 421 703 465">Suppliers</td> <td data-bbox="711 421 911 465">-</td> <td data-bbox="919 421 1114 465">2.00</td> </tr> <tr> <td data-bbox="308 477 703 555">Other Public Sector Bodies</td> <td data-bbox="711 477 911 555">-</td> <td data-bbox="919 477 1114 555">20.00</td> </tr> <tr> <td data-bbox="308 566 703 611">Charities</td> <td data-bbox="711 566 911 611">-</td> <td data-bbox="919 566 1114 611">0.50</td> </tr> </tbody> </table>	Category of Borrower	31.03.2020 Net showing in accounts	2021/22 Approved Limit	Subsidiaries	-	2.00	Suppliers	-	2.00	Other Public Sector Bodies	-	20.00	Charities	-	0.50
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Subsidiaries	-	2.00														
Suppliers	-	2.00														
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Charities	-	0.50														
3.2.3	<p>Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.</p>															
3.3	<p>Potential Loan Criteria</p>															
3.3.1	<p>The Council does not currently have any material loans but loans to subsidiaries may be considered, as part of a wider strategy for local economic growth, even though they may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity. Such loans will be considered when all of the following criteria are satisfied:</p> <ul style="list-style-type: none"> • The loan is given towards expenditure which would, if incurred by the Council, be capital expenditure; • The purpose for which the loan is given is consistent with the Council's corporate / strategic objectives and priorities; • Due diligence is carried out that confirms the Council's legal powers to make the loan, and that assesses the risk of loss over the loan term; • A formal loan agreement is put in place which stipulates the loan period, repayment terms and loan rate (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund, and takes appropriate account of state aid rules) and any other terms that will protect the Council from loss. 															
	<p><u>SECTION 4 - SERVICE INVESTMENTS: SHARES</u></p>															
4.1	<p>Background</p>															
4.1.1	<p>The Council is able to invest in the shares of its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.</p>															
4.1.2	<p>One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. The Council does not currently have any material investment in shares nor is there any intention to do so at present. If this</p>															

	changed the Council would undertake a risk assessment before entering purchase and would establish appropriate Prudential Indicators.																																													
	<u>SECTION 5 - COMMERCIAL INVESTMENTS: PROPERTY</u>																																													
5.1	Background																																													
5.1.1	<p>The Council is able to invest in local, regional and UK commercial and residential property with the intention of making a profit that will be spent on local public services. Between 2016 and 2017, SCC implemented a strategy to invest in commercial properties with the expected return on investment being used to fund council services, known as the Property investment fund (PIF). To date the authority has purchased 3 properties, details are shown in table 2 below.</p> <p>These properties are expected to generate £1.8M income in 2020/21 a return of 1.97% against the amount invested.</p>																																													
5.1.2	<p><i>Table 2: Property Investment Fund £M</i></p> <table border="1"> <thead> <tr> <th rowspan="2">Property</th> <th>Actual</th> <th colspan="2">31.03.2020 Actual</th> <th colspan="2">31.03.2021 Expected</th> <th rowspan="2">Change In Year</th> <th rowspan="2">Outstanding Debt 31.03.2021</th> </tr> <tr> <th>Purchase Cost</th> <th>Value in Accounts</th> <th>Cumulative Gain or (Loss)</th> <th>Value in Accounts</th> <th>Cumulative Gain or (Loss)</th> </tr> </thead> <tbody> <tr> <td>Property 1</td> <td>6.47</td> <td>6.30</td> <td>(0.17)</td> <td>5.21</td> <td>(1.26)</td> <td>(1.09)</td> <td>5.92</td> </tr> <tr> <td>Property 2</td> <td>14.69</td> <td>10.80</td> <td>(3.89)</td> <td>10.33</td> <td>(4.36)</td> <td>(0.47)</td> <td>13.45</td> </tr> <tr> <td>Property 3</td> <td>8.53</td> <td>8.39</td> <td>(0.14)</td> <td>8.73</td> <td>0.20</td> <td>0.34</td> <td>7.80</td> </tr> <tr> <td></td> <td>29.69</td> <td>25.49</td> <td>(4.20)</td> <td>24.27</td> <td>(5.42)</td> <td>(1.22)</td> <td>27.17</td> </tr> </tbody> </table>	Property	Actual	31.03.2020 Actual		31.03.2021 Expected		Change In Year	Outstanding Debt 31.03.2021	Purchase Cost	Value in Accounts	Cumulative Gain or (Loss)	Value in Accounts	Cumulative Gain or (Loss)	Property 1	6.47	6.30	(0.17)	5.21	(1.26)	(1.09)	5.92	Property 2	14.69	10.80	(3.89)	10.33	(4.36)	(0.47)	13.45	Property 3	8.53	8.39	(0.14)	8.73	0.20	0.34	7.80		29.69	25.49	(4.20)	24.27	(5.42)	(1.22)	27.17
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	29.69	25.49	(4.20)	24.27	(5.42)	(1.22)	27.17																																							
5.1.3	<p>In addition to the properties purchased under PIF, the council holds an extensive historic property portfolio.</p> <p>Information relating to purchase price and any associated debt is not held, as this is not required by local authority legislation. The fair value of these properties at the 31 March 2020 was £92.66M a decrease of £15.5M from the year before. The year-end valuation of investment property was not significantly impacted by COVID-19, however there was a £15M year-on-year reduction in investment property valuations due to the Valuer making a slightly more prudent assessment of investment properties as at 31 March 2020. However, it is anticipated that there will be a significant COVID-19 impact on the 31 March 2021 values which is yet to be quantified.</p> <p>The Valuation and Estates section are responsible for the ongoing management and monitoring of the portfolio (including PIF) and for 2019/20 net income for the total portfolio was £8.4M compared to £8.03M in 2018/19.</p>																																													
5.1.4	In November 2019 Council approved the addition of £200M to the capital programme to explore the opportunities available for further property investment, with expected purchases to start from 2020/21. However, following changes to the rules for lending from the Public Works Board to finance such projects this has been removed from the capital programmed.																																													

