

Public Document Pack

Cabinet

Tuesday, 15th December, 2020
at 4.30 pm

PLEASE NOTE TIME OF MEETING

PLEASE NOTE: this will be a 'virtual meeting', a link to which will be available on Southampton City Council's website at least 24hrs before the meeting

Members

Leader – Councillor Hammond
Deputy Leader and Cabinet Member for Customer and Organisation – Councillor Rayment
Cabinet Member for Children and Learning - Councillor Dr Paffey
Cabinet Member for Culture and Homes – Councillor Kaur
Cabinet Member for Finance & Income Generation – Councillor Barnes-Andrews
Cabinet Member for Health and Adults – Councillor Fielker;
Cabinet Member for Green City and Place – Councillor Leggett
Cabinet Member for Stronger Communities – Councillor Shields

(QUORUM – 3)

Contacts

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BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

The Forward Plan

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

Implementation of Decisions

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

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

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.

Municipal Year Dates (Tuesdays)

2020	2021
16 June	19 January
14 July	9 February
18 August	23 Feb (budget)
15 September	16 March
20 October	20 April
17 November	
15 December	

Executive Functions

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

Key Decisions

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

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

Procedure / Public Representations

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

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

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

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

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

CONDUCT OF MEETING

TERMS OF REFERENCE

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

RULES OF PROCEDURE

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

DISCLOSURE OF INTERESTS

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

BUSINESS TO BE DISCUSSED

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

QUORUM

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

Other Interests

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

Principles of Decision Making

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

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

In exercising discretion, the decision maker must:

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

AGENDA

1 **APOLOGIES**

To receive any apologies.

2 **DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

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

EXECUTIVE BUSINESS

3 **STATEMENT FROM THE LEADER**

4 **RECORD OF THE PREVIOUS DECISION MAKING** (Pages 1 - 4)

Record of the decision making held on 17th November, 2020.

5 **MATTERS REFERRED BY THE COUNCIL OR BY THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE FOR RECONSIDERATION (IF ANY)**

There are no matters referred for reconsideration.

6 **REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)**

There are no items for consideration

7 **EXECUTIVE APPOINTMENTS**

To deal with any executive appointments, as required.

ITEMS FOR DECISION BY CABINET

8 **EXECUTIVE RESPONSE TO THE TACKLING CHILDHOOD OBESITY IN SOUTHAMPTON SCRUTINY INQUIRY** (Pages 5 - 18)

Report of the Cabinet Member for Health and Adult Care detailing the Executive's response to the recommendations set out in the Scrutiny Inquiry Report on Tackling Childhood Obesity in Southampton, submitted to Cabinet on 18 August 2020.

9 **BUDGET MATTERS: UPDATE ON BUDGET FOR 2021/22 INCLUDING COVID, BUDGET SHORTFALL AND POTENTIAL SAVINGS.** (Pages 19 - 48)

Report of the Cabinet Member for Finance and Income Generation detailing any key financial decisions of a capital or revenue nature.

10 NEWLANDS PRIMARY SCHOOL - RESOURCE BASE FOR CHILDREN WITH A HEARING IMPAIRMENT (Pages 49 - 70)

Report of the Cabinet Member for Health and Adult Care seeking approval to open a resource base for children with a hearing impairment at Newlands Primary School.

11 CLEAN GROWTH FUND (Pages 71 - 112)

Report of the Cabinet Member for Green City and Place seeking approval to spend against Phase 1 of the Clean Growth Fund

12 STATEMENT OF COMMUNITY INVOLVEMENT UPDATE (Pages 113 - 136)

Report of the Cabinet Member for Green City and Place, seeking approval of amendments to the adopted Statement of Community Involvement which have been made in light of Covid-19 impacts.

Monday, 7 December 2020

Service Director – Legal and Business Operations

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 17 NOVEMBER 2020

Present:

Councillor Hammond	-	Leader of the Council
Councillor Rayment	-	Deputy Leader and Cabinet Member for Customer and Organisation
Councillor Fielker	-	Cabinet Member for Health and Adults
Councillor Leggett	-	Cabinet Member for Green City and Place
Councillor Dr Paffey	-	Cabinet Member for Children & Learning
Councillor Shields	-	Cabinet Member for Stronger Communities
Councillor Barnes-Andrews	-	Cabinet Member for Finance & Income Generation

Apologies: Councillor Kaur

18. BUDGET MATTERS - FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2020

DECISION MADE: (CAB 20/21 30834)

On consideration of the report of the Cabinet Member for Finance and Income Generation, Cabinet agreed the following:-

General Revenue Fund

- i) To note the forecast outturn position for business as usual activities is a £3.12M underspend after applying corporate funds, as outlined in paragraph 4 and in paragraph 1 of appendix 1.
- ii) To note the performance of treasury management, and financial outlook in paragraphs 10 to 14 of appendix 1.
- iii) To note the Key Financial Risk Register as detailed in paragraph 17 of appendix 1.
- iv) To note the performance against the financial health indicators detailed in paragraphs 21 and 22 of appendix 1.
- v) To note the performance outlined in the Collection Fund Statement detailed in paragraphs 26 to 30 of appendix 1.
- vi) To note the financial position arising from COVID-19, as outlined in paragraphs 4 to 8 of Appendix 1.

Housing Revenue Account

- vii) To note the forecast outturn position on business as usual activities is an overspend of £0.27M as outlined in paragraph 5 and paragraphs 23 and 24 of appendix 1.

- viii) To note the financial position arising from COVID-19, as outlined in paragraph 25 of Appendix 1.

Capital Programme

- ix) To note the revised General Fund Capital Programme, which totals £657.05M as detailed in paragraph 1 of appendix 2.
- x) To note the HRA Capital Programme remains at £210.98M as detailed in paragraph 1 of appendix 2.
- xi) To note that the overall forecast position for 2020/21 at quarter 2 is £180.79M, resulting in a potential underspend of £7.37M, as detailed in paragraphs 5 and 6 of appendix 2.
- xii) To note that the capital programme remains fully funded up to 2024/25 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.
- xiii) To note that £1.42M has been added to the programme with relevant approvals. These changes are detailed in annex 2.1 to appendix 2.
- xiv) To approve slippage and rephasing as detailed in paragraph 3 and 4 of appendix 2. Noting that the movement has zero net movement over the 5 year programme.
- xv) To approve the addition and spend of £0.80M in 2020/21 to the Customer & Organisation programme. As detailed in annex 2.6 to appendix 2.
- xvi) To approve the addition and spend of £0.53M in 2020/21 to the Green City & Place programme. As detailed in annex 2.6 to appendix 2.
- xvii) To approve the addition and spend of £0.94M in 2021/22 to the Stronger Communities programme. As detailed in annex 2.6 to appendix 2.
- xviii) To approve the reduction of £1.60M in 2020/21 to the Children & Learning programme. As detailed in annex 2.6 to appendix 2.
- xix) To note changes to the capital programme arising from COVID-19 as detailed in paragraphs 7 and 8 of appendix 2.

19. INCREASE IN PUPIL NUMBERS AT THE CEDAR SPECIAL SCHOOL AND THE POLYGON SPECIAL SCHOOL

DECISION MADE: (CAB 20/21 29524)

On consideration of the report of the Cabinet Member for Children and Learning, Cabinet agreed the following:-

- (i) To consider and determine the representations made in response to statutory consultation and to approve the following statutory proposals, without modification, for implementation:

- a) To increase the PAN of Cedar Special School from 80 to 90 pupils from 1 January 2021 resulting in an increase in total school capacity of 10 pupils once the proposals have been fully implemented across all age ranges.
- b) To increase the PAN of The Polygon Special School from 60 to 70 pupils from 1 January 2021 resulting in an increase in total school capacity of 10 pupils once the proposals have been fully implemented.

20. PLANNING FOR THE END OF THE EU EXIT TRANSITION PERIOD

DECISION MADE: (CAB 20/21 30742)

On consideration of the report of the Leader of the Council, Cabinet noted the current position of Southampton City Council's planning in relation to the end of the UK/EU transition period.

21. JOINT COMMISSIONING BOARD - TERMS OF REFERENCE REVIEW

DECISION MADE: (CAB 20/21 30751)

On consideration of the report of the Leader of the Council, Cabinet approved the revised Terms of Reference for the Joint Commissioning Board as attached as appendix 1 of the report.

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Agenda Item 8

DECISION MAKER:		CABINET		
SUBJECT		RESPONSE TO SCRUTINY INQUIRY RECOMMENDATIONS ON CHILDHOOD OBESITY		
DATE OF DECISION:		15 DECEMBER 2020		
REPORT OF:		COUNCILLOR FIELKER CABINET MEMBER FOR HEALTH AND ADULTS		
AUTHOR:		Name:	Ravita Taheem	Tel: 023 8083 3020
		Email:	Ravita.Taheem@southampton.gov.uk	
DIRECTOR		Name:	Debbie Chase Interim Director of Public Health	Tel: 023 8083 3694
		Email:	Debbie.Chase@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
None	
Brief Summary	
From October 2019 to February 2020 the Scrutiny Panel undertook an inquiry to consider what more may be done in Southampton to tackle childhood obesity. The concluding meeting of the inquiry was delayed due to the COVID-19 lockdown and took place on 21 July 2020. The final report of the Scrutiny Panel was represented to Cabinet on 18 August 2020. This report presents Cabinet's response to the recommendations.	
RECOMMENDATIONS	
(i)	To receive and approve the proposed responses to the recommendations of the Scrutiny Inquiry Panel, taking a phased approach to implementation with phase one starting from January 2021 within existing resources and phase two from January 2023 or when additional funding can be secured, as set out in Appendix 2.
REASONS FOR REPORT RECOMMENDATIONS.	
1.	The overview and scrutiny rules in part 4 of the Council's Constitution requires the Executive to consider all inquiry reports that have been endorsed by the Overview and Scrutiny Management Committee (OSMC), and to submit a formal response to the recommendations within them.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	None
DETAIL	
3.	In Southampton rates of childhood obesity exceed the national average and the burden of childhood obesity is being felt the hardest in the most deprived areas of the city. Given the importance of the issue and the long-term impact that childhood obesity could have on Southampton, the inquiry was set up to: <ul style="list-style-type: none"> a. To develop understanding of childhood obesity levels in Southampton and the factors that influence childhood obesity. b. To review local plans and progress being made in Southampton to reduce levels of childhood obesity. c. To consider national guidance and examples of good practice that are being delivered elsewhere to reduce childhood obesity. d. To identify what approaches and initiatives could be introduced in Southampton to reduce levels of childhood obesity.
4.	The Scrutiny Inquiry Panel undertook the inquiry over 5 evidence gathering meetings and received information from a wide variety of organisations. This included the Leader of the Council, Public Health England, academics from the Universities of Southampton, Cambridge and City – University of London, Energise

	Me, Solent NHS Trust, City Catering, Bristol City Council, Leeds City Council, Testlands as well as Southampton City Council officers.										
5.	The final Scrutiny Inquiry report was approved by OSMC on 13 August 2020.										
6.	The recommendations contained within the final report will be summarised as Appendix 1, with proposed lead agency or Officer, actions and potential resource implications set out against each recommendation										
7.	<p>All recommendations should be adopted in full however the COVID-19 pandemic has necessitated a re-direction of SCC resources to deal with the crisis. Therefore, it is recommended the action plan to tackle childhood obesity be adopted in two phases:</p> <p>Phase 1 The first phase should focus on areas that can be progressed within existing resources and funding parameters and should commence from January 2021.</p> <p>Phase 2 Should commence from January 2023 or when additional funding can be secured. See Appendix 2 for details.</p>										
8.	Governance arrangements: it is recommended that oversight of the implementation of this action plan is provided jointly by Children & Learning, Place and Public Health within their respective existing arrangements.										
RESOURCE IMPLICATIONS											
9.	Any proposals that require additional expenditure will need the funding source to be identified before any costs are incurred.										
10.	The Public Health grant ends in March 2021. There is uncertainty around how Public Health will be funded going forward. The future funding mechanism, level and criteria have not been confirmed. Therefore, public health funding cannot be committed at this stage.										
11.	The Covid pandemic has resulted in obesity becoming a higher profile issue across the nation and within Government. This may result in additional funding streams being made available to address the issues. Officers will continue to explore alternative sources of external funding to enable the implementation of the recommendations to be brought forward where possible.										
12.	<p>Phase 1 Funding is required for phase 1 of the plan. The estimated funding requirement is £60,000 over two years. This funding has been committed from the Public Health budget this year. This Phase spans three financial years, the estimated funding for each year is</p> <table border="1" data-bbox="574 1332 869 1512"> <thead> <tr> <th>Year</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td>7,500</td> </tr> <tr> <td>2021/22</td> <td>30,000</td> </tr> <tr> <td>2022/23</td> <td>22,500</td> </tr> <tr> <td>Total</td> <td>60,000</td> </tr> </tbody> </table> <p>Phase 2</p> <ul style="list-style-type: none"> The estimated annual funding requirement is £41,000 per annum (£31,000 per annum officer time, plus £10,000 per annum of additional resource) to progress recommendations 4 and 13-16. In addition, a one-off cost of £1400-£2,000 for recommendation 9. <p>Business cases will be developed to deliver the other recommendations in the plan. The Director of Public Health, Executive Director of Children's services and Executive Director of Place will work with Finance colleagues to identify what can be achieved within existing resources and where there are resource gaps.</p>	Year	Amount	2020/21	7,500	2021/22	30,000	2022/23	22,500	Total	60,000
Year	Amount										
2020/21	7,500										
2021/22	30,000										
2022/23	22,500										
Total	60,000										
13.	Final costs are dependent on additional staffing costs and may change if staff are reassigned to support the SCC COVID-19 response.										
ALTERNATIVE FUNDING OPTIONS CONSIDERED AND REJECTED?											
14.	NONE										

Property/Other	
15.	None
LEGAL IMPLICATIONS	
16.	The Health and Social Care Act 2012 requires Local authorities to collect data on Reception Year and Year 6 children's height and weight from all state-maintained schools within their area as part of the National Child Measurement Programme. Public Health England (PHE) provide operational guidance to local authorities and schools on how to undertake the exercise. The Act also requires Local Authorities to improve the health of their local population.
Other legal implications	
17.	None
RISK MANAGEMENT IMPLICATIONS	
18.	None
POLICY FRAMEWORK IMPLICATIONS	
19.	The proposals contained within this report and the Appendix are in accordance with the Council's Policy Framework. The recommendations in this paper support the delivery of the following <i>Southampton City Council corporate plan 2020-2025</i> : <ul style="list-style-type: none"> Wellbeing- <i>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.</i> Place shaping- <i>Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.</i>
KEY DECISION	YES
WARDS/COMMUNITIES AFFECTED:	ALL
SUPPORTING DOCUMENTATION	
Appendices	
1	Action plan: Tackling Childhood Obesity a Response to Scrutiny Inquiry Recommendations
2	Recommended Phased Approach

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.	An ESIA should be conducted on each of the key projects by the project leads once agreed.
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: https://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=126&MId=5301&Ver=4	
Title of Background Paper(s)	Item 8 Childhood Obesity-Final Report Scrutiny Inquiry- Final Report and Recommendations

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Appendix 1- Action plan: Tackling Childhood Obesity a Response to Scrutiny Inquiry Recommendations

The recommendations from the Scrutiny Inquiry have been categorised into three themes which align to key SCC functions: Place, Public Health and Children & Learning. The table outlines how the recommendations will be achieved. All recommendations can link to the City of Culture bid and Green City commitments where applicable.

