

DECISION-MAKER:	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
SUBJECT:	LATCo UPDATE		
DATE OF DECISION:	15 MARCH 2018		
REPORT OF:	CABINET MEMBER FOR SUSTAINABLE LIVING		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
This report provides the Overview and Scrutiny Management Committee (OSMC) with an update of the Local Authority Trading Company (LATCo) proposals, as at the end of February 2018. This includes progress since the last update to OSMC in early January 2018.	
RECOMMENDATIONS:	
(i)	The committee is requested to consider the timetable and key programme activities of the LATCo Programme, as articulated in the attached appendix 1.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The Chair of the Overview and Scrutiny Management Committee has requested an update on the progress of the LATCo Programme.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	The original options appraisal presented to Cabinet in December 2016 considered a number of service delivery models including: the option to retain and to continue operating the services 'in-house' as undertaken currently; outsourcing; joint venture; and disposal. These options did not support the aims and aspirations of the Council to the same extent as the recommended option of establishing a LATCo.
3.	After the Cabinet meeting of December 2016, further consideration was given to how the preferred LATCo option could be structured and three 'variant' options were presented to Cabinet in August 2017. These included: <ul style="list-style-type: none"> • Establishing the LATCo with no external partner support; • Establishing the LATCo with external partner support for all services in scope; • Establishing the LATCo with external partner support for some of the services in scope.
4.	Following consideration of these variant LATCo options and the representations obtained on them from the initial Best Value consultation held in June/July 2017, Cabinet agreed that the option of establishing a

	LATCo with no external partner support was in the best interests of the Council, and that the continued development of the LATCo project should proceed on this basis.
DETAIL (Including consultation carried out)	
	PROJECT UPDATE
5.	<p>Since the update provided to OSMC in January 2018, project activity has focused on:</p> <ul style="list-style-type: none"> • Continued delivery of the programme following Cabinet support/decision; • The development of governance arrangements for the LATCo (which will be considered by Governance Committee); • Continued analysis of the financial make-up of the services and their product offerings; • Continued discussions with Unions on staffing considerations and the conclusion of a draft memorandum of understanding as a precursor to a Collective Agreement for LATCo staff; • Launch of the Best Value consultation; • Commencement of the business academy to support the business case development (addressing considerations of service improvements and business development opportunities which we identified in outline business assessments presented to Cabinet in January 2018).
6.	Details of these programme activities and other key milestones are explained in appendix 1. The appendix is a high level timescale for the implementation of the LATCo Programme.
	NEXT STEPS
7.	<p>As per the January 2018 Cabinet report, the programme will continue to focus on the following activity:</p> <ul style="list-style-type: none"> • development of the legal frameworks to underpin the operational working arrangements between the Council and the LATCo; • development of detailed business and financial plans for the transferring services; • preparation of detailed staffing plans including the eventual TUPE transfer of staff to the LATCo; • development of transition and mobilisation plans to support the migration of services; • development of a branding and marketing strategy for the LATCo; • preparation for tenant and leaseholder consultation on the future migration of housing services; and • discussions with the Homes and Communities Agency in relation to the Council's intentions to delegate housing functions to the LATCo. • Conclude the Best Value consultation on 10th April 2018. The results of this consultation will be analysed and reported on as part of the final report and recommendations planned for Council in May/June 2018.
RESOURCE IMPLICATIONS	

<u>Capital/Revenue</u>	
8.	The setting up of the LATCo will have revenue funding implications, the final details of which will be determined as part of the financial planning activity that is underway and that will be presented in the final report to Council in May/June 2018. In the main these implications will relate to the working capital requirements of the LATCo and the funding of the services that transfer.
<u>Property/Other</u>	
9.	Details on the LATCo's requirements for accommodation, operating assets and other associated matters continue to be assessed.
10.	Initial financial and legal advice would suggest that any tangible assets required by the LATCo for its operations should continue to be acquired and owned by the Council. This needs to be considered alongside the other financial matters being discussed and final proposals will be reported to Council in May/June 2018.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	None
<u>Other Legal Implications:</u>	
12.	Detailed EIA and PIA requirements have been undertaken and will continue to be reviewed and refreshed as appropriate throughout the conduct of the project and decision making processes and the range of service in scope for transfer to the LATCo will be assessed in terms of client structures / non delegable duties and retained responsibilities, employment law matters, state aid, tax liability, risk and financial viability in accordance with the Council's Best Value duties prior to determining final arrangements and governance structures.
RISK MANAGEMENT IMPLICATIONS	
13.	A risk register is maintained for this project and the risks are reviewed by the Strategic Board and acted upon by the project team. The two most significant risks are: <ul style="list-style-type: none"> (i) Limited resource capacity. This continues to be actively monitored and resource plans are updated to identify mitigating actions including the identification of back-fill resource. (ii) Internal resource capability to deliver the required service and commercial changes that the LATCo is expected to drive for the services in scope. A resource strategy to support staff upskilling and the development of commercial acumen, internally or through appointments, is an integral part of the future business plans for the LATCo.
POLICY FRAMEWORK IMPLICATIONS	
14.	The recommendations in this paper support the delivery of the following outcomes within the Southampton City Council Strategy: Southampton has strong and sustainable economic growth; <ul style="list-style-type: none"> • Southampton is an attractive modern city, where people are proud to live and work.

KEY DECISION?	Yes
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WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	LATCo Programme Timeline
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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.	None