5.2	Security
5.2.1	In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than the amount of debt currently outstanding for the asset. As can be seen from the table above the fair value assessment of these properties at the 31 March 2021 is expected to be below the purchase price, this was partly due to cost associated with the purchase (£1.79M) which in line with the MRP policy in place at the time, was charged to revenue in 2017/18. Debt repayments are now being made on the annuity basis and debt will reduce by approximately £0.25M per annum.
5.2.2	Table 2 also shows that the values of Properties 1 and 2 are expected to drop further in 2020/21 due to the further recent downturn in the retail sector largely due to COVID-19. This means that the fair value will likely fall below the outstanding debt by £3.83M. As this is outside of the current policy, consideration will need to be given to the future of these assets, bearing in mind that a disposal would be likely to incur a large financial loss to the Council. However, whilst the properties are still providing a positive income yield, it makes no financial sense to dispose of the properties in the current economic climate, the Council will continue to closely monitor the situation and report any further concerns through the relevant committees.
5.3	Risk Assessment
5.3.1	The council assesses the risk of loss before purchasing investment property and monitors both the fair value and the return on the assets to assess the benefits of either retaining or disposing of the assets.
5.3.2	Budgeted investment income allows for voids and maintenance costs, which are reviewed as part of budget monitoring on individual properties to ensure they continue to provide the correct level of risk management.
5.4	Liquidity
5.4.1	Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. Therefore, in order to assess liquidity, the Council monitors the income stream attached to property purchases, a much more liquid asset, comparing budgets to forecasts and actuals. Since purchasing the PIF properties actual income has and continues to be in line with the budgeted figure and there are no current indicators to suggest that the forecast future income will not be achieved. If there is any change this would be reported as part of the revenue financial monitoring process.
	<u>SECTION 6 - CAPACITY AND SKILLS</u>
6.1	Elected members and statutory officers
6.1.1	CIPFA's Code of Practice requires the CFO to ensure that all Members tasked with TM responsibilities, including scrutiny of the TM function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

	<p>Treasury training is offered to all members annually, which is undertaken by our advisors, Arlingclose, this was last undertaken on 11th January 2021.</p> <p>Further training is also provided if the need arises, for example there was a change in leadership and the makeup of Governance committee changed during 2018, so as part of Members induction Arlingclose provided an introduction to treasury training session. We would also arrange additional training if there was to be a material change in the Treasury Strategy, explaining the reasoning behind it, so that Members understand what they are being asked to approve.</p> <p>For Officers the Council adopts a continuous performance and development programme to ensure staff are regularly appraised and any training needs addressed. Relevant staff also attend regular training sessions, seminars and workshops which ensure their knowledge is up to date. Details of training received are maintained as part of the performance and development process.</p>																				
6.2	Commercial deals																				
6.2.1	<p>The Property Investment Fund, originally agreed at full Council in November 2019, has been withdrawn from the capital programme following rule changes from Government that prevent any further investment primarily for yield.</p> <p>Capital spending plans will need to be submitted in advance to Government, and the S151 officer provide assurance that the council will not be undertaking investment of assets primarily for yield gain. Existing investments held by the authority will continue to be carefully monitored and reported on.</p> <p>The Council has an experienced in-house estates and valuation team, who will manage the process and the day-to-day management of any investments. The use of external experts will be employed where specialist knowledge is required in the acquisition, disposal or performance management of commercial property.</p>																				
	<u>SECTION 7 - INVESTMENT INDICATORS</u>																				
7.1	Background																				
7.1.1	The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.																				
7.2	Total Risk Exposure																				
7.2.1	This indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.																				
7.2.2	<p><i>Table 3: Total investment exposure £M</i></p> <table border="1"> <thead> <tr> <th>Total Investment Exposure</th> <th>31.03.2020 Actual</th> <th>31.03.2021 Forecast</th> <th>31.03.2022 Forecast</th> </tr> </thead> <tbody> <tr> <td>Treasury management investments</td> <td>61.2</td> <td>40.0</td> <td>40.0</td> </tr> <tr> <td>Service investments: Loans</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>Commercial Investments: PIF</td> <td>27.4</td> <td>27.2</td> <td>26.9</td> </tr> <tr> <td>TOTAL EXPOSURE</td> <td>88.6</td> <td>67.2</td> <td>66.9</td> </tr> </tbody> </table>	Total Investment Exposure	31.03.2020 Actual	31.03.2021 Forecast	31.03.2022 Forecast	Treasury management investments	61.2	40.0	40.0	Service investments: Loans	0.0	0.0	0.0	Commercial Investments: PIF	27.4	27.2	26.9	TOTAL EXPOSURE	88.6	67.2	66.9
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7.3	How Investments are Funded																												
7.3.1	Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.																												