Recommendation	How will the recommendation be achieved	Target dates for completion	Theme and Lead	Estimated resource
Place focus				
<p>1. City Vision Local Plan – Incorporate guidance published by Public Health England - 'Using the planning system to promote healthy weight environments' in developing the City Vision to ensure that the facilitation of a healthy city is a priority in the city's development.</p>	<p>Phase 1 Within existing finance Planning develop the policies based upon [a] appropriate evidence, [b] best practice and [c] within the constraints of the planning system</p> <p>Planning will draft plan next year which will then need to go to public consultation and refine further.</p>	<p>March 2021</p> <p>October 2021</p>	<p>Planning Paul Barton</p>	<p>Will be resourced using existing funding with a joint Planning and Public Health Post (£60,000). The officer to be recruited in early 2021.</p> <p>The officer will be responsible for conducting research and producing technical evidence documents to support any proposed policies and to consider the implementation of a health impact assessment for the Local Plan as well as any other 'best practice' approaches that may be appropriate for Southampton.</p>
<p>2. Restrict the growth in hot food takeaways – Include within the developing City Vision a policy that helps to manage the increase in exposure to takeaways in Southampton. Following consultation with the Chair of the Planning and Rights of Way Panel, the city should learn from other local authorities and adopt planning regulations that restrict the exposure of children to unhealthy snacks, beverages and hot food takeaways in and around schools and on routes to and from schools.</p>	<p>Finalise the City Vision with policies to promote a healthy weight environment</p>	<p>2022</p>		

<p>3. Improve our knowledge and understanding of the food environment in the city – To develop policies that meet the requirements of local communities we first need to understand the food environment within the communities. to map, measure and monitor access to food outlets at a neighbourhood level to help develop, alongside obesity mapping and community engagement, our understanding of the variations in childhood obesity levels.</p>	<p>Phase 1 Within existing finance (from autumn 2021) Public Health to agree scope for the analysis including health and place-based indicators as well as qualitative indicators.</p> <p>Data, Intelligence and Insight team to collate data and undertake analysis</p> <p>Data, Intelligence and Insight team and Public Health to finalise report with recommendations and disseminate findings.</p>	<p>Autumn 2021</p> <p>From Autumn 2021</p> <p>2022 (subject to prioritisation)</p>	<p>Data, Intelligence and Insight Dan King</p>	<p>The Data, Intelligence and Insight team are currently at capacity supporting the COVID-19 response It would not be possible to undertake this work under existing constraints and it would need to be prioritised for action in autumn 2021 by the Director of Public Health.</p>
<p>4. Southampton Eating Better Awards – Develop a free award scheme that supports and rewards businesses in Southampton that act to offer healthier food options and promote sustainability.</p>	<p>Phase 2 Finance required Local Authority (SCC) commitment</p> <p>On allocation of funding develop a plan to include: -Identification/ development of criteria for assessing businesses e.g. through existing standard such as Eat Out, Eat Well, or other schemes such as that offered by Bristol City Council – ‘Eating Better Award’, -Development of materials for communicating and promoting the award -Assessment of applications and determining an award -Ensure the standard continues to be met by periodic review</p> <p>(Consider cost of administering a scheme which could be covered by an application fee in the region of £250 per business. In the current economic climate, this may deter businesses.)</p>	<p>From January 2023</p>	<p>Environmental Health Rosie Zambra (Gavin Derrick)</p>	<p>A 0.5 FTE post (estimated at Grade 8) would be required to administer a scheme to up to 100 businesses. £25,300 per annum. This includes Basic, Ni & Super and overheads.</p> <p>Additional costs including resourcing the award and evaluation of the programme £10,000.</p> <p>The coronavirus emergency is presenting food businesses with challenges. It is anticipated that many food businesses will cease trading due to the impact of coronavirus on customer behaviour, however this</p>

	-Commission an evaluation of the scheme to determine interest in a healthy eating awards by local businesses to determine the potential uptake.			may be an opportunity to influence new businesses as they emerge.
5. Seek to become a Sustainable Food Place - Sustainable Food Places is a partnership programme led by the Soil Association, Food Matters and Sustain.	<p>Phase 2 Within existing finance Carryout initial scoping and options appraisal to identify goal, vision and measurable targets. This will include tackling waste, promoting sustainability (developing urban farms, using space in the city for food growing, green roofs), addressing diet related health and developing a vibrant commercial food sector)</p> <p>-Establish a Sustainable Food Place Partnership -Develop a Sustainable Food Strategy and action plan for the City with the Sustainable Food Place Partnership -Strategy implementation -Apply for the bronze Sustainable Food Place award</p>	<p>January-April 2021</p> <p>April-June 2021 June- September 2021</p> <p>October 2021 onwards June-September 2022</p>	Place/ and Communities links with Green city charter Kate Martin (Steve Guppy)	Within existing resource-Place and Communities officer time to work up a business case and bring forward spend to save case
6. Leisure model review – Leisure facilities and green spaces are key assets in the drive to increase levels of physical activity in the city.	<p>Phase 1 Finance required</p> <ul style="list-style-type: none"> - Local Authority (SCC) Commitment - Charitable and Sports England funding routes <p>To develop a business case (with support from Public Health) for a leisure model creating stronger links between schools, communities, businesses and leisure facilities and increase participation in physical activity, particularly among target inactive families and groups. Also identify senior manager.</p>	From January 2021	Kate Martin (Paul Paskins)	Temporary post already agreed to lead on developing a leisure strategy. Funding within Place to scope leisure model and develop a business case followed by leisure review
7. Target deprived communities when promoting health initiatives - Direct resources to increasing participation within deprived communities, proportionate to level of need, to	<p>Phase 1</p> <p>-Work with communities most impacted by COVID-19 and facing poverty to access affordable healthy food.</p> <p>-Enable officers working directly with communities to help people develop skills to promote resilience like budgeting and basic cooking skills (through signposting to community programmes).</p>	From January 2021	Mary Darcy (Steve Smith & Jason Murphy)	Within existing finance

avoid inadvertently increasing health inequalities.	<p>-Through networks and forums to work with partners and other organisations to target resources to support deprived communities and families in greatest need.</p> <p>Phase 2 Contribute to development of proposals for an Anti-Poverty Strategy, supported by a cross service/sector taskforce (inclusive of voluntary and community sector).</p>			
Public Health focus				
<p>8. Commit to the Whole Systems Approach to obesity - Implementing the previous recommendations will result in fewer overweight and obese children in Southampton.</p>	<p>Phase 1 Within existing finance Using PHE guidelines on taking a whole systems approach to tackle obesity.</p> <p>-System mapping. Secure buy in from SCC departments and key partners, decision makers to map the system that causes childhood obesity in Southampton. Build and finalise the local systems map.</p> <p>- Bring together a tackling childhood obesity working group of partners to review and refine the map as it develops.</p> <p>-Present local systems map and work with local leaders and managers to identify opportunities for intervention and implement these changes within their areas of responsibility</p> <p>- Continue to refine the map as the local system changes</p> <p>- Report progress annually as part of the agreed governance structures (rec 11)</p>	From Autumn 2021	Debbie Chase (Ravita Taheem)	Within existing resource if phased- Public Health Officer time
<p>9. Sign and commit to the Local Authority Declaration on Healthy Weight – The Healthy Weight Declaration provides the strategic vision and aspiration that can underpin the whole systems approach to obesity.</p>	<p>Phase 2 Within existing finance With the tackling childhood obesity working group:</p> <p>-Audit against standards of the Local Authority Declaration on Healthy weight</p> <p>-Develop action plan to meet requirements of the Declaration</p> <p>-Develop cabinet briefing to help secure SCC sign-up to the declaration</p>	From January 2023	Public Health/Place Debbie Chase	Within existing resource if phased- Public Health Officer time Plus a one off cost of £1,400-£2,000

	-Link with the commissioning of weight management treatment pathways for adults, to reduce intergenerational health inequalities.			
10. Measure BMI at Year 3 for Southampton school children.	Phase 2 Within existing finance 0-19 partnership group to work with providers to pilot and assess the feasibility of additional NCMP measurement at year within current capacity and resource limits	From January 2023	Public Health/ICU Debbie Chase	Within existing resource if phased- Public Health Officer time
11. Develop/clarify governance arrangements to oversee development in tackling childhood obesity in Southampton – A coherent approach to co-ordinating action and measuring outcomes needs to be in place to ensure that progress is being made, and all relevant city council functions are contributing to the objectives. The approach should explore opportunities for leadership from, and co-production with, children and young people.	Phase 1 Within existing finance With SCC decision makers agree which SCC governance mechanisms will be accountable for progress on tackling childhood obesity. These will be used to regularly review and monitor progress with the implementation of the recommendations from the scrutiny inquiry. Explore how actions to address childhood obesity can be embedded across council functions and governance structures.	From January 2021- March 2022	Public Health Debbie Chase	Within existing resource if phased- Public Health Officer time
12. Develop the evidence base – Engage with academia to encourage research to be undertaken into the effectiveness of initiatives to tackle childhood obesity in Southampton. Findings can then be used to focus resources on effective practice.	Phase 1 Within existing staff resource to support funding applications. Engage with academic colleagues at Southampton University and Solent University and academic organisations such as ARC to inform local research agendas and inform local practice.	From January 2021	Public Health Debbie Chase	Within existing resource if phased- Public Health Officer time
Children and Learning focus				
13. Scale up initiatives so that they reach a critical mass –	Phase 2 Finance required	From January 2023	Children/Education	Increase in officer time is required to implement

<p>Initiatives such as the Southampton Healthy Early Years Award; Southampton Healthy High 5 Award; Young Health Champions and the Lifelab programme are excellent schemes making a genuine difference to the lives of children and families in Southampton.</p>	<p>Local Authority commitment</p> <p>Objectives and outcomes to be agreed and prioritised with service providers, schools and before and during the delivery of this work. This will include:</p> <ul style="list-style-type: none"> -Education team to lead on work with programme co-ordinators to increase engagement and uptake among local schools and early years providers 		<p>Robert Henderson (Derek Wiles)</p>	<p>recommendations 13-16. The difference including on costs would be £5,700 per annum in 2023-2025</p>
<p>14 & 15. Support Southampton schools to make healthy choices easier:</p> <ul style="list-style-type: none"> -Engage in conversation with schools about extending the length of lunch time. -Develop a packed lunch toolkit for schools which helps them to develop their own -Adopt a Good Food and Catering Procurement Policy, akin to Bristol City Council, <p>15. Analyse the uptake of free school meals – Feedback provided identified that the take up of free school meals in Southampton is declining.</p>	<p>Phase 2</p> <p>Finance required</p> <p>Local Authority commitment</p> <ul style="list-style-type: none"> -Undertake a review of school meal provision in the city. Focussing on schools with a high proportion of children eligible for free schools meals. Compile a report with to understand food provision in key schools, including trends of FSM uptake. This will include understanding local school meal provision, school procurement policy, the food environment in schools scoping out opportunities to improve schools’ food environments. -Identify and prioritise recommendations -Lead on development, implementation and evaluation of measures to improve the food environment in schools 	<p>From January 2023</p>	<p>Children/Education Robert Henderson (Derek Wiles)</p>	
<p>16. Learn lessons from the HENRY programme – Ensure that learning from Leeds City Council’s utilisation of the HENRY programme is built into the parenting programme delivered in Southampton by Solent NHS Trust.</p>	<p>Phase 2</p> <p>Finance required</p> <p>Local Authority commitment</p> <p>Develop a project plan to include identifying local parenting groups and parenting support programmes, work with providers to understand how programmes can be enhanced to include evidence-based behaviour change strategies to support parents of infants and young children. Identify prioritise recommendations and work with providers to implement and evaluate changes.</p>	<p>From January 2023</p>	<p>Children/Education Robert Henderson (Derek Wiles)</p>	

Appendix 2 Recommended phased approach

The table below shows how the two phased approach will be prioritised.

Recommendation	Theme lead	Resource implications
Phase 1 from January 2021		
1. City Vision Local Plan – Incorporate guidance published by Public Health England - ‘Using the planning system to promote healthy weight environments’ in the developing City Vision to ensure that the facilitation of a healthy city is a priority in the city’s development.	Kate Martin	From April 2021 £60,000 funding to cover two years part-time officer time allocated
2. Restrict the growth in hot food takeaways – Include within the developing City Vision a policy that helps to manage the increase in exposure to takeaways in Southampton. Following consultation with the Chair of the Planning and Rights of Way		
3. Improve our knowledge and understanding of the food environment in the city – To develop policies that meet the requirements of local communities we first need to understand the food environment within the communities. to map, measure and monitor access to food outlets at a neighbourhood level to help develop, alongside obesity mapping and community engagement, our understanding of the variations in childhood obesity levels.	Dan King	From Autumn 2021 Within existing funding and when prioritised by Public Health
6. Leisure model review – Leisure facilities and green spaces are key assets in the drive to increase levels of physical activity in the city		From Jan 2021 business case to be developed
7. Target deprived communities when promoting health initiatives within settings - Direct resources to increasing participation from settings within deprived communities, proportionate to level of need, to avoid inadvertently increasing health inequalities.	Mary Darcy- Steve Smith/Jason Murphy	
8. Commit to the Whole Systems Approach to obesity - Implementing the previous recommendations will result in fewer overweight and obese children in Southampton.	Debbie Chase	From January 2021 Within existing resources- Public Health officer time
11. Develop/clarify governance arrangements to oversee development in tackling childhood obesity in Southampton – A coherent approach to co-ordinating action and measuring outcomes needs to be in place to ensure that progress is being made, and all relevant city council functions are contributing to the objectives. The approach should explore opportunities for leadership from, and co-production with, children and young people.		From January 2021 Within existing resources- Public Health officer time

<p>12. Develop the evidence base – Engage with academia to encourage research to be undertaken into the effectiveness of initiatives to tackle childhood obesity in Southampton. Findings can then be used to focus resources on effective practice.</p>		<p>From January 2021</p> <p>Within existing resources- Public Health officer time to support funding bids</p>
<p>Phase 2 From January 2023</p>		
<p>4. Southampton Eating Better Awards – Develop a free award scheme that supports and rewards businesses in Southampton that act to offer healthier food options and promote sustainability.</p>	<p>Kate Martin</p>	<p>From Jan 2023 if funding can be secured £25,300 per annum £10,000 set up costs and ongoing award costs</p>
<p>5. Seek to become a Sustainable Food Place - Sustainable Food Places is a partnership programme led by the Soil Association, Food Matters and Sustain.</p>		<p>From Jan 2023 Within existing resources- Place officer time</p>
<p>9. Sign and commit to the Local Authority Declaration on Healthy Weight – The Healthy Weight Declaration provides the strategic vision and aspiration that can underpin the whole systems approach to obesity.</p>	<p>Debbie Chase</p>	<p>From Jan 2023 One off cost of £1,400-£2,000 for adoption of the Local Authority Declaration on Healthy Weight Public Health officer time</p>
<p>10. Measure BMI at Year 3 for Southampton school children.</p>		<p>From Jan 2023 Within existing resources- Public Health officer time to explore feasibility.</p>
<p>13. Scale up initiatives so that they reach a critical mass – Initiatives such as the Southampton Healthy Early Years Award; Southampton Healthy High 5 Award; Young Health Champions and the Lifelab programme are excellent schemes making a genuine difference to the lives of children and families in Southampton.</p>	<p>Rob Henderson</p>	<p>From 2023 if funding can be secured Finance required- be £5,700 per annum</p>
<p>14 & 15. Support Southampton schools to make healthy choices easier: -Engage in conversation with schools about extending the length of lunch time. -Develop a packed lunch toolkit for schools which helps them to develop their own -Adopt a Good Food and Catering Procurement Policy, akin to Bristol City Council, 15. Analyse the uptake of free school meals – Feedback provided identified that the take up of free school meals in Southampton is declining.</p>		
<p>16. Learn lessons from the HENRY programme – Ensure that learning from Leeds City Council’s utilisation of the HENRY programme is built into the parenting programme delivered in Southampton by Solent NHS Trust.</p>		

Summary of recommendations and costs

Phase	Est cost	Detail
Phase 1 from January 2021	£60,000 over two years	£60,000 funding secured from the Public Health budget this year. Additional funding to be secured as businesses cases are developed
Phase 2 from January 2023 or when funding can be secured	<ul style="list-style-type: none"> • £31,000 annual cost for staff time plus £10,000 additional costs • One off cost of £1,400-£2,000 for adoption of the Local Authority Declaration on Healthy Weight 	Funding not secured Additional funding to be secured as businesses cases are developed

Agenda Item 9

DECISION-MAKER:	CABINET		
SUBJECT:	UPDATE ON BUDGET FOR 2021/22 (INCLUDING COVID-19), MEDIUM TERM FINANCIAL STRATEGY, POTENTIAL SAVINGS AND CAPITAL PROGRAMME		
DATE OF DECISION:	15 DECEMBER 2020		
REPORT OF:	COUNCILLOR BARNES-ANDREWS CABINET MEMBER FOR FINANCE & INCOME GENERATION		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

This report updates on the budget position for 2021/22 in the light of the COVID-19 pressures that commenced in late 2019/20, through 2020/21 and are continuing in 2021/22. It highlights the financial challenge to achieve a balanced budget for next year and outlines the financial uncertainty the council faces – due to the direct impact of COVID-19 and also the impact it has on the council's finances through COVID-19's economic effects. In recent years Government has linked a number of funding sources for local councils to the strength of the local economy. For example, council's funding is linked to business rate growth and also the council tax base is influenced by the numbers of people entitled to support with their council tax payment.

All councils are facing unprecedented difficulties in coping with the combined challenges of COVID-19's impact on service demand, the economic consequences of COVID-19 and the on-going pressures of rising demand for social care. This authority considered a report at its September Council meeting that outlined the financial pressures in the current year and these continue to be carefully monitored. The recent issuing of a s114 notice by the London Borough of Croydon, emphasises the scale of the financial challenges facing many local authorities. Southampton has included in its budget safeguards to promote financial resilience which help mitigate the most immediate financial risks faced by many councils, but longer term actions are also likely to be called for. Overcoming the challenges faced will require additional work outside of the usual annual budget process. It is anticipated financial proposals will be submitted in-year as well, to meet the fiscal challenges and ensure sustainable finances.

There is uncertainty over future funding from 1 April 2021 not only due to COVID-19 and economic uncertainty but also because the Government has not yet announced the provisional local government finance settlement. At the time of writing this report, the Chancellor has announced his Spending Review 2020, which provides a number of headline announcements around future funding for councils, but only over a 1 year time horizon. It is only the financial settlement which provides the detailed information on

what this means at local authority level and provides detailed allocations to each authority including Southampton. Unfortunately, the continued uncertainty about the funding of local government makes the task of reviewing the Medium Term Financial Strategy (MTFS) more challenging and means that the announcement of the local government finance settlement, scheduled for mid December 2020, has become an even more critical element in developing a balanced budget for 2021/22 and updating the MTFS. For this reason, the report can present very limited information on the financial position after 2021/22, but this will be more fully updated once the financial settlement is announced and in time for the council's February budget meeting.