7.3.2	<p><i>Table 4: Investments funded by borrowing and loan to value ratio</i></p> <table border="1"> <thead> <tr> <th><i>Investment funded by borrowing</i></th> <th><i>2019/20 Forecast</i></th> <th><i>2019/20 Actual</i></th> <th><i>Loan to Value Ratio</i></th> <th><i>2020/21 Forecast</i></th> <th><i>Loan to Value Ratio</i></th> <th><i>2021/22 Forecast</i></th> </tr> <tr> <td></td> <td><i>£M</i></td> <td><i>£M</i></td> <td><i>%</i></td> <td><i>£M</i></td> <td><i>%</i></td> <td><i>£M</i></td> </tr> </thead> <tbody> <tr> <td>Commercial Investments: Property</td> <td>27.4</td> <td>27.4</td> <td>108</td> <td>27.2</td> <td>112</td> <td>26.9</td> </tr> <tr> <td>Service investments: Loans</td> <td>0.0</td> <td>0.0</td> <td></td> <td>0.0</td> <td></td> <td>0.0</td> </tr> </tbody> </table> <p>The maximum loan to value indicator is set at 100% if the fair value of the asset was to fall below the outstanding loan value then this would be reported to Council and the authority would look to take steps to assess the viability of holding the investment.</p>	<i>Investment funded by borrowing</i>	<i>2019/20 Forecast</i>	<i>2019/20 Actual</i>	<i>Loan to Value Ratio</i>	<i>2020/21 Forecast</i>	<i>Loan to Value Ratio</i>	<i>2021/22 Forecast</i>		<i>£M</i>	<i>£M</i>	<i>%</i>	<i>£M</i>	<i>%</i>	<i>£M</i>	Commercial Investments: Property	27.4	27.4	108	27.2	112	26.9	Service investments: Loans	0.0	0.0		0.0		0.0
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7.4	Rate of return received																												
7.4.1	This indicator shows the investment income received less the associated costs, including the cost of borrowing, as a proportion of the debt outstanding. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.																												
7.4.2	<p><i>Table 5: Investment rate of return (net of all costs)</i></p> <table border="1"> <thead> <tr> <th><i>Investment net rate of return</i></th> <th><i>2019/20 Actual</i></th> <th><i>2020/21 Forecast</i></th> <th><i>2021/22 Forecast</i></th> </tr> <tr> <td></td> <td><i>%</i></td> <td><i>%</i></td> <td><i>%</i></td> </tr> </thead> <tbody> <tr> <td><i>Property 1</i></td> <td>2.27</td> <td>2.29</td> <td>2.04</td> </tr> <tr> <td><i>Property 2</i></td> <td>2.16</td> <td>2.18</td> <td>1.98</td> </tr> <tr> <td><i>Property 3</i></td> <td>1.37</td> <td>1.38</td> <td>1.30</td> </tr> <tr> <td>Total Average Rate of Return</td> <td>1.95</td> <td>1.97</td> <td>1.80</td> </tr> </tbody> </table>	<i>Investment net rate of return</i>	<i>2019/20 Actual</i>	<i>2020/21 Forecast</i>	<i>2021/22 Forecast</i>		<i>%</i>	<i>%</i>	<i>%</i>	<i>Property 1</i>	2.27	2.29	2.04	<i>Property 2</i>	2.16	2.18	1.98	<i>Property 3</i>	1.37	1.38	1.30	Total Average Rate of Return	1.95	1.97	1.80				
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THE HRA REVENUE BUDGET 2021/22 AND CAPITAL PROGRAMME 2020/21 TO 2025/26																																					
<u>HOUSING REVENUE ACCOUNT (HRA) BUDGET 2021/22</u>																																					
<u>Context</u>																																					
1.	<p>The HRA is a £75 million ringfenced revenue account, which exists to provide landlord services and support to approximately 50,000 people within Southampton, with nearly 16,000 homes for tenants and over 2,000 leaseholders. Southampton City Council’s Housing Strategy 2016-2025, and the Corporate Plan 2020-2025 outline the ambitions to support residents in all types of housing and tenure and to ensure the availability of good quality affordable housing in the city. As the largest landlord in the city SCC has a significant opportunity to influence this, through engagement and support of tenants, how we maintain properties, improve neighbourhoods, and address local housing need. The development of a sustainable Housing Revenue Account budget is therefore key to supporting these aims, and ambitions to develop a Greener, Fairer and Healthier City for everyone.</p>																																				
2.	<p>The HRA records all the income and expenditure associated with the provision and management of council owned homes in the City.</p> <p>The number of homes within the HRA is as follows (subject to movement due to Right to Buy losses and additions of new homes built or purchased):</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="text-align: left;">Bedrooms</th> <th style="text-align: center;">House</th> <th style="text-align: center;">Flat</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>0</td> <td style="text-align: center;">-</td> <td style="text-align: center;">612</td> <td style="text-align: center;">612</td> </tr> <tr> <td>1</td> <td style="text-align: center;">155</td> <td style="text-align: center;">5,097</td> <td style="text-align: center;">5,252</td> </tr> <tr> <td>2</td> <td style="text-align: center;">765</td> <td style="text-align: center;">4,676</td> <td style="text-align: center;">5,441</td> </tr> <tr> <td>3</td> <td style="text-align: center;">3,738</td> <td style="text-align: center;">524</td> <td style="text-align: center;">4,262</td> </tr> <tr> <td>4</td> <td style="text-align: center;">295</td> <td style="text-align: center;">26</td> <td style="text-align: center;">321</td> </tr> <tr> <td>5</td> <td style="text-align: center;">6</td> <td style="text-align: center;">-</td> <td style="text-align: center;">6</td> </tr> <tr> <td>6</td> <td style="text-align: center;">1</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">4,960</td> <td style="text-align: center;">10,935</td> <td style="text-align: center;">15,895</td> </tr> </tbody> </table> <p>In addition to a significant annual revenue account, the HRA records all capital expenditure.</p>	Bedrooms	House	Flat	Total	0	-	612	612	1	155	5,097	5,252	2	765	4,676	5,441	3	3,738	524	4,262	4	295	26	321	5	6	-	6	6	1	-	1	Total	4,960	10,935	15,895
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<u>2020/21 Forecast Outturn</u>																																					
3.	<p>The HRA year-end forecast position for 2020/21 shows a favourable variance of £0.18M compared to a budget of £75.60M, with an additional overspend of £1.29M forecast in relation to the COVID-19 response.</p> <p>Further details are supplied in the stand alone Quarter 3 monitoring report, details are provided in Annex 1.6 to the report on financial monitoring for the period to the end of December 2020 to be considered by Cabinet at its meeting on the 23 February 2021.</p>																																				

	<u>HRA Medium Term Financial Position</u>
4.	This report sets out the HRA revenue budgets for 2021/22 and the 40 year HRA business plan covering the period 2021/22 to 2060/61. The proposed changes to rents and other charges included in this report are an integral part of the revenue budget for 2021/22.
5.	Following the Chancellor’s announcement in the 2018 Autumn Budget, restrictions relating to HRA borrowing have been lifted, and there is now greater flexibility and emphasis for councils to be able plan their new build strategy and financing at a local level. As a result, the “1,000 Homes” project was approved in July 2020, delivering quality, affordable council homes. This project is now contained within the 40 year HRA Business Plan, with detailed financial and business development overseen by a dedicated Programme Board as the programme develops.
6.	<p>The HRA Business Plan supports a number of council strategies, including the Medium Term Financial Forecast, to ensure plans are affordable and budgets are aligned to the assumptions detailed in those strategies. The specific HRA Business Plan priorities are summarised below:</p> <ul style="list-style-type: none"> • All HRA debt is sustainable over the life of the 40 year Business Plan. • The capital spending plans include provision to maintain and improve all existing dwellings and is based on a Housing stock capital strategy that continues to be developed and enhanced. • A provision of £409M is set aside for stock replacement over the next 40 years. This includes approved projects such as 1,000 homes and with an additional number of 26 houses per year thereafter. • The revenue budget protects the minimum balances of £2.0M per year over the life of the Plan.
7.	A 40 year HRA Business Plan has been prepared and the summary for the revenue and capital budgets is set out in Annexes 3.1 and 3.2. To ensure all council plans are aligned these reflect the key planning assumptions set out in the Medium Term Financial Forecast.
	<u>Rent & Service Charge Increases</u>
8.	<p>The summary of key rent and service charge increases is as follows :</p> <ul style="list-style-type: none"> • An average Rent increase of 1.33% • A General Service Charge increase of 1.50% • A Supported Accommodation Service Charge increase of 1.50% • A Heating charge increase of 2.50%
	<u>Rents</u>
9.	<p>It is proposed that in line with Central Government guidelines HRA rents will be increased by the September 2020 Consumer Price Index (CPI), of 0.5%, plus 1% for tenants who are at, or below, formula rent (the government approved method of calculating social rent), or CPI for those tenants who are above formula rent. This means the increase applied will therefore be either 1.5% or 0.5%. This amounts to an average increase of 1.33%.</p> <p>The latest guidance from the Ministry of Housing, Communities and Local Government is that rents will be allowed to increase by up to CPI+1% (subject to the formula rent proviso above) for the years 2020/21 to 2024/25, and after that by up to CPI. These assumptions have been built into the HRA Business Plan.</p>