Due to the uncertainty, this report has had to make a number of assumptions on future funding – both in terms of Government support and also how the economic impact of COVID-19 may impact on the authority. The implications of further announcements, and in particular the finance settlement, will therefore need to be included in the update to Council in February 2021.

The report outlines a number of new budget pressures as well as high priority investments needed for 2021/22. It also makes a number of draft proposals and measures to help mitigate the budget shortfall it is estimated the council faces next year. These will be used as the basis for a conversation and consultation with a range of stakeholders over the weeks leading up to the budget decision. The proposals within this report do not achieve a balanced budget for 2021/22, and as per paragraph 40 a shortfall is currently forecast of around £3.97M. Further work is underway to close the shortfall, and the options will be reconsidered in the light of the finance settlement when announced.

In meeting this remaining shortfall, even if other matters remain constant, then the council will have the following options available:

- A further increase of 1% on the council tax for Adults Social Care (ASC)
- Use of reserves
- Reduction in centrally held funds such as contingency.

The context that surrounds our budget position is that our financial resilience has enabled us to meet the impact of COVID-19 in 2020/21 to the tune of around £10M. This resilience needs to continue as during the course of the summer of 2021 we will need to be planning and taking action, including areas not reviewed such as Place Directorate, including bolstering the council's financial resilience and planning for the potential budget challenges including funding changes that will appear in 2022/23.

RECOMMENDATIONS:

It is recommended that Cabinet:

	i)	Notes the update within this report and the assumptions it has been necessary to make at this stage. Also that given the uncertainty involved, the pending local government finance settlement will be more crucial than ever in influencing the final budget proposals.
	ii)	Notes the budget pressures which have been included in the forecast which are set out in paragraphs 27 to 29 and appendix 2.
	iii)	Note the initial savings set out in paragraph 35 to 37 and appendix 4.

	iv)	Notes that the budget proposals for conversation and consultation are based on the assumption that they will recommend a Council Tax increase, as outlined in paragraph 30, being 1.99% for a core increase and 2% extra specifically for Adults Social Care.
	v)	Further notes that the Spending Review 2020 announced social care authorities will be able to charge a 3% precept to help fund pressures in social care. This is 1% more than the current draft budget assumption for 2021/22. Cabinet are asked to await the details of the provisional local government finance settlement and the funding it will provide before assessing if this extra flexibility on council tax should be considered.
	vi)	Note the formal public consultation on the draft budget proposals will commence on 16 December 2020 and run until 19 January 2021 but that later comments received via paper consultation very shortly after this date will still be considered.
	vii)	Notes that even with the proposals contained in this report, a budget shortfall of £3.97M is still currently forecast. Further work will therefore be needed should this gap persist once the provisional local government finance settlement is announced.
	viii)	Notes the amendments to the capital programme contained in paragraphs 44 to 46.

REASONS FOR REPORT RECOMMENDATIONS

1.	This report is submitted for consideration as part of good practice establishing draft budget proposals in advance of the financial year.
2.	The production of a financial forecast and an outline timetable are a requirement of the Council's Budget and Policy Framework Procedure Rules.
3.	In addition, it is good practice for the Council to consult with a range of stakeholders on its proposals for developing the budget. The recommendations in this report have therefore been put forward to allow this process to formally begin.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4.	The proposals presented in this report represent the Cabinet's initial proposals for the 2021/22 budget and medium term, which are being published for consultation. There are a number of variables and alternative options that could be implemented as part of the budget. The budget will be set by Full Council in February 2021.
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DETAIL (Including consultation carried out)

	<u>Background</u>
5.	Full Council approved a 3-year Medium Term Financial Strategy (MTFS) in February 2020, the objective of which is to provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the council's priority outcomes.
6.	There are 6 key aims of the Strategy to: <ul style="list-style-type: none"> • provide financial parameters within which budget and service planning should take place; • ensure that the council sets a balanced and sustainable budget;

	<ul style="list-style-type: none"> • 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; • 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. 										
7.	Table 1 below shows the MTFS position as reported in February 2020.										
8.	<p><u>Table 1 – Funding Gap 2020/21 to 2022/23</u></p> <table border="1"> <thead> <tr> <th></th> <th>2020/21 £M</th> <th>2021/22 £M</th> <th>2022/23 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Budget Shortfall</td> <td>0.00</td> <td>3.87</td> <td>10.22</td> <td>14.09</td> </tr> </tbody> </table>		2020/21 £M	2021/22 £M	2022/23 £M	Total £M	Budget Shortfall	0.00	3.87	10.22	14.09
	2020/21 £M	2021/22 £M	2022/23 £M	Total £M							
Budget Shortfall	0.00	3.87	10.22	14.09							
9.	As indicated in table 1, the forecast for 2021/22 included a budget shortfall of £3.87M when comparing spend to funding at the time of the February MTFS reported to Full Council.										
10.	The forecast shortfall increases to £10.2M in the subsequent year (2022/23).										
	<u>National Economic Picture and Public Expenditure Plans</u>										
11.	The ability to encourage growth in the economy, the number of businesses operating in Southampton plus the level of employment within the area directly impact upon the finances of the council. The amount of council tax and business rates income collected directly contributes to the funding of services provided. The latest developments in relation to COVID-19 have the potential to add to the financial risks faced by the council depending upon how long and with which frequency the restrictions are required due to the pandemic. The impact of restrictions is the same as with any other business. Similarly, the end of the Brexit transition period in January 2021 also has a potential to affect the financial outlook and hence the revenue the council can expect including from council tax and business rates.										
12.	Following a one-year Spending Round in 2019 covering only 2020/21, a multi-year comprehensive spending review had been expected during 2020. However, having cancelled the Autumn Budget in September, the Government announced in October that in order to prioritise the response to COVID-19, and focus on supporting jobs, the Chancellor and the Prime Minister had decided to conduct a one-year Spending Review. The Spending Review 2020 (SR20) was published on 25 November 2020 and key headlines from the announcement are summarised in Appendix 1. An initial analysis of what this might mean for the council has been undertaken, however details will not be confirmed until the local government finance settlement expected in Mid December.										
13.	Earlier in the year the Government announced that the move to 75% business rates retention and changes to how funding is distributed between councils										

	under the fair funding review would be delayed by another year to April 2022, to allow councils to focus on dealing with the COVID-19 pandemic. In addition, the next business rate revaluation was deferred by a year to April 2023, so that it better reflects the impact of COVID-19, based on property values as at 1 April 2021 and not 1 April 2019 as previously planned. The long-awaited green paper on social care has also not yet been published.
14.	For the purposes of financial planning, we have continued to assume that the council is no better or worse off in funding terms from any policy changes resulting from these reviews until more detail is provided.
15.	The continued uncertainty about the funding of local government makes the task of ensuring the council has a sustainable financial position and estimating and updating the MTFS more challenging. It means that the announcement of the local government finance settlement, which is likely to be announced after this report is published, in mid-December 2020, has become even more critical than ever in developing a balanced budget for 2021/22.
16.	Southampton City Council, like all other councils in England, will therefore face setting a budget and planning the future direction of its finances in exceptionally challenging times. It will also mean that the council needs to be more financially agile and adapt the budget process. A budget update and mitigating actions for rising budget pressures in relation to COVID-19 were reported to Full Council in September. In order to meet the financial challenge the council faces budget proposals will almost certainly need to be brought forward during the 2021/22 fiscal year.
	<u>2020/21 General Fund Forecast Outturn</u>
17.	As at the end of October 2020, the forecast spending against the council's net General Fund revenue budget of £190.82M on business as usual (BAU) activities for the year is projected to be a £3.49M surplus after applying corporate funds.
18.	The most significant adverse variances on business as usual activities continues to be in the Children & Learning portfolio, which is forecast to overspend on service provision by £4.73M. Most of this relates to 'Looked After Children' who are in the care of the authority as their 'Corporate Parent'. This is due to a higher number of children placed in residential care and independent fostering agencies than originally predicted and therefore budgeted for.
19.	The forecast shortfall relating to General Fund pressures from COVID-19 as at the end of October 2020 is £2.64M, after applying government grants and estimated income compensation, the forecast surplus on BAU activities, in-year savings and corporate funds. This will need to be met from earmarked reserves if no further Government support is forthcoming.
	<u>Dedicated Schools Grant</u>
20.	The 2020/21 forecast outturn for the Dedicated Schools Grant (DSG) is a £9.32M overspend which includes £0.32M for COVID-19 related pressures. The DSG Grant is ring-fenced and the overspend will not impact on the General Fund and non-school services the council provides.
21.	This overspend is being driven by significant year on year increases in Education Health Care Plans (EHCPs) and increasing numbers of expensive out of city placements in independent school settings. A working party is undertaking a strategic review of High Needs activity to mitigate pressures. The variance includes a cumulative DSG overspend of £7.42M brought forward

	from the previous year. Pressures on the High Needs services is a nationally recognised issue with significant pressures reported in most local authorities. The 17% increase in High Needs funding in 2020/21 has mitigated some of the pressure being experienced but further work is needed to reduce costs where possible. High Needs funding will also increase by about 12% for the next 2 years which will help the deficit recovery plan.
22.	£0.32M of the DSG overspend is as a consequence of COVID-19 pressures for loss of income through the cancellation of training courses, room lettings and reduction in the level of parental fees paid directly to maintained nursery settings.
	<u>2021/22 Budget and MTFS</u>
23.	The economic and local government environment is currently very fluid and the council's financial plans must remain agile and responsive to changes and opportunities as they arise.
24.	The immediate focus is to set a balanced budget for 2021/22. In facing this challenge the council is prioritising services that care for the most vulnerable in our society and seeking to protect front line services.
25.	COVID-19 is likely to have an impact on the council's expenditure and income well beyond this current financial year, even once restrictions to deal with the pandemic are lifted, due to the long-term effect on the economy and other legacy issues. The council's MTFS must cater for this longer-term impact of COVID-19 as well as address other expenditure pressures being faced, such as increased demand for adult social care as the elderly population rises as well as the impact of Covid-19 on this group of the population in the city.
26.	Due to the uncertainty with spending, income and savings plans – which are strongly influenced by COVID-19, as well as uncertainty of future funding and the absence of any local government finance settlement from Government a full update of the Medium Term Financial Strategy (MTFS) would not be useful at this point. The MTFS will be updated, in full, once the finance settlement is received and where major uncertainty persists this will be made clear and a pessimistic/optimistic financial range given where needed.
	<u>Budget Pressures</u>
27.	Table 2 below sets out budget pressures that are anticipated to continue into 2021/22 from COVID-19 and other budget pressures for business as usual activities. Other pressures include primarily unavoidable costs, such as from the high demand for Children's Social Care, however also include some costs relating to key priorities of the council such as the City of Culture.

<u>Table 2 – 2021/22 Budget Pressures</u>			
	COVID-19 Pressures £M	Other Pressures £M	Total £M
Additional costs	16.67	11.36	28.03
Loss of income	5.24	1.56	6.80
Unachievable savings	3.91	1.63	5.54
Total Pressures	25.82	14.55	40.37
Less:			
Use of Demand Reserve to meet Social Care pressures			(17.50)
Use of Digital Strategy Reserve to fund IT investment			(1.17)
Total Net Pressures			21.70
28.	Further details on the budget pressures is provided in Appendix 2.		
29.	The budget assumes a pay pressure of 0.5% in 2021/22, in keeping with current inflation level. The actual pay rise will be fixed under national negotiations and the council will be obliged to pay this.		
<u>Council Resources</u>			
30.	<p><u>Council Tax</u></p> <p>Council tax precept income is a product of the band D council tax charge and the council tax base.</p> <p>The February 2020 MTFs assumed a 1.99% increase in the band D charge and no increase in the Adult Social Care levy. In SR20 the government announced local authorities will be able to increase the band D charge by up to 2% without seeking a referendum and, in addition, social care authorities will be able to charge an extra 3% precept to help fund pressures in social care, with the option to defer some of that increase into 2022/23. The proposals in this report assume a council tax rise of 1.99% for the 'core' charge. Additionally, there would be a 2% rise specifically for Adults Social Care. Confirmation is awaited in the local government finance settlement of the details around 3% for Adults Social Care and once that information is published by Government consideration can be given to applying a further 1% rise.</p> <p>The increase <u>assumed</u> in this report for the 2021/22 council tax rise would mean a band D council tax charge for the Southampton City Council element of council tax of £1,628.82. This represents a rise of £1.20 per week for a band D property. The majority of households in Southampton are at council tax bands less than band D, and/or qualify for support with their payment, so many households will pay less than this level of increase. Based on the 2021/22 tax base assumed in the February 2020 MTFs, each 1% increase in the band D charge would generate £1.03M additional income to pay for public services in the city including those areas mentioned above that are placing much demand i.e. Children and Adult Social Care.</p> <p>More information on the level of council tax assumed is in Appendix 3 (for illustration), which shows almost 80% of residents will be in a band C property</p>		

	<p>or below and therefore incurring a lower increase than £1.20 a week. For those entitled to Single Person's Discount, they will only pay 75% of this sum (£0.90p at band D), or if entitled to local council tax support as little as 25% (£0.30 per week at band D). The final decision on council tax is a matter for full council when it meets to discuss the budget in February.</p> <p>The council tax base is the estimated number of chargeable properties (net of discounts, exemptions and disabled relief) in each property band less the reduction as a result of the Local Council Tax Support (LCTS) Scheme. A factor is applied to each band to calculate the number of Band D equivalents, together with a percentage allowance for non-collection. For planning purposes it has been assumed that there is no change in the number of chargeable properties or budgeted non-collection rate compared to the February 2020 MTFS, however the number of working age LCTS claimants is expected to increase as a result of rising levels of unemployment. The current working assumption is that working age LCTS claimants will rise by a third compared to the level before the pandemic. This would result in a £2.45M reduction in council tax income for 2021/22 compared to the February 2020 MTFS. Each 10% increase in working age LCTS claimants would reduce council tax income by about £0.74M.</p> <p>Further grant funding for local authorities to support households that are reliant on support to help pay council tax was announced in SR20.</p>
31.	<p><u>Business Rates</u></p> <p>Under the Business Rates Retention (BRR) Scheme the Council retains 49% of the business rates collected for Southampton (with 50% going to central government and 1% to the Hampshire Fire & Rescue Authority). The council also receives government grant in lieu of business rates income where the government has introduced new reliefs etc., so the two need to be considered together in assessing the impact of any changes.</p> <p>Business rates payable (before any reliefs are applied) is a product of the rateable value of a property and the business rates multiplier. The multiplier is normally updated each year with reference to the Consumer Price Index 12-month rate for September of the preceding year. The February 2020 MTFS assumed the multiplier would increase by 2.0%. The actual September 2020 12-month rate was 0.5%. This lower CPI rate results in a reduction in business rates income for the council of £0.52M for 2021/22 compared to the MTFS. In SR20 the government announced that the multiplier would be frozen for 2021/22 to support businesses in the near-term (meaning no CPI indexed increase to business rates), however local authorities will be fully compensated for this through grant funding.</p> <p>In addition to the lower CPI rate pressure, the total rateable value of properties in Southampton is currently £1.88M lower than when the MTFS was agreed in February 2020, due to successful appeals and properties coming out of the rating list. This reduces the business rates income for the council by £0.40M for 2021/22 compared to the MTFS.</p>

	<p>COVID-19 is expected to result in a slowdown in commercial developments and increased levels of empty properties. The February 2020 MTFS included 0.6% growth in gross rates payable for 2021/22. Assuming only half this growth will be achieved would reduce the council's share of business rates income by £0.16M. The February 2020 MTFS allowed for empty property relief to be 2.7% of gross rates payable. The current working assumption is that this will be 5.0% in 2021/22, reducing the business rates income for the council by £1.55M compared to the MTFS budget assumption. Each 1% increase in empty property relief would reduce the council's share of business rates income by £0.65M.</p> <p>There has also been an increase in the proportion of rates eligible for small business rate relief which reduces the business rates income for the Council by a further £0.10M for 2021/22 compared to the MTFS.</p>
32.	<p><u>Collection Fund Deficit Carried Forward</u></p> <p>In a normal year, the council's share of any estimated surplus or deficit on the Collection Fund for the current financial year would have to be taken into account in setting the budget for the following year. However, the government recognised that the impact of COVID-19 may result in significant deficits in 2020/21 and has made regulations to require any 2020/21 in-year deficit to be spread equally over the 3 years 2021/22 to 2023/24. This does not apply to undistributed deficits for 2019/20 which must be recovered in full in 2021/22. For business rates, the element of the 2020/21 deficit relating to expanded retail discount and nursery scheme reliefs is excluded from the amount to be spread and must also be met in full in 2021/22, although this will be offset by related grant funding carried forward. Although spreading does not reduce the total deficit to be recouped it does lessen the impact of this burden in 2021/22.</p> <p>Consequently, the council's £1.85M share of the residual 2019/20 Collection Fund deficit must be budgeted for in 2021/22. The council's share of the estimated 2020/21 in-year Collection Fund deficit to be spread over the next 3 years is £2.76M (£0.92M in each year). This estimate includes an element for the risks of increased numbers of LCTS Scheme claimants and additional empty property relief for business rates arising before the end of the year. This estimate will be updated in January 2021. The combined impact of the estimated 2020/21 deficit and previous year's deficit is therefore £2.77M in 2021/22.</p> <p>The total impact of the factors mentioned above, on business rates and council tax forecasts and the expected deficit to be borne in 2021/22 amount to around £7.95M on current estimates. This is influenced by economic factors and hence may change once a final estimate is made in January 2021. As noted in Appendix 1, Government has proposed to support 'irrecoverable losses' from business rates and council tax incurred during 2020/21, on the basis of 75%, but as no details of a scheme are yet known it is impossible to quantify what this may mean.</p>
33.	<p><u>Government Grants</u></p> <p>Pending confirmation in the Local Government Finance Settlement, little change has been made to the assumptions for Revenue Support Grant and Business Rates Top-Up Grant. On New Homes Bonus, though the scheme</p>