	<p>Whilst the proposed rental increases are expected to raise around £1.042M in additional income for 2021/22, the majority of this will be used to offset expected inflation increases with costs over this time. This increase will not compensate the HRA following the year on year rent reductions of 1% imposed by Government between 2015/16 and 2020/21, with an estimated cumulative loss of income of £33.7M by 31 March 2021.</p>																																																						
	<p>Service Charges</p>																																																						
10.	<p>The current charging mechanism for service charges in the HRA does not currently recover the full costs applicable to that service charge. This means that income from tenants' rent is currently covering some of the costs associated with these areas, and in part to address this and rising inflation it is proposed to increase charges in line with rental increases at CPI+1% for the 2021/22 financial year. Following previous consultation with residents work is ongoing to review the remaining extent of the 'gap' between costs and income and recommendations around this will be made following that review.</p>																																																						
11.	<p>In accordance with inflation rising in line with rental increases, the weekly charges to be levied for next year are shown below, with general charges increasing by £0.15 in total and supported accommodation by £0.26 in total:</p> <p>General Service Charges</p> <table border="1"> <thead> <tr> <th></th> <th>21/22</th> <th>20/21</th> </tr> </thead> <tbody> <tr> <td>Concierge monitoring</td> <td>£2.77</td> <td>£2.73</td> </tr> <tr> <td>Walk-Up Block Wardens</td> <td>£1.47</td> <td>£1.45</td> </tr> <tr> <td>Cleaning service in walk-up blocks</td> <td>£0.73</td> <td>£0.72</td> </tr> <tr> <td>Door Entry System</td> <td>£0.22*</td> <td>£0.22</td> </tr> <tr> <td>Emergency Lighting Testing</td> <td>£0.27*</td> <td>£0.27</td> </tr> <tr> <td>Garden/Ground Maintenance</td> <td>£0.22*</td> <td>£0.22</td> </tr> <tr> <td>Tower Block Wardens</td> <td>£5.20</td> <td>£5.12</td> </tr> <tr> <td>Digital TV</td> <td>£0.12</td> <td>£0.43</td> </tr> </tbody> </table> <p>*de minimis for 1.5% increase</p> <p>Supported Accommodation</p> <table border="1"> <thead> <tr> <th></th> <th>21/22</th> <th>20/21</th> </tr> </thead> <tbody> <tr> <td>Cleaning</td> <td>£0.65</td> <td>£0.64</td> </tr> <tr> <td>Floating support</td> <td>£1.29</td> <td>£1.27</td> </tr> <tr> <td>Community Alarm</td> <td>£1.31</td> <td>£1.29</td> </tr> <tr> <td>Support</td> <td>£2.76</td> <td>£2.72</td> </tr> <tr> <td>Management</td> <td>£5.13</td> <td>£5.05</td> </tr> <tr> <td>Careline Silver</td> <td>£3.14</td> <td>£3.09</td> </tr> <tr> <td>Careline Gold</td> <td>£4.45</td> <td>£4.38</td> </tr> <tr> <td>Digital TV</td> <td>£0.12</td> <td>£0.43</td> </tr> </tbody> </table> <p>Garages and Parking space charges are to increase by 1.5%.</p>		21/22	20/21	Concierge monitoring	£2.77	£2.73	Walk-Up Block Wardens	£1.47	£1.45	Cleaning service in walk-up blocks	£0.73	£0.72	Door Entry System	£0.22*	£0.22	Emergency Lighting Testing	£0.27*	£0.27	Garden/Ground Maintenance	£0.22*	£0.22	Tower Block Wardens	£5.20	£5.12	Digital TV	£0.12	£0.43		21/22	20/21	Cleaning	£0.65	£0.64	Floating support	£1.29	£1.27	Community Alarm	£1.31	£1.29	Support	£2.76	£2.72	Management	£5.13	£5.05	Careline Silver	£3.14	£3.09	Careline Gold	£4.45	£4.38	Digital TV	£0.12	£0.43
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	<p>Heating Charges</p>																																																						
12.	<p>In previous years, heating charge increases have been applied mid financial year in October. To accommodate improved and clearer communication with tenants, the increase has been moved to the 1st April. This ensures that all changes are incorporated in one annual notification to tenants and leaseholders. A decision for heating charges is</p>																																																						

	<p>therefore required alongside the usual rent and service charge increases. There is an expected saving for the HRA due on print and postage, which for around 5,400 customers amounts to £5,000.</p> <p>The annual review of the Landlord-Controlled Heating (LCH) account shows a surplus of £0.488M (compared to a forecast of £0.500M in the previous report). However, the latest information on forecast price changes indicate increases of 2.44% for electricity, and 5.36% for gas in 2021/22. As 90% of the energy used by LCH is electricity, it is proposed that the charges to tenants for 2021/22 will increase by 2.5%. Annex 3.3 shows the weekly and annual changes by area band.</p> <p>This increase (and future annual increases in line with energy inflation) should gradually reduce the surplus on the account to zero over the next five years, giving this benefit to our residents, and also avoiding the large deficit / surplus swings of the past.</p>
	<p><u>Other Key Assumptions</u></p>
13.	<p>Rent arrears have continued to rise in the current financial year, 2020/21, linked to the impact of the welfare reforms and potentially exacerbated by the economic impact of the pandemic. There also remains an ongoing risk of increased financial hardship after the ending of the furlough scheme, planned to be on the 30th April 2021 at the time of writing, and the potential and significant risk of increasing unemployment within the City.</p> <p>In some of the most deprived wards, there has already been significant increases in the number of universal credit claims during the last few months. Although there is a short term impact on the Business Plan, with bad debt provision temporarily rising by 3% in 2021/22, it is expected that in the longer term, the debt position will stabilise in line with national policies and internal debt collection processes. The plan also continues to support the funding of dedicated employment and skills officers to work with tenants needing support at this challenging time.</p>
	<p><u>HRA Balances</u></p>
14.	<p>The HRA Business Plan revenue balances enable a longer-term repayment of debt to take place. Following recent cost pressures, and the removal of the debt cap leading to ongoing regeneration/new build borrowing, debt repayments are still taking place during the life of the Business Plan, however there remains a residual debt of £4.45M at the end of the 40 year plan. However, as stated in paragraph 6, all HRA debt is sustainable over the life of the 40 year Business Plan.</p>
15.	<p>A risk to the long term plan is that, if property works related inflation was to exceed general inflation over a prolonged period, this could have a significant adverse impact on HRA balances, as property costs would begin to exceed rental income. Consequently, the forecast financial position is subject to annual review based on the prevailing economic factors and will also reflect the annual review of stock investment needs and estimated unit rates.</p>
16.	<p>The other significant risk is changes in Central Government rental policy in the future. The current guidance is for rents to increase over a period of the next 4 years by CPI + 1% inflation. Policy thereafter is rent increases at CPI per annum. Other policy and legislative changes, such as those associated with Building Safety; Tenants Rights and Shared ownership, could also place additional pressures on revenue budgets and will be kept under review.</p>