	<p>continues we have prudently assumed no further allocations but it remains to be seen what is in the settlement.</p> <p>SR20 confirmed local authorities will receive additional funding for COVID-19 costs in 2021/22, further compensation for loss of fees and charges income in the first quarter of 2021/22 due to COVID-19, additional social care funding and continuation of Improved Better Care Fund grant at 2020/21 levels (which is more than what was assumed in the February 2020 MTFS). It is estimated that the council will receive £12M in grant from Government compared to the February 2020 MTFS (which was written before the pandemic crisis). However, the February MTFS also did not factor in the spending pressures which have emerged since the pandemic emergency began in March 2020.</p> <p>The government has also confirmed that the ring-fenced core Public Health Grant for 2021/22 will be maintained at the same level as for 2020/21.</p>												
34.	<p><u>Reserves and Balances</u></p> <p>The balance on General Fund earmarked revenue reserves (excluding schools' balances) at the end of 2019/20 was £86.20M and by the end of 2020/21 is forecast to be £61.13M. Within this, the balance on the Medium Term Financial Risk Reserve is forecast to be £36.44M at the end of 2020/21, with further planned calls of £13.31M over the medium term, leaving £23.13M uncommitted. The balance on the Demand Risk Reserve is expected to be £11.54M at the end of 2020/21, with planned contributions of £7.0M in 2021/22 included within the February 2020 MTFS which would bring the balance up to £18.54M at the start of 2021/22 before any further calls. Of this £17.50M is applied to support additional social care spend as outlined in table 2.</p> <p>At the end of 2019/20 general balances stood at £10.07M and are expected to be maintained at this level in 2020/21 to provide for any unknown risks.</p>												
	<p><u>Draft Savings Proposals</u></p>												
35.	<p>A series of challenge sessions were held with individual Executive Directors, the Executive Management Board, the Council Leader, Cabinet member for Finance and Income Generation and relevant Cabinet portfolio holders to identify savings proposals to address the budget shortfall without impacting significantly on the delivery of front-line services.</p>												
36.	<p>The savings proposals are summarised in Table 3 below, with details in Appendix 4.</p>												
	<p><u>Table 3 – Savings Proposals</u></p> <table border="1"> <thead> <tr> <th></th> <th>2021/22 £M</th> <th>2022/23 £M</th> </tr> </thead> <tbody> <tr> <td>Income Generation</td> <td>0.64</td> <td>0.58</td> </tr> <tr> <td>Efficiency & Service Improvement</td> <td>9.62</td> <td>6.15</td> </tr> <tr> <td>Total Savings Proposals</td> <td>10.26</td> <td>6.73</td> </tr> </tbody> </table>		2021/22 £M	2022/23 £M	Income Generation	0.64	0.58	Efficiency & Service Improvement	9.62	6.15	Total Savings Proposals	10.26	6.73
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37.	<p>The proposals have been put forward on the basis of minimising the impact on the front line services. Savings are therefore categorised across the following areas:</p>												

	<ul style="list-style-type: none"> Income generation Efficiency and service improvement <p>There are no savings proposals being put forward from the Place Directorate. This reflects the nature of the proposals being worked up are complex, and not sufficiently developed to be tabled and consulted on at this time. The expectation is these will be brought forward during the course of 2021/22 for consideration at full Council. Savings proposals for the Children's Service are similarly under development to be submitted to Full Council during 2021/22.</p>																		
	<u>Revised Budget Shortfall</u>																		
38.	Table 4 below sets out the revised budget shortfall for 2021/22 taking into account the budget pressures, Collection Fund deficit recoupment/estimated reduced income, draft savings proposals and additional grant income outlined above, together with proposed use of revenue reserves to meet specific pressures.																		
39.	<p><u>Table 4 Revised Budget Shortfall</u></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">2021/22 £M</th> </tr> </thead> <tbody> <tr> <td>Budget shortfall per February 2020 MTF5</td> <td style="text-align: right;">3.87</td> </tr> <tr> <td>Net budget pressures</td> <td style="text-align: right;">21.70</td> </tr> <tr> <td>Collection Fund deficit carried forward & reduced income</td> <td style="text-align: right;">7.95</td> </tr> <tr> <td>Sub-Total</td> <td style="text-align: right;">33.52</td> </tr> <tr> <td>Less:</td> <td></td> </tr> <tr> <td>Estimate of additional funding from SR20</td> <td style="text-align: right;">(12.00)</td> </tr> <tr> <td>Savings proposals (per appendix 4)</td> <td style="text-align: right;">(10.26)</td> </tr> <tr> <td>Revised Budget Shortfall</td> <td style="text-align: right;">11.26</td> </tr> </tbody> </table>		2021/22 £M	Budget shortfall per February 2020 MTF5	3.87	Net budget pressures	21.70	Collection Fund deficit carried forward & reduced income	7.95	Sub-Total	33.52	Less:		Estimate of additional funding from SR20	(12.00)	Savings proposals (per appendix 4)	(10.26)	Revised Budget Shortfall	11.26
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	<u>Budget Gap</u>																		
40.	The additional grant income from SR20 and savings proposals put forward only go partway to addressing the estimated budget shortfall in 2021/22. If £5.23M of uncommitted reserves is used to help meet the shortfall the gap would reduce to £6.03M. Taking 2% of the 3% Adult Social Care Precept flexibility announced in SR20 would leave a remaining gap of £3.97M as set out in Table 5 below.																		
41.	<p><u>Table 5 – Updated Budget Shortfall</u></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">2021/22 £M</th> </tr> </thead> <tbody> <tr> <td>Revised Budget Shortfall</td> <td style="text-align: right;">11.26</td> </tr> <tr> <td>Less:</td> <td></td> </tr> <tr> <td>Provisional use of uncommitted reserves</td> <td style="text-align: right;">(5.23)</td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;">6.03</td> </tr> <tr> <td>Less:</td> <td></td> </tr> <tr> <td>Extra income if 2% ASC Precept increase applied</td> <td style="text-align: right;">(2.06)</td> </tr> <tr> <td>Updated Budget Shortfall</td> <td style="text-align: right;">3.97</td> </tr> </tbody> </table>		2021/22 £M	Revised Budget Shortfall	11.26	Less:		Provisional use of uncommitted reserves	(5.23)	Sub-total	6.03	Less:		Extra income if 2% ASC Precept increase applied	(2.06)	Updated Budget Shortfall	3.97		
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42.	Work is ongoing to identify further proposals to mitigate pressures, identify efficiency improvements or generate income to address the remaining gap in order that a balanced budget for 2021/22 can be set in February 2021.																		

43.	<p>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. For example, during the current year a mid year budget update was required and was submitted to Full Council in September to address the issues arising. Also, enhancing IT investment to help promote home working has already been required this year with a report submitted to council. As the council gets to grips with the wider impact of COVID-19, on spending, on income and on working practices plans can be introduced, and consultation initiated where needed, outside the usual budget timetable. This will include bringing forward at future council meetings new financial proposals, for both in-year and covering future years beyond 2021/22, to maximise our resilience and responsiveness to the pandemic crisis.</p>
<u>Capital Programme</u>	
44.	<p>A number of amendments are proposed to the existing capital programme as follows:</p> <ul style="list-style-type: none"> • Bitterne Hub will be reduced from £32.9M to £30M, and the profile of spend delayed from 2021/22 to 2022/23. • Outdoor Leisure – the total scheme value is £16.85M. £4.40M was originally due to be incurred in 2021/22. The scheme will now be re-phased by a year. • £2.9M of fleet vehicles was due for purchasing in 2021/22. £0.5M is to be re-phased into 2022/23. • The Smarter Ways of working programme will be scaled back by £0.5M, reducing the borrowing needed by the council. • A funding change is proposed for the Highways programme, whereby the Highways gainshare from 2019/20 – which arises from efficiency savings in the contract with Balfour Beatty and amounts to around £0.4M, will be used to help fund, in part, the Highways capital programme in 2021/22. <p>Appendix 5 provides details of the changes to the capital programme.</p>
45.	<p>Bitterne Hub and the Outdoor Leisure centre proposals will be re-assessed in the light of COVID-19, given that the leisure and gym sector has faced particular difficulties this year.</p>
46.	<p>As reported to Full Council in November, the council has adopted a new IT strategy to overhaul its use of IT over the next five years. This will enhance flexibility and adaptability for working outside the office, as well as streamlining systems and processes. Ultimately, additional savings are expected to be facilitated by this investment.</p> <p>Further details on an updated capital programme will be submitted to Full Council in February 2021.</p>
Housing Revenue Account (HRA)	
47.	<p>The budget, capital programme and business plan for the HRA is currently under review. It will be brought forward, allowing for any impact from COVID-19, as a part of the budget papers scheduled for Cabinet and Full Council in February 2021.</p>

	<u>Budget Consultation</u>
48.	The draft savings proposals that have been put forward have been subject to consultation with the Executive Management Board (EMB) and relevant Cabinet Members.
49.	The Executive will undertake a public engagement exercise on their draft budget proposals following the production of this report. The Leader and the Cabinet are keen to receive feedback on the proposals and on the potential impact they may have to help finalise the Executive's budget to be recommended to Full Council in February 2021.
50.	Like other councils, Southampton City Council is facing a very challenging financial position, with additional costs/loss of income due to the pandemic alongside increasing demand for services, particularly social care.
51.	The aim of this public engagement exercise is to: <ul style="list-style-type: none"> a) Make residents aware of the significant financial pressures the Council is facing; b) Ensure residents are aware of any savings that are being proposed and what this will mean for them; c) Enable residents, businesses and stakeholders to comment and raise any impacts the proposals may have; d) Ensure that resident feedback is taken into account when final decisions are made; e) Provide a summary of feedback received and how these have influenced the final decision.
52.	The formal engagement exercise will run from 16 December 2020 to 19 January 2021. The exercise will be based around an online questionnaire and paper copies will also be made available where required.
	<u>Equality and Safety Impact Assessments</u>
53.	The Public Sector Equality Duty is a duty on public bodies which came into force on 5 April 2011 and requires the council to show that it has 'had regard' to the impact of its decisions on its equality duties and the need to advance equality of opportunity between people who have protected characteristics and those who do not.
54.	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 other relevant impacts including Community Safety (Section 17 of the Crime and Disorder Act), poverty and health and wellbeing, 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.
55.	Draft individual Equality and Safety Impact Assessments (ESIAs) have been completed by the council's Executive Management Board for those proposals contained in Appendix 4 that have been identified as requiring such an assessment, as they could have an impact on a particular group or individuals. The draft individual ESIAs are available in Members' Rooms and will be published alongside the Budget consultation.
56.	The individual ESIAs have been analysed to consider the cumulative impacts the draft savings proposals may have on particular groups and the mitigating

	actions that could be considered. In order to give the right perspective to the draft savings 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 Impact Assessment is available in Members' Rooms and will be published alongside the Budget proposals to inform the public engagement exercise.
	<u>Timetable</u>
57.	The draft 2021/22 local government finance settlement is expected in mid-December 2020. This will include the council's allocation of Revenue Support Grant, Business Rates Top-Up Grant and New Homes Bonus. The council's share of Social Care Grant is expected to be part of the settlement and the allocation of funding towards 2020/21 Collection Fund losses announced in SR20 may also be included.
58.	Setting of the Council Tax base and approval of the Local Council Tax Support Scheme are formally delegated to the Director of Finance & Commercialisation and will take place in late January 2021.
59.	The Cabinet will put forward its final proposals for the 2021/22 Budget, MTFS and Capital Programme at its meeting on 23 February 2021, taking into account feedback from the public engagement exercise outlined above.
60.	Full Council will set the 2021/22 Budget and agree the band D Council Tax, MTFS and Capital Programme on 24 February 2021.
RESOURCE IMPLICATIONS	
Capital/Revenue Implications	
61.	The capital and revenue implications are fully detailed within the report.
Staffing	
62.	Staffing reductions contained within savings proposals are expected to be achieved through removal of vacant posts or normal staff turnover. The current estimated effect is around 16.5 to 20 Full Time Equivalent (FTE) posts.
Property/Other	
63.	None, other than those detailed in the report.
LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report	
64.	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.
65.	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.
66.	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.
67.	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 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.
68.	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.
69.	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.
70.	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 report will be brought forward alongside the Budget and Council Tax Setting Report to Full Council in February.
71.	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.
<u>Other Legal Implications:</u>	
72.	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 Executive Management Team, the proposals contained in this report have been checked from a legal viewpoint.

RISK MANAGEMENT IMPLICATIONS	
73.	There remains a significant risk from the economic climate due to the impact of the COVID-19 pandemic and the end of the transition period for the UK's exit from the EU and any potential impact on funding or on demand for council services.
74.	Any further impact from risk will be reviewed as part of the update of the MTFS to be approved by Full Council in February 2021.
POLICY FRAMEWORK IMPLICATIONS	
75.	The Medium Term Financial Strategy 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.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Spending Review 2020
2.	Budget Pressures
3.	2021/22 Assumed Council Tax
4.	Draft Savings Proposals
5.	Changes to the Capital Programme

Documents In Members' Rooms

1.	Individual ESIA's
2.	Cumulative IA

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	Yes
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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. Council Tax Setting and Related Matters (Council 20 February 2020)	

2.		
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Spending Review 2020

Statement

On 25 November 2020 the Chancellor of the Exchequer, Rishi Sunak, delivered his 2020 spending review statement where he announced a review that “delivers on the priorities of the British people”. Announcing “Our health emergency is not yet over, and our economic emergency has only just begun”. The Chancellor set out his 3 key priorities as:

3 key priorities

- 1) Responding to Covid-19
- 2) Stronger Public Services
- 3) Investment in Infrastructure

Key points of interest for local government

- Local government will receive around £3Bn additional funding for COVID in 2021/22, of which: £1.55Bn is for additional expenditure pressures, £670M for funding council tax support and £762M to fund 75% of “irrecoverable loss of council tax and business rates revenues in 2020/21”.
- Local authorities will be able to increase their council tax bills by 2 per cent without needing to hold a referendum, and social care authorities will be able to charge an additional 3 per cent precept to help fund pressures in 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).
- Where local councils have lost income through COVID-19, Government are extending their existing COVID-19 sales, fees and charges compensation scheme for a further 3 months until the end of June 2021.
- Within MHCLG Local Government Departmental Expenditure Limit (DEL), there is £900M for New Homes Bonus and growth of £200M (in “core resources funding”). Revenue Support Grant will be increased in line with inflation.
- New Homes Bonus (NHB) will continue for a “further year with no new legacy payments”.
- Small business rates multiplier will be frozen in 2021/22 (instead of increasing by inflation %) – but local authorities will be fully compensated for any loss of income.
- Further £254M funding to tackle homelessness and rough sleeping (of which £103M has already been announced).
- £1.7Bn in 2021/22 for local roads maintenance and upgrades to tackle potholes, to relieve congestion and boost connectivity.
- Local authority spending through the public health grant will also continue to be maintained.
- A fundamental review of the Business Rates Retention System will report in Spring 2021.
There will not be a reset of the business rates baseline in 2021/22 i.e. the funding system for authorities will not be changed and councils will continue to benefit from any past growth in their local business rates.
- Reaffirms the government’s commitment to increase the schools budget by £7.1Bn by 2022/23, compared to 2019/20 funding levels.
- £165M in 2021/22 for continuation of the Troubled Families programme.

- 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. It is worth noting that local council's set their own pay increases, determined at national level negotiations, so this isn't directly set by the Government's announcement.
- Government to reduce Public Works Loan Board (PWLB) borrowing rate by 100bps (1%) for all new Standard Rate and 0.8% on Certainty Rate loans.
- New Levelling Up Fund worth £4Bn – local areas to bid to fund local projects

Agenda Item 9

Appendix 2

COVID-19 Pressures

Description of Pressure	Portfolio	2021/22 £000
<u>Additional Costs</u>		
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	1,755
Temporary staff employed to deal with pandemic issues	Children & Learning	637
Libraries costs to remain open Covid Secure	Culture & Homes	50
Additional Emergency Planning resource	Customer & Orgainsation	15
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	12,000
Registration Office additional running costs	Stronger Communities	60
Port Health vet cover	Stronger Communities	10
Total Additional Costs		16,666
<u>Loss of Income</u>		
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
Investment Property target income	Finance & Income Generation	750
Property Investment Fund - review	Finance & Income Generation	2,750
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
Homes of Multiple Occupancy License processing	Stronger Communities	95
Port Health, reduction in border inspections	Stronger Communities	45
Total Loss of Income		5,243

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	157
Reducing the level of bad debt & cost recovery	Finance & Income Generation	128
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
Review of Transport services and functions	Green City & Place	250
Total Unachievable Savings		3,915
TOTAL COVID-19 PRESSURES		25,823

Other Pressures

Description of Pressure	Portfolio	2021/22 £000
<u>Additional Costs</u>		
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
City of Culture extra investment	Culture & Homes	860
Private Sector Housing - Condition Survey	Culture & Homes	80
Public building review	Culture & Homes	70
IT investment	Customer & Organisation	1,170
Street Lighting - project management resources	Finance & Income Generation	60
Transforming Cities fund - revenue contribution	Green City & Place	400
Adult Social Care - additional staffing	Health & Adults	1,750
Adult Social Care - equipment	Health & Adults	300
Public Health Act funerals	Stronger Communities	50
Stronger Communities Future Service Design	Stronger Communities	200
Total Additional Costs		11,363
<u>Loss of Income</u>		
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
Total Loss of Income		1,560
<u>Unachievable Savings</u>		
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	300
Total Unachievable Savings		1,630
TOTAL OTHER PRESSURES		14,553
TOTAL BUDGET PRESSURES		
		40,376
Less:		
Use of Demand Reserve to meet Social Care pressures		(17,500)
Use of Digital Strategy Reserve to fund IT investment		(1,170)
TOTAL NET BUDGET PRESSURES		21,706

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BUDGET ASSUMPTION - DRAFT BUDGET: SCC Council Tax with illustrative impact

Band	2020/21 £	2021/22 £	Increase per week £	Percentage of households per Band %
A	1,044.12	1,085.88	0.80	30.6%
B	1,218.14	1,266.86	0.94	33.4%
C	1,392.16	1,447.84	1.07	22.0%
D	1,566.18	1,628.82	1.20	9.2%
E	1,914.22	1,990.78	1.47	3.0%
F	2,262.26	2,352.74	1.74	1.4%
G	2,610.30	2,714.70	2.01	0.4%
H	3,132.36	3,257.64	2.41	0.0%

Weighted average £1,327.50 £0.98

Where Single Person Discount applies:

Band	2020/21 £	2021/22 £	Increase per week £
A	783.09	814.41	0.60
B	913.60	950.14	0.70
C	1,044.12	1,085.88	0.80
D	1,174.63	1,221.61	0.90
E	1,435.66	1,493.08	1.10
F	1,696.69	1,764.55	1.30
G	1,957.72	2,036.02	1.51
H	2,349.27	2,443.23	1.81

Minimum payment for working age Local Council Tax Support claimants:

Band	2020/21 £	2021/22 £	Increase per week £	Percentage of working age claimant households per Band %
A	261.03	271.47	0.20	58.5%
B	304.54	316.72	0.23	29.8%
C	348.04	361.96	0.27	9.0%
D	391.55	407.21	0.30	2.1%
E	478.56	497.70	0.37	0.6%
F	565.57	588.19	0.44	0.0%
G	652.58	678.68	0.50	0.0%
H	783.09	814.41	0.60	0.0%

Weighted average £297.34 £0.22

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Agenda Item 9

Appendix 4

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
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.	Finance & Income Generation	30	30
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
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
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	0
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
Extending vacancy savings within CCH directorate	Review vacancies and hold them unfilled during 2021/22	Culture & Homes	124	0
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
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.	Customer & Organisation	31	42
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
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	0
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	0
Pay concessionary fares in line with usage	Adjustment to reflect actual payment to bus operators based on actual journey numbers.	Green City & Place	1,000	0
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	0
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
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.	Finance & Income Generation	200	250
Review Housing Revenue Account (HRA) staff time allocations	Allocation of staff to be funded from HRA	Finance & Income Generation	200	200
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
Review of Capital 20/21 programme, revenue implications	Impact of decisions to review items of capital investment	Non-Portfolio	400	0
Review of Capital 21/22 programme, revenue implications	Impact of decisions to review items of capital investment	Non-Portfolio	467	0
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
Increase Disabled Facility Grant (DFG) contribution to revenue provision of service	Proposal to increase the contribution charged to the capital programme to cover staff	Stronger Communities	80	80
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
Total Efficiency & Service Improvement			9,619	6,149
TOTAL SAVINGS			10,255	6,727

Scheme		2020/21 Budget £M	2021/22 Budget £M	2022/23 Budget £M	2023/24 Budget £M	2024/25 Budget £M	Total Budget £M	Total Council Resources £M	Total Capital Receipts £M	Total Contri- butions £M	Total Government Grants £M	Total Direct Revenue £M	Total Financing £M
Bitterne Community Hub	Approved	0.00	32.90	0.00	0.00	0.00	32.90	31.67	1.24	0.00	0.00	0.00	32.90
	Revised	0.00	0.00	30.00	0.00	0.00	30.00	28.77	1.24	0.00	0.00	0.00	30.00
	Movement	0.00	(32.90)	30.00	0.00	0.00	(2.90)	(2.90)	0.00	0.00	0.00	0.00	(2.90)
Outdoor Leisure	Approved	0.00	4.55	8.15	4.10	0.05	16.85	10.00	0.25	6.60	0.00	0.00	16.85
	Revised	0.00	0.15	12.55	4.10	0.05	16.85	10.00	0.25	6.60	0.00	0.00	16.85
	Movement	0.00	(4.40)	4.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fleet	Approved	3.30	2.86	2.00	2.00	2.00	12.17	12.17	0.00	0.00	0.00	0.00	12.17
	Revised	3.30	2.36	2.50	2.00	2.00	12.17	12.17	0.00	0.00	0.00	0.00	12.17
	Movement	0.00	(0.50)	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Smarter Ways Of Working	Approved	1.00	2.15	1.00	1.00	1.00	6.15	6.15	0.00	0.00	0.00	0.00	6.15
	Revised	1.00	1.65	1.00	1.00	1.00	5.65	5.65	0.00	0.00	0.00	0.00	5.65
	Movement	0.00	(0.50)	0.00	0.00	0.00	(0.50)	(0.50)	0.00	0.00	0.00	0.00	(0.50)
Highways	Approved	0.00	6.80	7.80	7.80	7.80	30.20	25.52	0.00	0.00	4.68	0.00	30.20
	Revised	0.00	6.80	7.80	7.80	7.80	30.20	25.12	0.00	0.00	4.68	0.40	30.20
	Movement	0.00	0.00	0.00	0.00	0.00	0.00	(0.40)	0.00	0.00	0.00	0.40	0.00

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DECISION-MAKER:	CABINET		
SUBJECT:	NEWLANDS PRIMARY SCHOOL - RESOURCE BASE FOR CHILDREN WITH A HEARING IMPAIRMENT		
DATE OF DECISION:	15 DECEMBER 2020		
REPORT OF:	COUNCILLOR FIELKER CABINET MEMBER FOR HEALTH AND ADULT CARE		
<u>CONTACT DETAILS</u>			
Executive Director:	Name:	Executive Director Wellbeing (Children and Learning) Robert Henderson	Tel: 023 8083 4899
	E-mail:	Robert.henderson@southampton.gov.uk	
Author	Name:	Clodagh Freeston	Tel: 023 8083 3681
	E-mail:	Clodagh.freeston@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY								
N/A								
BRIEF SUMMARY								
<p>Southampton has a number of resource bases which are located within mainstream schools. These bases provide specialist teaching and support for pupils with specific special educational needs allowing them to be educated in a mainstream setting. All pupils who attend the resource base have an Education, Health and Care Plan (EHCP).</p> <p>Tanners Brook Primary School currently hosts a resource base for 8 children with a hearing impairment. This base is due to be closed by the Academy Trust at the same time the proposed resource base at Newlands Primary School opens – September 2022.</p> <p>A new purpose built resource base for 14 pupils is proposed at Newlands Primary School. We are seeking agreement to approve the statutory proposal as set out in appendices 3 and 4, together with agreement to spend the costs detailed within the Education Capital Programme, which was brought to Full Council in February 2020. The programme included the sum of £1.11M for the construction of this new resource base.</p> <p>The agreed funding will be spread over 4 financial years.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">20/21</td> <td style="width: 15%;">£100,000</td> </tr> <tr> <td>21/22</td> <td>£550,000</td> </tr> <tr> <td>22/23</td> <td>£430,000</td> </tr> <tr> <td>23/24</td> <td>£29,000</td> </tr> </table> <p>The Property Division have undertaken a Feasibility Study on this proposal and two options have been considered for this building. The preferred option is to extend the Key Stage 1 wing of Newlands Primary School to provide this facility and approval is now sought to spend the allocated funds. It is intended to have the facility completed for Summer 2022.</p>	20/21	£100,000	21/22	£550,000	22/23	£430,000	23/24	£29,000
20/21	£100,000							
21/22	£550,000							
22/23	£430,000							
23/24	£29,000							

RECOMMENDATIONS:											
	(i)	To approve the proposal as advertised in the statutory notice, without modification, subject to the granting of planning permission. For implementation from 1 September 2022.									
	(ii)	To approve the spend of £1.11M for this project.									
REASONS FOR REPORT RECOMMENDATIONS											
1.	Southampton, in recent years, has seen an increase in the number of pupils with complex needs relating to their hearing impairments. Whilst the needs of the majority of these pupils can be met in mainstream schools, a number require more specialist provision. In order to meet the needs of primary aged hearing impaired pupils, it is proposed to open a new purpose built resource base at Newlands Primary School to cater for pupils aged between 4 and 11. The total number of places available will not exceed 14, increasing the available number of places by 6.										
2.	The new resource base will be an extension of the current school. This will ensure that the pupils are fully included in all aspects of school life.										
3.	This proposal ensures that the Council can meet the needs of all hearing impaired pupils in the City by increasing the number of available places.										
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED											
4.	Decision makers can reject the proposal as advised.										
5.	A failure to invest in specialist provision locally would result in unnecessary out of county independent residential placements for these children. This would cost the LA up to £540,000 per pupil over the course of their education. Investment now produces a saving of up to £7.6M over the coming years. Additionally, children can be educated close to home giving them the best start in life. This links with the Council strategy.										
6.	Decision makers can approve the proposal with minor modification (such as start date).										
DETAIL (Including consultation carried out)											
7.	From a general perspective, the numbers and complexity of children with special educational needs has been increasing year on year for the last 10 years and is predicted to continue to rise for the foreseeable future. This includes children and young people with a hearing impairment with an Education, Health and Care Plan.										
8.	The table below evidences the increase in the complexity of need in the City.										
	<i>Education, Health and Care Plans maintained by Southampton City Council 2010-2020</i>										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	567	593	634	655	701	803	1021	1181	1387	1522	1736
	<i>Source: DfE SEN 2 Return</i>										
9.	The Local Authority must ensure that good quality school places can be provided quickly where they are needed and that additional new places will only										

	be provided at schools that have an overall Ofsted rating of 'good' or 'outstanding'.
10.	The Education Act 1996 requires that Local Authorities secure diversity in the provision of schools and increase opportunities for parental choice.
11.	The establishment of a resource base at Newlands Primary School, and the subsequent increase in available places will ensure that children in Southampton with complex needs relating to their hearing impairment continue to have access to a high quality education and provide parents with a choice of schools within the City. Newlands Primary School was judged to be 'Good' at its last Ofsted inspection.
12.	The proposal is to establish a resource base at Newlands Primary School is not believed cause any detrimental effect to any of the pupils or staff within the school.
13.	This proposal will ensure that children with a hearing impairment: - <ul style="list-style-type: none"> • Are admitted to their parents preferred school • Have access to a suitable educational environment • Have access to a Teacher of the Deaf and specialist trained staff in communication • Are treated equitably in relation to children with similar needs • Can have their needs met locally avoiding the need for children to spend unnecessary time travelling to an alternative school further away.
14.	It is proposed that the new resource base will be an extension of the current school. This will ensure that the pupils are fully included in all aspects of school life.
15.	This proposal ensures that the Council can meet the needs of all hearing impaired pupils in the City by increasing the number of available places.
16.	This proposal is aligned to a wider strategy of expansion and reconfiguration of specialist provision across the city and is supported by the school senior leadership and governors.
17.	Newlands Primary School is approximately 1 mile from the current resource base at Tanners Brook Primary School therefore, this proposal does not unreasonably extend journey times for children or increase transport costs. The LA's duty to promote the use of sustainable travel and transport to school is not affected.
18.	A full statutory consultation has been carried out by the Council which included face to face engagement with the parents of pupils with hearing impairments, a consultation letter issued to interested parties and publication of this in the school, and on Council and school websites. During engagement events, parents had the opportunity to raise questions and comments for officer response. At those events, parents were interested in discussing the options available to them and their children in relation to the practicalities of moving school. They queried the availability of home to school transport. At the time of consultation, all affected children were eligible for home to school transport funded by the local authority. This posed no change to the current transport status for these children. The response to the proposals at engagement events was overwhelmingly positive. There were no written responses to the consultation. See detail in appendices 1 and 2.

19.	Full Council (February 2020) approved the sum of £1.11M to be added to the Education Capital Programme for 2020/21. Since then Property Division has undertaken a feasibility study to determine what options would be appropriate for the base.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
20.	Funding to come from allocation to Education Capital Programme as agreed at Full Council in February 2020.
21.	We are currently exploring the option of having a low specification modular for Newlands Primary school to use in the interim. The space would be for small group intervention work and a staff office. If we decide to proceed with this it will be funded from the DSG high needs revenue budget and has no impact on the funding of this capital scheme.
22.	There are no additional revenue implications to running the resource base because the pupils will bring funding with them from their existing school places. Additionally, this provision will assist in long term savings to the High Needs Block, as it will eliminate the need for costly out of county independent placements for this specific cohort of pupils.
<u>Property/Other</u>	
23.	This proposal will free up physical space at Tanners Brook Primary School who currently host a similar provision for pupils with a hearing impairment. This provision will be closed by the Academy Trust at the same time as the opening of the base at Newlands Primary School.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
24.	A Governing Body or LA must have regard to statutory guidance when exercising functions under The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 ('the Prescribed Alterations Regulations'). It should be read in conjunction with Parts 2 and 3 and Schedule 3 of the Education and Inspections Act (EIA) 2006 and the Prescribed Alterations Regulations. It also relates to the Establishment and Discontinuance Regulations and The School Organisation (Removal of Foundation, Reduction in the Number of Foundation Governors and Ability of Foundation to Pay Debts) (England) Regulations (2007)('the 'Removal Regulations'). It is the responsibility of LAs and GBs to ensure that they act in accordance with the relevant legislation when making changes to a maintained school.
<u>Other Legal Implications:</u>	
25.	Special educational needs and Disability Code of Practice: 0-25 Years The Code of Practice provides statutory guidance on duties, policies and procedures relating to Part 3 of the Children and Families Act 2014 and associated regulations and applies to England. It is relevant as all pupils who attend a resource base have an Education, Health and Care Plan which states the provision required to meet their needs.
RISK MANAGEMENT IMPLICATIONS	

26.	The proposals may cause low to moderate level stakeholder concern. The formal consultation has provided the opportunity for these concerns to be raised and considered.
POLICY FRAMEWORK IMPLICATIONS	
27.	The provision of this resource base is consistent with the Council's policies and strategies.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Statutory Notice of Prescribed Alterations to Newlands Primary School
2.	Prescribed Alterations Proposal Newlands Primary School 2020 Full Consultation Document
3.	Equality Impact Assessment

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.	Yes
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)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	

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SOUTHAMPTON CITY COUNCIL

OPENING OF A RESOURCE BASE FOR CHILDREN WITH A HEARING IMPAIRMENT AT NEWLANDS PRIMARY SCHOOL

The following proposals are published under Section 31(1) of the School Standards and Framework Act 1998 as amended by Section 19(1) of the Education and Inspections Act 2006 and the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013.

NOTICE is hereby given that Southampton City Council ("the Council") intends to make prescribed alterations to:-

Newlands Primary School, 65 Windermere Avenue, Southampton, SO16 9QX

by establishing a SEN provision for children with a hearing impairment at the school as prescribed by the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 and the Council has made the following proposals for that purpose.

Southampton City Council is proposing to establish a resource base for children with a hearing impairment at the school in response to an increase in demand for such a provision. The intention is to accommodate up to 14 pupils. This proposal is subject to a statutory process.

The complete proposals are available on the Southampton City Council website at <http://www.southampton.gov.uk/council-democracy/have-your-say/hearing-impairment.aspx>. A hard copy can be obtained by contacting: 0-25service – Special Educational Needs and Disabilities, Ground Floor, North Block, Civic Centre, Southampton SO14 7LY. Telephone 023 8083 3013 or email clodagh.freeston@southampton.gov.uk

Within four weeks of the date of publication of this proposal, any person may object to or make comments on the proposal by sending them to the address above. The date of publication was Thursday 15th October 2020. Representations must be received by midnight on Wednesday 18th November 2020.