17.	It will be necessary to regularly undertake sensitivity analysis to assess the impact of external influences such as building inflation and changes to CPI on the business plan so that the overall budget position can be maintained to support investment in services and properties to meet the expectations of tenants and our regulatory requirements.																																																								
18.	The HRA minimum balance will remain at £2.0M per year.																																																								
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2020/21 TO 2025/26																																																									
19.	The purpose of this section of the report is to update the HRA Capital Programme for the period of 2020/21 to 2025/26, highlighting the changes in the programme since the last reported position to Cabinet in February 2020. The net result of the changes since the previous report is that the programme has increased by £164.34M, mainly due to the addition of the 1,000 homes project to the programme.																																																								
20.	The increased investment allows for a full 5 year capital programme from 2021/22, giving greater certainty to planning projects and accounts for the medium term needs of the Council's residents and their housing requirements.																																																								
THE FORWARD CAPITAL PROGRAMME																																																									
21.	Table 1 shows a comparison of the latest capital expenditure for the period 2020/21 to 2025/26 compared to the previously reported programme.																																																								
22.	<p><u>Table 1 – Programme Summary</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Reported Programme</th> <th style="text-align: right;">2020/21 £M</th> <th style="text-align: right;">2021/22 £M</th> <th style="text-align: right;">2022/23 £M</th> <th style="text-align: right;">2023/24 £M</th> <th style="text-align: right;">2024/25 £M</th> <th style="text-align: right;">2025/26 £M</th> <th style="text-align: right;">Total £M</th> </tr> </thead> <tbody> <tr> <td>Latest</td> <td style="text-align: right;">47.36</td> <td style="text-align: right;">61.94</td> <td style="text-align: right;">73.99</td> <td style="text-align: right;">98.05</td> <td style="text-align: right;">65.55</td> <td style="text-align: right;">29.62</td> <td style="text-align: right;">376.51</td> </tr> <tr> <td>Previous</td> <td style="text-align: right;">47.36</td> <td style="text-align: right;">54.98</td> <td style="text-align: right;">42.19</td> <td style="text-align: right;">36.93</td> <td style="text-align: right;">30.71</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">212.17</td> </tr> <tr> <td>Variance</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">6.96</td> <td style="text-align: right;">31.80</td> <td style="text-align: right;">61.12</td> <td style="text-align: right;">34.84</td> <td style="text-align: right;">29.62</td> <td style="text-align: right;">164.34</td> </tr> </tbody> </table> <p>NB: Table includes rounded figures</p>	Reported Programme	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	Total £M	Latest	47.36	61.94	73.99	98.05	65.55	29.62	376.51	Previous	47.36	54.98	42.19	36.93	30.71	0.00	212.17	Variance	0.00	6.96	31.80	61.12	34.84	29.62	164.34																								
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23.	There is an overall increase in the HRA capital programme of £164.34M to £376.51M, the revised programme is shown by major project in table 2 below and detailed in paragraphs 26-32. A full breakdown by project is provided in Appendix 5 (confidential).																																																								
24.	<p><u>Table 2 – Major Schemes by Major Project</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Major Project</th> <th style="text-align: right;">2020/21 £M</th> <th style="text-align: right;">2021/22 £M</th> <th style="text-align: right;">2022/23 £M</th> <th style="text-align: right;">2023/24 £M</th> <th style="text-align: right;">2024/25 £M</th> <th style="text-align: right;">2025/26 £M</th> </tr> </thead> <tbody> <tr> <td>Improving Quality of Homes</td> <td style="text-align: right;">4.83</td> <td style="text-align: right;">7.57</td> <td style="text-align: right;">6.25</td> <td style="text-align: right;">7.37</td> <td style="text-align: right;">7.73</td> <td style="text-align: right;">7.73</td> </tr> <tr> <td>Making Homes Energy Efficient</td> <td style="text-align: right;">5.89</td> <td style="text-align: right;">17.94</td> <td style="text-align: right;">22.84</td> <td style="text-align: right;">12.17</td> <td style="text-align: right;">13.11</td> <td style="text-align: right;">12.68</td> </tr> <tr> <td>Making Homes Safe</td> <td style="text-align: right;">13.14</td> <td style="text-align: right;">11.97</td> <td style="text-align: right;">5.98</td> <td style="text-align: right;">6.16</td> <td style="text-align: right;">1.35</td> <td style="text-align: right;">1.28</td> </tr> <tr> <td>Supporting Communities</td> <td style="text-align: right;">1.69</td> <td style="text-align: right;">2.51</td> <td style="text-align: right;">2.40</td> <td style="text-align: right;">1.98</td> <td style="text-align: right;">2.22</td> <td style="text-align: right;">2.22</td> </tr> <tr> <td>Supporting Independent Living</td> <td style="text-align: right;">2.11</td> <td style="text-align: right;">2.87</td> <td style="text-align: right;">2.02</td> <td style="text-align: right;">2.02</td> <td style="text-align: right;">2.02</td> <td style="text-align: right;">2.02</td> </tr> <tr> <td>Estate regeneration / new-build</td> <td style="text-align: right;">19.70</td> <td style="text-align: right;">19.09</td> <td style="text-align: right;">34.48</td> <td style="text-align: right;">68.35</td> <td style="text-align: right;">39.12</td> <td style="text-align: right;">3.68</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">47.36</td> <td style="text-align: right;">61.94</td> <td style="text-align: right;">73.99</td> <td style="text-align: right;">98.05</td> <td style="text-align: right;">65.55</td> <td style="text-align: right;">29.62</td> </tr> </tbody> </table>	Major Project	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	Improving Quality of Homes	4.83	7.57	6.25	7.37	7.73	7.73	Making Homes Energy Efficient	5.89	17.94	22.84	12.17	13.11	12.68	Making Homes Safe	13.14	11.97	5.98	6.16	1.35	1.28	Supporting Communities	1.69	2.51	2.40	1.98	2.22	2.22	Supporting Independent Living	2.11	2.87	2.02	2.02	2.02	2.02	Estate regeneration / new-build	19.70	19.09	34.48	68.35	39.12	3.68	TOTAL	47.36	61.94	73.99	98.05	65.55	29.62
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MAJOR PROGRAMME CHANGES								
25.	Improving the Quality of Homes (£5.41M Addition) This focuses on modernisation, upgrade and improvement of common areas, and work inside tenants' homes. In particular the Block Modernisation Programme is a package of work targeting fire safety, energy efficient lighting, replacement flooring, communal decorations, and flat front door replacements.							
26.	Making Homes Energy Efficient (£19.41M Addition) This is focused on improving the thermal quality of residents' homes by reducing their U-value, which assists residents in reducing energy spend and in turn helps tackle fuel poverty. The Warmer Homes Programme is a budget developed with 'hard to treat' pre cast concrete homes in mind, where it has been found that residents experience most condensation and mould problems. This category also deals with the Council's on-going green city commitment by undertaking large scale energy efficiency works to the Canberra, Redbridge and Millbrook tower blocks.							
27.	Making Homes Safe (£4.60M Addition) This consolidates works done as part of the Block Modernisation programme, with a focus on fire safety to ensure that Southampton City Council's residents remain safe. The majority of the works address the Hackett report post Grenfell, including dealing with high priority Fire Risk Assessment remedial works. Included in this category are structural repair works and water quality testing remedial works.							
28.	Supporting Communities (£2.72M Addition) Budgets within this category support the Decent Neighbourhoods work which has an impact on local community engagement. It includes Estate Improvement programmes of works which have been developed in conjunction with Housing & Neighbourhood teams.							
29.	Supporting Independent Living (£1.71M Addition) This supports Sheltered Accommodation schemes and residents requiring adaptations as a means of assisting residents to continue to live independently in their homes. This investment is mainly in disabled adaptation work and upgrades to warden alarm systems.							
30.	Estate Regeneration/New Build (£130.48M Addition) This investment includes the 1000 homes project and encourages the engagement of local communities to help deliver homes that address local needs, such as Potters Court and Townhill Park.							
31.	Council is asked to approve the above additions, totalling £164.34M, to the HRA programme with approval to spend as detailed above. Additions are to be funded through a combination of capital receipts, the Major Repairs Allowance, direct revenue financing and council resources.							
OVERALL HRA CAPITAL PROGRAMME								
32.	Table 3 shows the HRA capital expenditure and the use of resources to finance the programme up to and including 2025/26.							
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
		£M	£M	£M	£M	£M	£M	£M
	HRA Programme	47.36	61.94	73.99	98.05	65.55	29.62	376.51
	*CR - Borrowing	(8.35)	(26.74)	(33.43)	(60.22)	(30.30)	(2.24)	(161.28)
	Right to Buy Receipts	(11.16)	(7.99)	(12.68)	(9.01)	(4.32)	(2.77)	(47.91)
	Grants and other receipts	0	(2.42)	(0.30)	0.00	0.00	0.00	(2.72)
	Revenue Financing	(8.78)	(3.88)	(6.05)	(6.70)	(8.23)	(1.19)	(34.83)
	MRA	(19.07)	(20.92)	(21.54)	(22.11)	(22.71)	(23.42)	(129.77)
	Total Financing	(47.36)	(61.94)	(73.99)	(98.05)	(65.55)	(29.62)	(376.51)
	*CR – Council Resources	NB: Table contains rounded figures						