Robert Henderson, Executive Director for Childrens Services

Date: 15th October 2020

EXPLANATORY NOTES

1. If objections are made and not withdrawn within the statutory four week period then Southampton City Council will decide whether the proposals will be allowed to go ahead, with or without modifications. If no objections are made within the objection period, then the Council will decide whether to implement the proposals in the form published.

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**Proposal for Prescribed
Alterations (Maintained School)**

**Statutory consultation on proposals to
establish a resource base for children with a
hearing impairment**

**Newlands
Primary School**



SEND
Education and Learning
Children and Families

October 2020

Proposals for Prescribed Alterations (Maintained School)

The following proposals are published under Section 31(1) of the School Standards and Framework Act 1998 as amended by Section 19(1) of the Education and Inspections Act 2006 and the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013.

This proposal takes account of the Education Act 1996; the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013; the School Organisation: Local Authority Maintained Schools Statutory Guidance for Proposers and Decision Makers (January 2014); the Education and Inspections Act 2006; the Disability Discrimination Act 1995 and the Children and Families Act 2014 including the SEND Code of Practice 2015.

1. Local Authority details

Southampton City Council, Civic Centre, Southampton SO14 7LY

2. School details

Name	Newlands Primary School
Type	Community School
Address	65 Windermere Avenue, Southampton, SO16 9QX
Age Range	4-11
Capacity	420 pupils
Ofsted	Full inspection June 2018 – Good

3. What changes are proposed?

Section 14 of the Education Act 1996 places a general duty on Local Authorities to secure sufficient schools for providing primary and secondary school education and requires them to have particular regard to the need to secure special educational provision for pupils with special educational needs.

In order to ensure fair access to educational opportunity and promote the fulfilment of every child's educational potential it is proposed to establish a resource base for children with a hearing impairment for up to 14 pupils at Newlands Primary School, from 1 September 2022.

Specialist teaching is provided in a resource base classroom, and pupils admitted demonstrate the potential to be included in the mainstream classroom supported by a teaching assistant, communicator or specialist teacher advisor for at least part of the week. Pupils access the national curriculum with modification and/or differentiation as appropriate.

4. Current provision

Southampton has a number of resource bases which are located within mainstream schools. These bases provide specialist teaching and support for pupils with specific special educational needs allowing them to be educated in a mainstream setting. All pupils who attend a resource base have an Education, Health and Care Plan (EHCP).

There is currently a resource base for hearing impairment at Tanners Brook Primary School which provides support for up to eight pupils with a hearing impairment. This proposal is linked to another, involving the closure of the base at Tanners Brook Primary and the establishment of a new base at Newlands Primary School. As Tanners Brook is an academy, a separate consultation and process will be run by the school.

5. Why do we want to do this? (evidence of demand)

Southampton, in recent years, has seen an increase in the number of pupils with complex needs relating to their hearing impairments. Whilst the needs of the majority of these pupils can be met in mainstream schools, a number require more specialist provision. In order to meet the needs of primary aged hearing impaired pupils, it is proposed to close the 8 place resource base at Tanners Brook Primary School, and open a new purpose built resource base at Newlands Primary School. The total number of places available will not exceed 14, creating 6 additional places in the city.

From a more general perspective, the numbers and complexity of children with special educational needs has been increasing year on year for the last 10 years and is predicted to continue to rise for the foreseeable future. This includes children and young people with a hearing impairment with an Education, Health and Care Plan.

Education, Health and Care Plans maintained by Southampton City Council 2010-2020

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
567	593	634	655	701	803	1021	1181	1387	1522	1736

Source: DfE SEN 2 Return

6. Objectives, including how the proposal would increase educational standards and parental choice.

The Local Authority must ensure that good quality school places can be provided quickly where they are needed and that additional new places will only be provided at schools that have an overall Ofsted rating of 'good' or 'outstanding'¹.

¹ Making significant changes ('prescribed alterations') to maintained schools. Statutory guidance for proposers and decision makers. October 2018

The Education Act 1996 requires that Local Authorities secure diversity in the provision of schools and increase opportunities for parental choice.

The establishment of a resource base at Newlands Primary School, and the subsequent increase in available places will ensure that children in Southampton with complex needs relating to their hearing impairment continue to have access to a high quality education and provide parents with a choice of schools within the City. Newlands Primary School was judged to be 'Good' at its last Ofsted inspection.

The proposal is to establish a resource base at Newlands Primary School is not believed cause any detrimental effect to any of the pupils or staff within the school.

This proposal will ensure that children with a hearing impairment: -

- Are admitted to their parents preferred school
- Have access to a suitable educational environment
- Have access to a Teacher of the Deaf and specialist trained staff in communication
- Are treated equitably in relation to children with similar needs
- Can have their needs met locally avoiding the need for children to spend unnecessary time travelling to an alternative school further away

It is proposed that the new resource base will be an extension of the current school. This will ensure that the pupils are fully included in all aspects of school life.

This proposal ensures that the Council can meet the needs of all hearing impaired pupils in the City by increasing the number of available places.

This proposal is aligned to a wider strategy of expansion and reconfiguration of specialist provision across the city and is supported by the school senior leadership and governors.

7. Consultation undertaken

The proposal has been discussed with Newlands and Tanners Brook Primary School staff and parents, the Southampton Parent Carer Forum and relevant unions. It has received the consent of both school leadership teams and Governing Bodies.

8. Will there be any effect on other schools, academies and educational institutions within the area?

There are currently six pupils attending the resource bases at Tanners Brook. The needs of the children and what parents want will be the most important part of our considerations. The options for these children will be to:

- Remain in Tanners Brook mainstream with support from the Specialist Teacher Advisory Service
- Move to the new resource base at Newlands Primary School
- Move to another mainstream school with support from the Specialist Teacher Advisory Service

The effect on other schools within the area

Beyond that of Tanners Brook Primary, this proposal will not impact other Southampton schools.

9. Admissions

Admissions to Newlands Primary School resource base for hearing impairment will follow the Local Authority's protocols for admitting children with Education, Health and Care Plans.

10. Transport

Home to school transport will be provided in accordance with the Home to School Transport Policy, May 2020.

11. Project costs and an indication of how these will be met, including how long term value for money will be achieved.

The Local Authority has a statutory duty to ensure that there is a sufficient supply of school places in its area for children of school age. In addition all children and young people are entitled to an appropriate education, one that is appropriate to their needs, promotes high standards and the fulfilment of potential (SEND, Code of Practice 2015).

Children placed in a resource base attract base funding of £10,000 per pupil plus top up costs according to need.

Due to the complexity of their needs, if no places are available at Newlands Primary School resource base, it is likely that the children identified as needing a place will have to be educated in an alternative school out of city, either Local Authority maintained or independent. The former school will attract the same level of funding as Newlands Primary School and will require pupils to spend avoidable time and discomfort in travelling. Independent Special Schools cost significantly more, in the region of £70,000 per place, per annum (including travel costs), and again will have the negative impact of daily travel on the child and additional transport costs.

Long term value for money will be achieved through the greater capacity to meet the needs of children with special educational needs and disabilities locally.

12. Implementation plan

The proposal requires the full construction of the resource base at Newlands Primary School. It is anticipated that the building works will be completed by July 2022, ready for opening in September 2022.

If the proposal is agreed by Southampton City Council Cabinet members, it is intended that the change will be implemented from 1 September 2022.

13. Related proposals

This proposal is linked to the closure of the resource base for hearing impairment at Tanners Brook Primary School. As an academy, the school is required to follow a separate process.

The closure of the provision at Tanners Brook will coincide with the opening of the provision at Newlands Primary School; both are proposed to take effect from 1 September 2022.

14. How can I make my views known?

Any person may object to, express support for, or make comments on the proposal, within 4 weeks of the publication of the statutory public notice by:

- Sending an email to: clodagh.freeeston@southampton.gov.uk
- Writing to: Clodagh Freeston,
Education Services,
Southampton City Council
North Block
Civic Centre
SO14 7LY

15. What happens next?

The following table sets out the key dates for the consultation and decision making. At any point the proposal may be withdrawn. The dates set out below meet the Department for Education requirements for consultation on school organisation proposals.

School organisation process	Date
Public Notice published	15 October 2020
Statutory consultation (representation stage)	15 October 2020 – 18 November 2020
Decision required, no later than	18 January 2020
If approved, resource bases opens	1 September 2022

Proposal for Prescribed Alterations (Maintained School)
 Consultation to establish a resource base for hearing impairment
Newlands Primary School
 Appendices

Appendix 1

The SEN Improvement Test

Section 39 of the School Organisation Maintained Schools, Annex B: Guidance for Decision Makers (January 2014) states:

In planning and commissioning SEN provision or considering a proposal for change, LAs should aim for a flexible range of provision and support that can respond to the needs of individual pupils and parental preferences. This is favourable to establishing broad categories of provision according to special educational need or disability.

Decision-makers should ensure that proposals:-

<p>i)take account of parental preferences for particular styles of provision or education settings;</p>	<p>The proposals are to expand provision for children with a hearing impairment in line with current parental preference in Southampton.</p> <p>Newlands Primary School is highly regarded by parents.</p> <p>The increase in availability of provision would increase choice for parents and pupils.</p>
<p>ii)take account of any relevant local offer for children and young people with SEN and disabilities and the views expressed on it;</p>	<p>Southampton is committed to promoting integration between special educational provision and mainstream settings, health and social care provision to promote well-being and improve the quality of provision, in line with the SEND Code of Practice 2015.</p> <p>The consultation process will involve all interested parties and will take account of the Local Offer and all views expressed</p>
<p>iii)offer a range of provision to respond to the needs of individual children and young people, taking account of: collaborative arrangements (including between special and mainstream); extended school and Children’s Centre provision;</p>	<p>Newlands Primary School will offer bespoke packages of integrated provision to meet the specific needs of each child in the base.</p> <p>The school works as part of the network of mainstream schools in the city offering a continuum of provision from mainstream to specialist education.</p>

<p>regional centres (of expertise) and regional and sub-regional provision; out of LA day and residential special provision</p>	
<p>iv) take full account of educational considerations, in particular the need to ensure a broad and balanced curriculum, within a learning environment where children can be healthy and stay safe;</p>	<p>Newlands Primary School was judged to be Good at its last Ofsted inspections.</p> <p>The school works in partnership with other services and the mainstream sector to ensure that children are afforded opportunities to enable them to achieve their full potential.</p>
<p>v) support the LA's strategy for making schools and settings more accessible to disabled children and young people and their scheme for promoting equality of opportunity for disabled people;</p>	<p>The proposal has due regard to the Southampton City Council policy statement on Disability Equality and to the Children and Families Directorate accessibility strategy.</p> <p>This proposal sits within a comprehensive strategy for managing the ever increasing range and breadth of SEND. Increasing accessibility and promoting equality of opportunity is a central theme within that strategy.</p>
<p>vi) provide access to appropriately trained staff and access to specialist support and advice, so that individual pupils can have the fullest possible opportunities to make progress in their learning and participate in their school and community;</p>	<p>The establishment of the resource base and its subsequent addition of places at Newlands Primary School will provide access to specialist support to more pupils in Southampton.</p>
<p>vii) ensure that appropriate full-time education will be available to all displaced pupils. Their statements of special educational needs must be amended and all parental rights must be ensured.</p>	<p>This proposal does not displace any pupils currently on-roll at the school.</p>
<p>Other interested partners, such as the Health Authority should be involved.</p>	<p>Southampton is committed to promoting integration between special educational provision, health and social care provision to promote well-being and improve the quality of provision, in line with the SEND Code of Practice 2015.</p> <p>The consultation process involves all interested parties and takes account of all views expressed on it.</p>


Equality and Safety Impact Assessment

The **public sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with section 17 of the Crime and Disorder Act and will enable the council to better understand the potential impact of the budget proposals and consider mitigating action.

Name or Brief Description of Proposal	Newlands Primary School – Resource Base for children with a hearing impairment
Brief Service Profile (including numbers affected)	<p>This assessment has been undertaken to support proposals to expand and reconfigure specialist educational provision in Southampton.</p> <p>The numbers and complexity of children with special educational needs and disability (SEND) has been increasing both nationally and locally for the last 10 years.</p> <p>Southampton, in recent years, has seen an increase in the number of pupils with complex needs relating to their hearing impairments. Whilst the needs of the majority of these pupils can be met in mainstream schools, a number require more specialist provision. In order to meet the needs of primary aged hearing impaired pupils, it is proposed to open a new purpose built resource base at Newlands Primary School to cater for pupils aged between 4 and 11. The total number of places available will not exceed 14.</p>
Impact on different groups	<p>Age – Positive impact</p> <p>The proposal to create a new dedicated resource base for children aged 4-11 with a hearing impairment will provide high quality provision tailored to the needs of these pupils with an understanding of the specific needs of this age group. This provision will ensure that pupils needs can be met within the city without having to travel or be placed in residential provision away from home.</p> <p>Gender – Positive impact</p> <p>The facility will be co-educational ensuring that girls and boys are treated equally and have the same opportunities.</p> <p>Disability – Positive impact</p>

	<p>This proposal is part of a wider set of reforms which aims to provide a more comprehensive continuum of provision from increased inclusion of children with disabilities in mainstream schools, a specialist offer within a mainstream setting (Mainstream+ options and Resourced Provisions) and increased specialist provision within special schools.</p> <p>This will provide children and families with a greater range of options and enable many children with disabilities to access the wider provision that a mainstream setting can offer.</p> <p>Ethnicity, religion or belief – Neutral impact</p> <p>It is not anticipated that this proposal will impact differently on any cohorts of children based on ethnicity, religion or belief.</p> <p>Geography – Negative impact</p> <p>Meeting the needs of specific cohorts of children, requiring more specialist provision will be attending a school outside of their immediate catchment area. As a result, most children have to travel to school and are not educated alongside their local community.</p> <p>Whilst the resulting geographical spread of specialist provision will as a result be little changed to the current provision the proposals do not provide the opportunity to reduce the negative impact of children having to travel to school and be educated away from their local community.</p>
Summary of Impact and Issues	With an increase in resource base school places available all children who require this type of environment will be able to access it.
Potential Positive Impacts	A more flexible, child centred continuum of provision will provide a wider range of options than is currently available to ensure that children's needs can be met and parents' preferences honoured. Additionally, this proposal means children's needs can be met within Southampton, reducing the need for costly out of county independent specialist placements.
Responsible Service Manager	Clodagh Freeston – Service Manager – Education Strategy Planning and Improvement
Date	10.11.20

Approved by Senior Manager	Derek Wiles
Signature	
Date	18.11.20

Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
Age	<p>No increase planned in primary provision</p> <p>Drive for increased inclusion will impact on mainstream schools</p>	<p>Primary numbers should decrease over the next 5-10 years due to falling birth rates.</p> <p>Inclusion Charter, audit and kite mark to be developed to encourage all mainstream schools to become more inclusive</p> <p>Provide enhanced support to mainstream schools to ensure staff have the confidence and competence to manage an increasing complexity of need</p>
Disability	<p>The proposal will impact children with a hearing impairment who are currently attending the resource base at Tanners Brook and any potential future pupils. There are currently six pupils attending the resource base at Tanners Brook.</p>	<p>The needs of children with a hearing impairment will continue to be met. Children currently attending the Tanners Brook resource base will have the option to:</p> <ul style="list-style-type: none"> a) Remain in Tanners Brook mainstream with support from the Specialist Teacher Advisory Service b) Move to the new resource base at Newlands Primary School c) Move to another mainstream school with support from the Specialist Teacher Advisory Service <p>Eligible needs will continue to be met in line with the child's EHCP for all options.</p> <p>Home to school transport will be provided in accordance with the Home to School Transport Policy, May 2020 where appropriate.</p>

	Increased inclusion may initially result in discrimination and bullying	Steps will be taken to ensure all pupils moving to a new provision are supported and to minimise the risk of any bullying in line with school anti-bullying policies. Increased awareness, understanding and exposure to children with a wide range of needs within the context of a social model of disability will in time result in greater acceptance of all
Gender Reassignment	No negative impact identified. Pupils with gender dysphoria experience greater social, emotional and mental health difficulties compared to pupils without gender dysphoria.	Increased provision at secondary age supported by an increase in awareness, understanding across all ages will ensure that the needs of this group of CYP will be better supported in the future
Marriage and Civil Partnership	No impact identified	N/A
Pregnancy and Maternity	No impact identified	N/A
Race	No impact identified	N/A
Religion or Belief	No impact identified	N/A
Sex	As there are more males with disability, the proposals will have greater impact on males.	Ensure new builds provide a range of classroom options to support segregation if and when this may be required
Sexual Orientation	No impacts identified	N/A
Community Safety	Pupils with behaviours that challenge will be managed within the city.	Some pupils may continue to need to be out of the city for their own safety and that of others
Poverty	No negative impacts identified	N/A

Other Significant Impacts	None	

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DECISION-MAKER:	CABINET
SUBJECT:	CLEAN GROWTH FUND
DATE OF DECISION:	15 DECEMBER 2020
REPORT OF:	COUNCILLOR LEGGETT CABINET MEMBER GREEN CITY AND PLACE

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director of Place	
	Name:	Kate Martin	Tel: 023 8083 4670
	E-mail	Kate.Martin@southampton.gov.uk	
Author:	Title	Energy Manager	
	Name:	Jason Taylor	Tel: 023 8083 2641
	E-mail	Jason.taylor@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY
This report provides information on the proposed Southampton City Council Clean Growth Fund (CGF). It seeks permission to proceed with the programme and approval to spend a total £1.17 million for the proposed Phase 1 works.
The Southampton City Council (SCC) CGF is a £20 million capital spend to deliver energy efficiency and renewable energy projects in the councils non domestic buildings. The CGF will be matched 50/50 between Southampton City Council and Salix Finance Ltd.
Salix Finance Ltd provides interest-free Government funded loans and grants to the public sector to improve energy efficiency, reduce carbon emissions and lower energy bills.
In February 2020 the council agreed to fund 50% of the programme delivery over a 5 year period subject to spend approval for each phase, based on a satisfactory business case and Salix compliance criteria being met.
The CGF will deliver energy and carbon savings using the Salix recycling fund model, which means at least 75% of the savings will be reinvested in further energy saving measures.
This is an important project in support of the Green City Charter and provides a cost effective way to help as a further step in the journey towards the commitment for SCC's commercial buildings and assets to be net zero carbon by 2030.
RECOMMENDATIONS:
(i) To approve capital expenditure of £1.17 million from the existing Clean Growth fund capital scheme to be funded £0.59M from Contributions, £0.39M from Council Resources and £0.20M from Grants.