	Annexes
3.1	HRA 40 Year Business Plan Operating Account
3.2	HRA Major Repairs and Improvement Plan
3.3	HRA Heating Charges Summary

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**Southampton
HRA Business Plan
Operating Account**
(expressed in money terms)

		Income			Expenditure							Net Operating (Expenditure) £,000	Repayment of loans £,000	Revenue Contributions to Capital Outlay (RCCO) £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Surplus (Deficit) c/fwd £,000
Year	Year	Net rent Income £,000	Other income £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Total expenses £,000	Capital Charges £,000							
1	2021.22	70,165	3,545	73,710	(22,382)	(20,917)	(17,519)	(100)	(60,918)	(5,753)	7,039	(3,162)	(3,877)	0	2,000	2,000	
2	2022.23	72,248	3,613	75,861	(22,759)	(21,543)	(17,641)	(103)	(62,046)	(5,962)	7,852	(1,803)	(6,049)	0	2,000	2,000	
3	2023.24	74,930	3,689	78,619	(23,255)	(22,115)	(17,828)	(106)	(63,305)	(6,808)	8,505	(1,803)	(6,703)	(0)	2,000	2,000	
4	2024.25	78,593	3,766	82,359	(23,771)	(22,707)	(18,083)	(110)	(64,671)	(7,658)	10,030	(1,803)	(8,227)	0	2,000	2,000	
5	2025.26	80,047	3,845	83,892	(24,308)	(23,419)	(18,852)	(113)	(66,692)	(7,943)	9,258	(7,547)	(1,187)	524	2,000	2,524	
6	2026.27	84,309	3,926	88,235	(24,859)	(24,624)	(19,564)	(117)	(69,164)	(7,918)	11,153	(3,903)	(6,111)	1,139	2,524	3,663	
7	2027.28	87,365	4,008	91,374	(25,422)	(25,878)	(19,878)	(121)	(71,300)	(7,893)	12,181	(3,903)	(5,655)	2,622	3,663	6,286	
8	2028.29	89,168	4,092	93,261	(25,999)	(26,693)	(20,195)	(125)	(73,012)	(7,863)	12,385	(3,903)	(5,661)	2,821	6,286	9,107	
9	2029.30	91,009	4,178	95,187	(26,588)	(27,533)	(20,516)	(129)	(74,766)	(7,775)	12,646	(10,329)	(5,661)	(3,344)	9,107	5,763	
10	2030.31	94,673	4,266	98,939	(27,191)	(28,399)	(20,840)	(133)	(76,563)	(7,683)	14,693	(3,903)	(5,657)	5,133	5,763	10,895	
11	2031.32	94,804	4,356	99,160	(27,808)	(29,292)	(21,167)	(138)	(78,405)	(7,333)	13,422	(14,123)	(4,741)	(5,442)	10,895	5,454	
12	2032.33	96,757	4,447	101,204	(28,438)	(30,214)	(21,497)	(142)	(80,291)	(7,195)	13,718	(3,903)	(4,777)	5,038	5,454	10,492	
13	2033.34	98,751	4,541	103,291	(29,083)	(31,164)	(21,831)	(147)	(82,225)	(7,054)	14,012	(13,903)	(4,784)	(4,675)	10,492	5,817	
14	2034.35	100,771	4,636	105,407	(29,742)	(32,144)	(22,167)	(152)	(84,206)	(6,911)	14,291	(2,869)	(4,714)	6,708	5,817	12,525	
15	2035.36	104,795	4,733	109,529	(30,416)	(33,149)	(22,507)	(157)	(86,228)	(6,735)	16,565	(18,343)	(5,501)	(7,279)	12,525	5,246	
16	2036.37	104,907	4,833	109,740	(31,104)	(34,185)	(22,850)	(162)	(88,301)	(6,470)	14,969	(12,100)	(1,942)	926	5,246	6,173	
17	2037.38	107,039	4,934	111,973	(31,809)	(35,253)	(23,489)	(167)	(90,719)	(6,243)	15,011	(14,570)	(1,884)	(1,443)	6,173	4,730	
18	2038.39	109,215	5,038	114,252	(32,529)	(36,355)	(24,147)	(173)	(93,203)	(5,913)	15,136	(4,570)	(1,821)	8,746	4,730	13,475	
19	2039.40	111,435	5,144	116,579	(33,266)	(37,491)	(24,823)	(179)	(95,757)	(5,722)	15,099	(9,100)	(1,752)	4,246	13,475	17,722	
20	2040.41	113,701	5,252	118,953	(34,019)	(38,662)	(25,517)	(184)	(98,383)	(5,524)	15,046	(9,100)	(1,679)	4,267	17,722	21,988	
21	2041.42	118,245	5,362	123,607	(34,790)	(39,869)	(26,231)	(191)	(101,081)	(5,260)	17,266	(18,100)	0	(834)	21,988	21,154	
22	2042.43	118,374	5,474	123,849	(35,578)	(41,115)	(26,966)	(197)	(103,855)	(4,985)	15,009	(13,570)	0	1,439	21,154	22,593	
23	2043.44	120,783	5,589	126,372	(36,383)	(42,399)	(27,720)	(203)	(106,706)	(4,638)	15,029	(12,100)	0	2,928	22,593	25,522	
24	2044.45	123,241	5,707	128,948	(37,207)	(43,723)	(28,496)	(210)	(109,636)	(4,417)	14,895	(9,100)	0	5,795	25,522	31,317	
25	2045.46	125,751	5,827	131,577	(38,050)	(45,088)	(29,293)	(217)	(112,649)	(4,209)	14,720	(11,100)	0	3,620	31,317	34,937	
26	2046.47	128,312	5,949	134,261	(38,912)	(46,496)	(30,113)	(224)	(115,745)	(4,099)	14,416	0	0	14,416	34,937	49,353	
27	2047.48	133,443	6,074	139,517	(39,794)	(47,948)	(30,955)	(231)	(118,928)	(4,099)	16,489	0	0	16,489	49,353	65,843	
28	2048.49	133,593	6,201	139,794	(40,695)	(49,444)	(31,821)	(239)	(122,200)	(4,009)	13,585	(10,000)	(1,354)	2,231	65,843	68,073	
29	2049.50	136,316	6,332	142,647	(41,617)	(50,988)	(32,712)	(247)	(125,563)	(3,853)	13,231	(7,000)	(3,349)	2,882	68,073	70,956	
30	2050.51	139,095	6,465	145,559	(42,560)	(52,579)	(33,627)	(255)	(129,021)	(3,255)	13,283	(12,349)	(3,277)	(2,343)	70,956	68,613	
31	2051.52	141,931	6,600	148,531	(43,524)	(54,220)	(34,568)	(264)	(132,575)	(3,196)	12,760	(8,500)	(3,198)	1,062	68,613	69,675	
32	2052.53	147,611	6,739	154,350	(44,510)	(55,912)	(35,535)	(272)	(136,229)	(2,889)	15,233	(8,500)	(3,113)	3,620	69,675	73,295	
33	2053.54	147,781	6,881	154,662	(45,519)	(57,656)	(36,529)	(281)	(139,985)	(2,536)	12,141	(8,670)	(3,021)	450	73,295	73,744	
34	2054.55	150,797	7,025	157,822	(46,550)	(59,455)	(37,550)	(291)	(143,846)	(2,241)	11,735	(10,800)	(2,922)	(1,987)	73,744	71,759	
35	2055.56	153,876	7,173	161,048	(47,605)	(61,310)	(38,601)	(300)	(147,816)	(1,870)	11,363	(8,670)	(2,815)	(122)	71,757	71,636	
36	2056.57	157,018	7,323	164,341	(48,683)	(63,222)	(39,680)	(310)	(151,896)	(1,544)	10,901	(8,670)	(2,700)	(469)	71,635	71,166	
37	2057.58	160,225	7,477	167,702	(49,787)	(65,194)	(40,790)	(320)	(156,091)	(1,265)	10,346	(8,500)	(2,577)	(731)	71,166	70,431	
38	2058.59	166,644	7,634	174,278	(50,915)	(67,227)	(41,931)	(331)	(160,404)	(959)	12,915	(8,500)	(2,445)	1,969	70,435	72,404	
39	2059.60	166,841	7,794	174,636	(52,069)	(69,324)	(43,104)	(342)	(164,838)	(651)	9,147	(13,440)	(2,305)	(6,597)	72,404	65,807	
40	2060.61	170,253	7,958	178,211	(53,249)	(71,485)	(44,309)	(353)	(169,396)	(154)	8,660	(4,247)	(2,155)	2,258	65,807	68,065	

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Southampton
HRA Business Plan
Major Repairs and Improvements Financing
(expressed in money terms)