	(ii)	To delegate approval to Executive Director of Finance and Commercialisation in consultation with Executive Director of Place to approve the terms and conditions agreement with Salix Finance to enable the drawdown of money in phase 1.
	(iii)	To delegate approval to the Executive Director of Finance and Commercialisation, following consultation with the Executive Director of Place to secure additional grant funding or to approve changes to the delivery of phase 1 if required.

REASONS FOR REPORT RECOMMENDATIONS

1.	Southampton City Council (SCC) electricity prices have risen by almost 100% in 8 years. Industry forecasts suggest a similar rise in the coming years due to wholesale energy price rises and additional increases to the fixed costs included in the price of energy.
2.	Annual spend on electricity and gas in SCC commercial buildings in 2019-20 was £4.2 million (£3.5 million on electricity and £0.7 million on gas).
3.	This project is an opportunity for SCC to increase the energy performance of its corporate buildings as well as invest in and improve the value of its stock.
4.	In 2019-20 SCC emitted 9,400 tonnes of CO ₂ from its non-domestic buildings' gas and electricity use. The council's Green City Charter, adopted in June 2019, states that SCC non-domestic buildings will be net zero carbon by 2030. The proposed fund will assist the council with minimising its impact on the Climate Emergency, declared by council September 2019.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.	<p>The option to deliver the Clean Growth Fund (CGF) without involving Salix Finance Ltd) was considered. The Council could fund these measures through capital borrowing without contributions from Salix. Under this option the net saving generated is higher in the early years of the project as the financial arrangement benefits from not having to repay the initial capital outlay into the CGF.</p> <p>However, this option has been rejected because in the long-term it will be more beneficial to the council to recycle the savings generated into future projects, these can then be funded without the need for additional financing. This option also increases the overall borrowing liability for the authority.</p> <p>The proposed option; where the CGF will be matched 50/50 between Southampton City Council and Salix Finance Ltd. ensures that the match funding provided by Salix is interest free which reduces annual financing costs. This has a positive benefit once the repayments to the fund have been made i.e. over the return on investment period. The repayments can then be used to fund additional energy and carbon saving projects generating further financial and carbon savings. It is estimated under the CGF model that the net saving to the general fund is higher from year 8 onwards.</p> <p>Further detail on the recommended 100% borrowing option against the Salix Financed model can be found in Section 10 Finance and Funding, Option 1 appraisal in the attached Business Case report.</p>
6.	Carbon offsetting to reduce the council's impact on the climate emergency. The council could pay other organisations or develop projects that would offset the council's carbon emissions generated from its own building's gas and electricity usage. However, the council believes that first it should reduce carbon

	emissions from its own buildings and streetlighting, then only use cost effective proven carbon offsetting as a last resort to offset those emissions it's unable to mitigate with onsite energy reduction or renewable generation.
7.	Do nothing. The Climate Emergency, declared by council September 2019, clearly states that the council must act now to reduce its impact on the ongoing climate emergency. In addition, energy costs continue to rise and by reducing annual grid based energy consumption the impact of future price rises can be mitigated.
DETAIL (Including consultation carried out)	
8.	The council approached Salix Finance Ltd to discuss investment opportunities in energy reduction within council buildings and assets. Salix proposed a £20 million fund to help deliver the council's Green City commitments, 50% of which would be matched by Salix Finance Ltd using the recycling fund conditional grant process.
9.	The council had agreed to meet the remaining 50% subject to approval to spend for each phase which will be based on a satisfactory business case and Salix compliance criteria being met. The £20 million Clean Growth Fund was included in the capital programme as part of the Medium Term Finance Strategy approved at full council in February 2020.
10.	The CGF projects will deliver energy efficiency, onsite renewable energy generation and battery storage to control future energy costs and reduce carbon dioxide (CO ₂) emissions for SCC's corporate assets. The corporate assets cover all non-domestic buildings including SCC schools and streetlighting.
11.	It will include a management fee per phase to cover revenue costs enabling the project to be resourced effectively and to incorporate energy awareness, training, monitoring and evaluation.
12.	This report seeks approval for 75% of the annual Salix compliance energy cost savings to be recycled back into the CGF to enable further reinvestment in low carbon technology. This amount meets the Salix compliance criteria.
13.	The CGF projects will: <ul style="list-style-type: none"> • Require a 10 year Return on Investment (ROI), the savings are reinvested into the fund based on a 12 year project repayment period, to meet Salix compliance. Projects that do not meet the 10 year ROI can utilise funding directly by SCC either via grant or other funding, if the needs are beneficial. Additional funding opportunities, such as grants, are covered in detail in Section 10 Finance and Funding in the attached Business Case report. • Deliver cost avoidance / savings from end of year one post project commissioning • Have a proven and fully auditable financial and technical model which is verified / signed off by the energy team, Salix Finance Ltd internal technical team and their preferred consultants.
14.	It is intended that Phase 1 will be delivered using existing SCC framework contracts or compliant external frameworks (particularly for solar photovoltaic and battery works).

15.	The estimated phase 1 timeline is shown below:	
	No	Key milestones – Phase 1
	1	Project Approval 15 th December 2020
	2	Procurement Completion March 2021
	3	Salix formal commitment March 2021
	4	Place Order March 2021
	5	Project on site May 2021
6	Project Completion September 2021	

RESOURCE IMPLICATIONS

Capital/Revenue

16. Capital and revenue implications are covered in Section 10 Finance and Funding in the attached Business Case report. A summary of the business case information is shown below.

17. The £20 million CGF was included in the capital programme as part of the Medium Term Finance Strategy approved in February 2020. At that time approval to spend was not provided and therefore each phase is required to obtain approval to spend based on a satisfactory business case and Salix compliance criteria being met. Approval to spend for the first £1.17M is being sought as part of this report based on the accompanying business case.

18. Under the Salix Finance Ltd recycling funding arrangement the financial savings generated must be repaid into the CGF until the original capital outlay has been reimbursed. The repayments into the fund are based on the Salix project criteria and can be paid at a rate of 75% of the saving generated until the original outlay is covered. Therefore 25% of the saving is recognised in the revenue budget from the start of the project less any financing and maintenance costs. The full revenue impact over financial years is presented in the accompanying business case.

19. Total pre-tender estimates are provided in table 1 below. These figures include contingency and the management fee for resource, training and reporting requirements.

20.					
	Description	Estimated Gross Saving	Estimated Project Cost	Payback (Years)	Tonnes CO₂ Savings
		£000	£000		
	Total Technology	115	1,020	10	200.5
	Management fee		153		
Total Project Cost	115	1,173	10	200.5	

Table 1 – CGF summary business and environmental case

<u>Property/Other</u>	
21.	Property implications are covered in detail within Section 4 Proposed Solution in the attached Business Case report. The following is a summary of the business case information.
22.	SCC commissioned Npower to undertake energy audits for the buildings chosen for phase 1 of the programme. Energy audits have been completed on One Guildhall Square (OGS), City Depot and Marlands multi storey car park (MSCP).
23.	The three buildings within the initial audit were chosen as they comprise some of the largest energy consumers under council management that can be easily monitored and evaluated before, during and after works have been completed. It also provides a sound basis to develop the CGF methodology to enable significant scaling up within further phases.
24.	Phase 1 proposes a range of energy and carbon saving measures for City Depot, Marlands multi storey car park and One Guildhall Square Additional information on the benefits and detail can be found in Appendix 1, Business Case – Salix Clean Growth Fund
25.	Maintenance implications are dealt with within the appended business case document.
26.	The implementation and oversight of the CGF will be overseen by the Head of Service for Property, who will report to Executive Director of Place and Cabinet Member for Green City and Place. Reporting and governance will be undertaken via the Green City Programme Board.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
27.	S1. Localism Act 2011 permits the Council to enter into the arrangements set out in the report, subject to complying with all relevant financial procedure rules .
<u>Other Legal Implications:</u>	
28.	N/A
RISK MANAGEMENT IMPLICATIONS	
29.	The key project risks have been identified as part of developing the phase 1 business case. A full assessment along with mitigating actions can be found in Appendix 1.
POLICY FRAMEWORK IMPLICATIONS	
30.	The CGF is an invest to save recycling fund that will support and deliver council outcomes in the following policies: <ul style="list-style-type: none"> • Southampton City Strategy 2015- 2025: delivering whole place thinking and innovation • Corporate plan 2020 -2025: Green City and Wellbeing (improving the energy efficiency of school buildings) • Green City Plan 2030 - to ensure the council corporate assets and streetlighting become zero carbon by 2030. The corporate assets cover all non-domestic buildings including SCC schools and streetlighting. • Clean Air Strategy 2019 – 2025: promoting sustainability

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:		
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Business Case – Clean Growth Fund	
Documents In Members' Rooms		
1.	None	
2.		
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)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		
2.		

Full Business Case

Document reference information

Project	Clean Growth Fund
Programme	Green City Charter
Project Sponsor	Kate Martin
Project Manager	Jason Taylor - Energy Manager
Version number	V3
Version date	27-11-20

1. Executive summary

This report provides background information and details the business case for the proposed Southampton City Council (SCC) Salix Clean Growth Fund (CGF). It seeks authorisation to proceed with the proposed programme of works and provides evidence for the approval to spend cabinet paper, based on Phase 1 works.

The CGF proposal came out of a meeting between Salix Finance Ltd¹ and the Council to discuss energy related investment opportunities within council corporate (non domestic) buildings and assets. Salix proposed a £20 million fund to help deliver energy and carbon savings to meet the council's Green City commitments to be net zero carbon by 2030. Up to 50% of the fund would be matched by Salix Finance Ltd using the Salix Decarbonisation Fund (SDF). The council had agreed to meet the remaining 50% subject to approval of each phase to spend, based on a satisfactory business case and Salix compliance criteria being met. The £20 million gross and £10 million net SCC funded Clean Growth Fund was included in the capital programme as part of the Medium Term Finance Strategy approved in February 2020. Each phase will be required to obtain approval to spend based on a satisfactory business case and Salix compliance criteria being met.

In principle, the CGF will replace the existing Southampton City Council (SCC) Salix Energy Efficiency capital programme (recycling fund), which is outlined in [Appendix 1](#). Its proposed that the CGF remains an invest to save fund but will increase low carbon investment in the council's non-domestic buildings and assets. The CGF will deliver energy efficiency, onsite renewable energy generation and battery storage to control future energy costs and reduce carbon dioxide (CO₂) emissions for SCC's commercial assets. It will include a management fee per phase to cover revenue costs of the project enabling the project to be resourced effectively and to incorporate energy awareness, training, monitoring and evaluation. In addition, at least 75% of the annual Salix compliance energy cost savings will be recycled back into the CGF to enable further reinvestment in low carbon technology.

The existing SCC Salix Energy Efficiency capital programme has been running since 2006 and has focused on delivering energy efficiency projects. It has successfully enabled the council to invest in carbon saving projects and improve the efficiency of council assets but has suffered from a lack resource to deliver new projects over the past three years. Under CGF there is greater scope to fund larger projects (including renewables and battery) which will enable SCC to deliver its carbon targets, revenue savings and demonstrate community leadership.

2. Strategic Fit

The CGF is an investment model that will help to deliver the council's Corporate Plan, and the Green City Charter's ambition to ensure council corporate assets are net zero carbon by 2030. The corporate assets cover all non-domestic buildings including SCC schools and streetlighting.

¹ Further information on Salix Finance Ltd, along with the existing Salix Energy Efficiency programme SCC can be found in [Appendix 1](#). Its recommended [Appendix 1](#) is read prior to reading on as this provides useful information to help understand the proposed CGF.

Revenue cost savings associated with the consumption of energy², along with carbon dioxide (CO₂) savings, will be delivered by CGF. The financial model aims to ensure that additional financial savings, over and above those required to be recycled back into the fund, are achieved. These additional savings should be achieved by including measures that generate savings higher than minimum repayment back into the fund and by not including energy price inflation over the term of the payback period. This not only reduces risk but should enable SCC to make revenue savings by the end of the year from when the first measures are installed. All savings, including any additional financial savings, will be confirmed within an annual CGF report to senior managers and Members. The current plan is to report savings each August, once full data is available, for the preceding financial year.

	Yes	No	Council outcome(s) impacted	Focus area(s)
Will this impact across the council/partners/multiple departments?	x		Carbon and revenue cost savings. Green City Charter zero carbon commitment and the Corporate plan	Corporate buildings and fixed assets
Will this impact on service users and/or protected groups (equalities)?		x		
Is there potential for significant political/financial/reputational impact?	x			
Will this mean we collect, store or use our data differently?	x		Carbon reporting, monitoring and evaluation methodology will change. Transparency of the data is key for internal and external reporting.	Electricity, gas, district heat and district cooling data. Use of national agreed carbon dioxide emission factors.

3. Background

Why is it important to address this?

- Southampton City Council (SCC) electricity prices have risen by almost 100% in 8 years due to continued increases in both the wholesale energy price and increases in the fixed costs associated with energy and particularly electricity. Forecasts suggest a similar rise in the coming years as the fixed price elements of energy bills increase.

² electricity, gas and district heat and district cooling

- Total general fund annual spend on electricity and gas in SCC commercial buildings in 2019-20 was circa £5 million (£3.5 million on electricity, £0.7 million on gas, £0.6 million on district heat and £0.2 million for district cooling).
- SCC emitted 11,400 tonnes of CO₂ from its non-domestic buildings' gas, electricity and district heat and cooling use in 2019-20. The council's [Green City Charter](#), adopted in June 2019, states that SCC non-domestic buildings will be net zero carbon by 2030. This is more ambitious than the national target; where the government have pledged to achieve net zero carbon by 2050. The proposed fund is key to helping the council minimise its impact on the Climate Emergency, declared by council September 2019 and will implement an effective action plan to reduce the council's carbon emissions.
- SCC currently has a Salix Energy Efficiency Recycling Fund³ to deliver energy efficiency works, which has been operational since 2006. Annual savings from the existing Salix Energy Efficiency Recycling Fund, without energy price inflation, are circa £300k, which equates to a 4 year payback on £1.2 million investment. Whilst annual carbon savings, without any deflation on carbon grid factor, are 1,600 tonnes of CO₂. This fund has historically proved a successful way to deliver energy and CO₂ savings. However, since the loss of the Carbon Reduction Officer post as a result of cost cutting redundancy, there is no resource to deliver wide scale energy efficiency or renewables projects across the council's buildings. This has meant the existing Salix fund has underperformed against targets set annually by Salix Finance Ltd in recent years.
- CGF will enable SCC to upscale energy and carbon reduction projects in its non-housing assets. The fund will focus on properties that rely on grid based energy consumption⁴ and associated greenhouse gas emissions (measured in CO₂). It will also help SCC to minimise its impact on future energy price rises and to mitigate its ongoing impact on climate change. By acting now, early cost savings can be maximised, and it will have a positive impact on other essential council services.
- The CGF will provide additional benefits that carbon offsetting or delivering renewables outside of the city boundary would not offer. Additional benefits should include improved working spaces, lower maintenance liability and improved asset value.
- £20 million (gross) capital budget was approved at Full Council 26th February 2020, which consists of £10 million of SCC and £10 million of Salix Finance Ltd 50-50 match funding.

4. Proposed Solution (Full Business Case)

The current Covid 19 pandemic has meant that it has not been possible to secure full on site surveyed quoted costs for all measures; consequently the anticipated maximum estimated pre tender costs based

³ See [Appendix 1](#) for further information on the existing recycling fund.

⁴ Grid based energy consumption is more carbon intensive

on expert knowledge and initial contractor quotations have been used. The pre tender estimates are high but will ensure the business case can be met by the delivery of the measures. This also provides additional contingency.