		Expenditure				Financing						
Year	Year	Major Works & Imps	New Build Development Costs	New Build Major Repairs	Total Expenditure	Borrowing	RTB 141 Receipts	Other RTB Receipts	Other	MRR	Revenue Contributions to Capital Outlay	Total Financing
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2021.22	42,853	19,089	0	61,942	26,744	5,416	2,572	2,415	20,917	3,877	61,942
2	2022.23	39,508	34,478	0	73,986	33,426	10,316	2,359	301	21,535	6,049	73,986
3	2023.24	29,699	68,346	0	98,044	60,220	6,864	2,143	0	22,115	6,703	98,044
4	2024.25	26,436	39,117	0	65,553	30,300	2,406	1,910	0	22,710	8,227	65,553
5	2025.26	25,935	3,685	0	29,620	2,243	1,105	1,661	0	23,423	1,187	29,620
6	2026.27	29,781	3,807	0	33,588	0	1,142	1,711	0	24,624	6,111	33,588
7	2027.28	30,543	3,932	0	34,476	0	1,180	1,762	0	25,878	5,655	34,476
8	2028.29	31,325	4,062	0	35,387	0	1,219	1,815	0	26,693	5,661	35,387
9	2029.30	32,127	4,196	0	36,323	0	1,259	1,870	0	27,533	5,661	36,323
10	2030.31	32,948	4,334	0	37,283	0	1,300	1,927	0	28,399	5,657	37,283
11	2031.32	32,554	4,478	329	37,361	0	1,343	1,985	0	29,292	4,741	37,361
12	2032.33	33,386	4,625	412	38,423	0	1,388	2,045	0	30,214	4,777	38,423
13	2033.34	34,238	4,778	472	39,488	0	1,433	2,107	0	31,164	4,784	39,488
14	2034.35	35,112	4,936	584	40,632	0	1,481	2,293	0	32,144	4,714	40,632
15	2035.36	36,008	5,098	1,436	42,542	0	1,530	2,364	0	33,149	5,501	42,542
16	2036.37	32,694	5,267	2,182	40,143	0	1,580	2,436	0	34,185	1,942	40,143
17	2037.38	33,527	5,441	2,312	41,280	0	1,632	2,511	0	35,253	1,884	41,280
18	2038.39	34,381	5,620	2,448	42,449	0	1,686	2,588	0	36,355	1,821	42,449
19	2039.40	35,257	5,806	2,590	43,653	0	1,742	2,668	0	37,491	1,752	43,653
20	2040.41	36,154	5,997	2,739	44,890	0	1,799	2,750	0	38,662	1,679	44,890
21	2041.42	34,001	6,195	2,895	43,091	0	1,859	2,835	0	38,397	0	43,091
22	2042.43	34,865	6,399	3,058	44,323	0	1,920	2,923	0	39,480	0	44,323
23	2043.44	35,752	6,611	3,229	45,591	0	1,983	3,014	0	40,594	0	45,591
24	2044.45	36,660	6,829	3,408	46,897	0	2,049	3,108	0	41,740	0	46,897
25	2045.46	37,591	7,054	3,595	48,240	0	2,116	3,204	0	42,919	0	48,240
26	2046.47	44,437	7,287	3,791	55,515	0	2,186	3,304	0	50,025	0	55,515
27	2047.48	45,565	7,527	3,996	57,088	0	2,258	3,407	0	51,422	0	57,088
28	2048.49	46,720	7,776	4,210	58,706	0	2,333	3,514	0	51,505	1,354	58,706
29	2049.50	47,904	8,032	4,434	60,370	0	2,410	3,624	0	50,988	3,349	60,370
30	2050.51	49,117	8,297	4,668	62,082	0	2,489	3,738	0	52,579	3,277	62,082
31	2051.52	50,360	8,571	4,913	63,844	0	2,571	3,855	0	54,220	3,198	63,844
32	2052.53	51,634	8,854	5,169	65,657	0	2,656	3,976	0	55,912	3,113	65,657
33	2053.54	52,940	9,146	5,436	67,522	0	2,744	4,101	0	57,656	3,021	67,522
34	2054.55	54,278	9,448	5,716	69,442	0	2,834	4,230	0	59,455	2,922	69,442
35	2055.56	55,649	9,760	6,008	71,416	0	2,928	4,364	0	61,310	2,815	71,416
36	2056.57	57,054	10,082	6,313	73,448	0	3,025	4,501	0	63,222	2,700	73,448
37	2057.58	58,493	10,415	6,631	75,539	0	3,124	4,644	0	65,194	2,577	75,539
38	2058.59	59,968	10,758	6,964	77,691	0	3,228	4,791	0	67,227	2,445	77,691
39	2059.60	61,480	11,113	7,311	79,905	0	3,334	4,942	0	69,324	2,305	79,905
40	2060.61	63,029	11,480	7,674	82,183	0	3,444	5,099	0	71,485	2,155	82,183

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Agenda Item 6

Annex 3.3
Appendix 23

Weekly	Area Band	No of properties	2020/21 £ pa	2021/22 £ pa	Change
	Band A <40 m ²	1,708	8.86	9.08	0.22
	Band B <50 m ²	2,157	11.05	11.33	0.28
	Band C <60 m ²	213	13.28	13.61	0.33
	Band D <70 m ²	571	15.46	15.85	0.39
	Band E <80 m ²	569	17.69	18.13	0.44
	Band F <90 m ²	201	19.91	20.41	0.50
	Band G <100 m ²	8	22.11	22.66	0.55
	Band H <110 m ²	13	24.31	24.92	0.61
	Band J <20 m ²	3	3.33	3.41	0.08
	Weighted average		11.98	12.28	0.30

Annual	Area Band	No of properties	2020/21 £ pa	2021/22 £ pa	Change
	Band A <40 m ²	1,708	460.72	472.24	11.52
	Band B <50 m ²	2,157	574.60	588.97	14.37
	Band C <60 m ²	213	690.56	707.82	17.26
	Band D <70 m ²	571	803.92	824.02	20.10
	Band E <80 m ²	569	919.88	942.88	23.00
	Band F <90 m ²	201	1,035.32	1,061.20	25.88
	Band G <100 m ²	8	1,149.72	1,178.46	28.74
	Band H <110 m ²	13	1,264.12	1,295.72	31.60
	Band J <20 m ²	3	173.16	177.49	4.33
	Weighted average		574.93	589.30	14.37

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STATUTORY POWER TO UNDERTAKE PROPOSALS IN THE REPORT

1. INTRODUCTION

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

2. GENERAL POSITION

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

3. OBLIGATION TO MAKE A COUNCIL TAX

- a. The legal significance of the Annual Budget and setting a Council Tax derives from the Council's duty under the Local Government Finance Act 1992 (the 1992 Act) and Part 5 Chapter 1 of the Localism Act 2011 to set a balanced budget and Part 5 Chapter 1 of the Localism Act 2011. This is achieved by calculating the aggregate of:
 - i. the expenditure it estimates it will incur in the year in performing its functions in the year (including an allowance for contingencies),

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

4. DEFICIT BUDGETING

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

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

5. BORROWING

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

6. OTHER RELEVANT LEGISLATION

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

7. BEST VALUE: LOCAL GOVERNMENT ACT 1999

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

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

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

9. PERSONAL LIABILITY AND SURCHARGE

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

10. LEGAL STATUS OF POLITICAL PROMISES AND DOCUMENTS

- a. It is appropriate for Members to consider their own position as some Members may have expressed support publicly for policies that are not policies of the Council.

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

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

- a) *The decision will generally be lawful provided that the permitted purpose is the true and dominant purpose behind the act. This is so even though some secondary or incidental advantage may be gained for some purpose, which is outside the authority's powers.*
- b) *The decision will be invalid if there are two purposes one ultra vires and one intra vires and the ultra vires purpose is a (even if not the) major purpose of the decision. Accordingly a decision substantially influenced by a wish to alter the composition of the electorate would be unlawful.*
- c) *Where there is some evidence justifying enquiry, the Court will consider whether an apparently lawful purpose e.g. home ownership is merely a colourable device to conceal an illegitimate purpose e.g. electoral advantage.*
- d) *Even if those voting for a particular policy at a Council meeting have perfectly proper reasons in mind, the policy can be tainted by the improper motives of others who have taken part in the formulation of that policy although not actually present to vote. As a matter of law it is possible for a corrupt principal to cause a result through an innocent agent.*

11. OTHER LEGAL IMPLICATIONS

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

Document is Confidential

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