SCC plan to utilise the Salix Finance Ltd funding, to deliver projects under the SCC Clean Growth Fund (CGF):

- That require a 10 year technical return on investment (ROI) and can stretch to a 12 year project repayment period
- That deliver cost avoidance / savings from end of year one post project commissioning
- With a proven and fully auditable financial and technical model which is verified / signed off by Salix Finance Ltd internal technical team and independent consultants.

The recommended CGF proposal will:

- Deliver a whole building approach to energy and carbon reduction within SCC non-domestic buildings and street lighting. To reduce annual revenue costs for energy, whilst delivering on the Green City Charter and climate emergency requirements.
- Provide a total gross of £20 million Clean Growth Fund capital for investment in compliant energy efficiency and renewable energy projects within SCC's assets. This is currently proposed over 5 years. The works will be delivered in phases, with each phase's funding being approved both internally and by Salix Finance Ltd, commencing with Phase 1 within financial year 2020-21.
- Comply with the conditions of the grant, which stipulate that the works:
 - deliver a payback on investment within 10 years
 - meet the cost per tonne of carbon dioxide emissions over the lifetime requirements of £383 per tonne of CO₂ saved
 - reinvest the required energy (gas, electricity, heat and chilled water) related revenue savings into further energy measures using a recycling fund model.
- Make use of and enable the identification of external funding that can be utilised to offset the general fund capital. The Energy Team have identified an ERDF fund that could provide grant funding of £200k for phase 1 based on the application made in March 2020. Formal notification of application success has been delayed due to Covid 19 and is expected in autumn / winter 2020. Salix also have a £1 billion one off Public Sector Decarbonisation Scheme grant announced September 2020 that SCC will be applying for by 11th January to provide additional grant options. See the finance section below for further information.
- Ensure that direct staff (including project management), training and behaviour change resources to deliver the programme are covered by the fund management fee, which is up to 15% of the total fund value (based on the Salix compliance criteria). The fund management fee will be used to raise awareness of energy and wider sustainability to key stakeholders, which will enable the savings to be maximised and delivered effectively. The management fee is covered by the overall project costs but sits outside of the 10 year ROI compliance criteria.

Phase 1 year one proposal – Clean Growth Fund – buildings

Phase 1 buildings include City Depot, Marlands multi storey car park and One Guildhall Square (OGS). These three buildings were chosen as they are some of SCC’s largest energy consumers⁵. They can be easily monitored and evaluated before, during and after works have been completed. Phase 1 provides scope to develop the CGF methodology sufficiently to enable significant scaling up of further phases.

The initial financial model provided desktop assumptions developed in summer 2019. This assessment focused on indicative savings for both energy efficiency and solar photovoltaic electricity generation (rooftop solar panels).

Further detailed surveys and site assessments were carried out to ascertain the specific buildings’ estimated saving potential. Npower Business Solutions consultants and a solar photovoltaic (PV) specialist from Southampton University (Dr Phil Wu) were employed to provide energy and renewable power site audits. Tesla Energy Products have also provided information on battery storage analysis and solutions. Trend Controls Ltd (Anthony Dann) was also consulted on the building management systems cost and feasibility at OGS. The results of which have been assessed by the Energy Manager and Salix Technology Team.

SCC commissioned Npower to undertake energy audits for the first three buildings chosen for phase 1 of the programme. Energy audits have been completed and identified energy saving or electrical generation measures on, City Depot, Marlands multi storey car park (MSCP) and OGS.

City Depot has an existing solar PV array generating renewable electricity with scope for further arrays, whilst OGS and Marlands MSCP have opportunities for energy reduction and installation of solar PV. City Depot and Marlands MSCP are also able to incorporate battery storage solutions to maximise on site electricity generation and use, whilst providing opportunities to shift the grid demand load for electricity. Thus, providing future cost saving and CO₂ reduction benefits.

The 2019-20 energy costs and carbon dioxide emissions (CO₂) are shown in table 1 below

Site	Tonnes CO ₂	Costs
City Depot	332	£146,799
Marlands MSCP	70	£41,651
OGS	484	£237,874
Total	886	£445,185

Table 1 - Total CO₂ and cost per site pre measures

Site Measures – breakdown of costs and savings

⁵ The civic centre was excluded at this stage due to the diverse nature of activities undertaken from a single electrical supply, which would have made it difficult to evaluate the success of individual energy efficiency / generation measures.

The below figures show the breakdown of the proposed site measures identified along with costs and savings. The measures were identified by the Npower consultants in conjunction with the Energy Manager.

The estimated costs and savings have been updated, where required, using the most up to date energy data and firmer installation costs. Further information relating to the measures can be found in the Final Npower Audit Report and the updated figures or calculations of each measure are covered below.

In addition to the technical measures its proposed that energy awareness is undertaken within the sites to enable day to day management savings to be achieved. Awareness training will be focused on operational site staff who manage the buildings along with a generic campaign for other site occupants. The savings equate to 0.8% of total cost reduction at all sites within phase 1. This is a low estimate to ensure it can be reported costs of delivery.

Table 2 below shows the overall figures for energy awareness, which is a separate measure to those on each specific site. As the cost of this measure will be included within the management fee we will not be directly requesting Salix to undertake compliance checks on this measure and therefore any actual savings delivered would add value to the business case for the sites. The below savings have been included within the final business model for internal use.

Energy Awareness measure	Annual cost Saving	Estimated Project Cost	Payback (Years)	Annual CO₂ Savings
All Phase 1 sites	£3,652	£2,000	1	7

Table 2 – Energy awareness savings

City Depot Investment Measures

Energy reduction measures	Annual cost Saving	Annual kWh saving	Estimated Project Cost	Payback (Years)	Annual CO₂ Savings
Install solar PV roof mounted 101kWp	£14,118	95,950	£70,700	5	24.5
LED Lighting install stairways	£245	1,664	£1,600	4	0.5
CITY DEPOT TOTAL	£14,657	99,614	£72,300	5	25

Table 3 – City Depot measures costs and savings

City Depot’s current electricity usage continues to increase on site and even during the pandemic consumption levels are consistently high. Due to the mixed operational nature of this 24 hour manned site the electrical baseload is higher than a standard office. The site already has a 55kWp solar PV array installed, which reduces energy costs by over £7k per annum.

It is advised that an installation of a 101kWp of solar PV will generate electricity for large periods of the year, thus stabilising energy spend and reducing carbon emissions. The cost here is shown for a roof mounted scheme on the remaining rooftops at the depot, however, there is also scope to include a PV array that could be mounted on a car port type system above the dustcart parking area. Costs for both options are available.

Electrical demand on this site will increase as electric vehicle charging is becoming more prevalent. There are plans to increase charge points and therefore available electrical capacity at the site. The energy team are working with the sustainable transport team and fleet to ensure the financial and environmental benefits of onsite renewable generation are maximised.

There is also a standard lighting control measures included to reduce lighting times on the stairwells. Lighting is currently on 24 hours per day 365 days per year.

Within each measure heading the actual Salix defined estimated lifetime of the technology is stated. This figure is used within the Salix compliance methodology to understand the likely lifetime CO₂ and financial savings.

City Depot Measures Savings Calculation Methodology

Install solar PV roof mounted 101kWp – indicative lifetime 22.5 years

The ABSOLAR (Southampton University solar spinoff company) costs and calculation summary is below.

Solar PV to be installed at City Depot on cycle store (18kWp), Balfour site offices (21kWp), remaining main office (36kWp) and salt barn (26kWp), which comprise:

Size of PV systems	101 kWp
Installation cost (unit)	£700/kW
PV production efficiency	950 kWh/kW
Power used locally	100%
PV degradation	1%/ year
Total project cost	£70,700
Total kWh generation	95,950 kWh year 1
Current tariff	14.4 p/kWh rounded down

LED Lighting install stairways - indicative lifetime 25 years

City Depot 38w x 8 fittings = 2663kWh/Annum

City Depot 50% saving from replacing fittings with LED plus 25% saving from controls

LED saving = 2,663x0.5 = 1,331.5

LED + controls saving = 1,331.5 +(1,331.5x0.25) = 1,664kWh

Capex install of 8 light fittings with control £200 each:

City Depot = £1,600

Marlands Multi Storey Car Park Investment Measures

Marlands MSCP Measures	Annual cost Saving	Annual kWh saving	Estimated Project Cost	Payback (Years)	Annual CO ₂ Savings
Install solar PV Car ports 168kWp	£29,165	192,000	£252,000	8.64	49
Install light control	£8,712	57,351	£50,000	6	15
Install battery storage system	£0	0	£96,449	-	-
Marlands MSCP TOTAL	£37,877	249,351	£398,449	11	64

Table 4 – Marlands MSCP measures costs and savings

Marlands car park electricity usage is primarily for lighting. The site is shut to the public overnight, and there are periods during the day where natural daylight means lighting can be switched off by incorporating improved control.

There are also 6 electric vehicle (EV) charge points, with more planned in the coming months/ years. EV charge points will form a greater share of electrical consumption at the site in the future. This electricity will at some point be charged to the users; however, this is currently supplied free at the point of use to EV car owners.

It is advised by Npower that an installation of at least 168kWp of solar PV array would help to stabilise energy spend and reduce carbon emissions. There is also a business case from ABSOLAR for installing up to 500kW solar at the site; however, modelling of usage and battery technology shows a lower kW rated solar array would maximise investment potential. The final procurement, design and specification, delivery of the solar at this site will confirm the kW capacity of the final delivered array.

The PV array will need to be mounted on car port type system located on the top level of the car park. It is also advised, that due to the nature of the demand profile and output of this size of potential PV array, an electrical battery storage is incorporated into the solar pv design. With battery, the solar PV will provide over 70% of the onsite electrical needs. Any excess power generated will be exported under the export guarantee scheme. This has been included within the business case. This will enable much, if not all, of the power generated on site to be consumed on site; therefore improving the business case. Three options have been assessed for this site all of which are mounted on a structure that will sit above the car parking spaces on the top floors.

Marlands MSCP Measures Savings Calculation Methodology

Solar PV – indicative lifetime 22.5 years

Savings shown here are based on Npower consultant audit report January 2020 and are as follows:

Marlands Car park:

- Installed Capacity 168kWp
- 579 Modules
- Orientation 45° from south inclined 15°
- Shading assumed as none
- Local weather station data used for Direct & Diffused solar plus Temperature (Base year 2017)

- 5% Aggregated losses from module to grid
- Cost per kWp installed - £1,500
- Generation per kWp installed per annum – 1,140kWh

Lighting controls - indicative lifetime 14.7 years

This measure is identified within the Npower report; however, the figures have been changed to reflect more recent energy consumption figures and data.

Total consumption of the existing LED lighting pre measure is calculated as 178,293 kWh. This figure is based on the calculated lighting load after the delivery of Salix project - CSOU03P097 Marlands MSCP LED Lighting Replacement by Southampton City Council delivered in 2013.

The lighting is currently operational 24 / 7. However, the site is shut overnight from 12am to 5.30am, when the lighting can be fully switched off. It is calculated that this would save an estimated 5.5 hours of lighting consumption equating to a reduction of 40,859 kWh. It's also proposed that the remaining savings will be achieved by intermittent switching during the day / night when light levels are sufficiently high, and the site is unoccupied.

Measure	kWh saving
After Switch Off Overnight Savings	40,859
Including 12% saving for alternate lighting where possible	16,492
Total Lighting Savings	57,351

Table 5 – Marlands MSCP lighting kWh savings breakdown

OGS Investment Measures

OGS Measures	Annual cost Saving	Annual kWh saving	Estimated Project Cost	Payback (Years)	Annual CO ₂ Savings
Office lighting re-design	£33,154	214,859	£307,202	9	55
BMS Upgrade / Optimisation	£18,434	212,926	£180,000	10	38
Install solar PV Roof Mount 60kWp	£10,956	71,000	£60,000	5	18
LED Lighting install stairways	£228	1,498	£2,400	11	0.5
OGS TOTAL	£62,798	500,283	£549,602	9	111.5

Table 6 – OGS measures costs and savings

OGS is connected to the city centre district heating network for heating, hot water and chilled water services which is owned and operated by Engie. The site is currently operating during normal office hours. OGS current electricity usage is very stable; however, high energy usage within the building remains around lighting, office equipment and air handling/extract units. Electricity costs continue to increase while carbon emissions remain high.

Lighting is generously spread across all levels while lower occupied areas still remained well-lit.

Office areas have extensive numbers of light fittings and though there is evidence of zonal control, non-occupied areas remain lit during the day.

Full lighting re-design of the site has been instigated; including a full survey considering all locations within each office, stairways, lux levels and hours of occupancy. This will enable a control strategy to be implemented which aims to reduce the total number of fixtures required and identify the remaining lamps that will need to be replaced with an LED equivalent.

There is the potential to phase the works by completing one floor at a time and to exclude those floors that are occupied by Southampton University. Ongoing discussions are being had with the University to agree that estimated savings at the start of the project are recovered annually and reinvested into the CGF.

OGS Measures Savings Calculations

Office lighting redesign – indicative lifetime 25 years

Total consumption 1,182,859kWh

A full lighting redesign and costing exercise has been undertaken by the SCC in house electrical design engineer for floor 1 of OGS. This has been used to equate savings and costs for the remaining 4 office floors.

The existing office areas lighting load is = 281,843 kWh

The proposed LED replacement office areas lighting is = 66,984 kWh

Therefore offering a 76% reduction in the lighting load

Capex cost – to include luminaires, installation, controls, wiring, mark up = £307,202.

LED Lighting install stairways – indicative lifetime 25 years

Existing load 38w x 12 fittings = 3,994kWh/annum

OGS 50% saving from replacing fittings with new LED plus 25% saving from controls saves

LED saving= (3,994 x 0.5) = 1,997

LED + controls saving = 1,997 - (1,997 x 0.25) = 1,498 kWh

Capex install of 12 light fittings with control is £200 each totalling £2,400.

BMS Upgrade / Optimisation indicative lifetime of measure 9 years

A Sauter Building Management System (BMS) is used to control temperature and environmental conditions within the site. This current BMS has proved ineffective at enabling the efficient use of energy. It's clear there is heating and cooling operating within the same areas at times during both winter and summer periods. In addition, floor 3 has had a 24 hour operational requirement that means that, due to poor zoning, the entire site is heated and cooled on evenings and weekends when not required.

Unfortunately, there is limited control and accessibility of the existing Sauter BMS. There are also significant ongoing maintenance costs associated with this closed protocol BMS, with any major changes to the setting of parameters requiring a paid Sauter site visit and additional maintenance costs. It is recommended that an open protocol BMS system replaces the Sauter front end software and where required infrastructure is upgraded to enable improved control of building services.

Estimated savings for upgrading and replacing the BMS have been based on annual savings of 12% for geothermal heating and cooling and 5% electricity related BMS savings due to the existing poor control strategy and inability to control locally. Firmer estimates are being considered as part of specification and design. Costs are currently based on maximum anticipated based on consultant advice and post audit liaison direct with Trend Controls Ltd.

Utility Savings per annum	kWh	Cost	CO ₂
Heating	56,497	£2,722	8
Chilled Water	97,286	£6,718	15
HH electric Combined	59,143	£8,994	15
Total	212,926	£18,434	38

Table 7 – BMS savings breakdown

Install solar PV Roof Mount 60kWp indicative lifetime 22.5 years

It is also recommended that an installation of a 60kWp of solar PV is included to stabilise energy spend and reduce carbon emissions. The PV array will be mounted on the roof.

Npower consultant savings assessments using Energy Pro Software and ROI capability

- Installed Capacity 60kWp
- 207 Modules Orientation
- 0° from south inclined 20°
- Shading assumed as none
- Local weather station data used for Direct & Diffused solar plus Temperature (Base year 2017)
- 5% Aggregated losses from module to grid
- Estimated cost savings have been updated in the compliance tool using average unit rate 2019-20.
- Cost per kWp installed - £1,000

Generation per kWp installed per annum – 1,183 kWh

Procurement Solution for Delivery of Identified Measures

It is recommended that each technology type is procured under separate procurements (open tenders). A Procurement Project Plan has been instigated with SCC Procurement. The following procurement routes are sought post approval to spend for phase 1. :

- Solar PV and battery – stand-alone open tender or procurement against a compliant framework to include full design and build based on the information provided as part of the initial energy audits. There are a number of suitable frameworks that will be checked for compliance post

approval to spend. Structural Engineering will be reviewed and checked internally once detailed designs are provided by the chosen installer.

- Lighting – there is the option to utilise Housing Operations services to install all lighting based on the internal electrical engineers lighting design. This would enable all works to be delivered compliantly under the Salix Finance requirements and the Southampton first approach. If Housing Operations are not able to deliver the works in line with the Salix requirements then an external contractor will be procured.
- BMS – its proposed works will be delivered using the existing Kent Laser framework Y18003, which SCC procure all of its electricity supplies through. This covers work to be completed by our existing BMS maintenance contractor Npower Business / EON.

5. Expected benefits – Phase 1 CGF

*1 Benefit	Baseline	Measurable by
Minimum estimated 30% reduction of CO ₂ emissions across 3 x buildings	2019-20 annual consumption from all energy consumption recorded by incoming meters at each site	Recording annual energy reductions (corrected by degree day data as required) after full commissioning of the technology
Annual estimated gross revenue savings of £110k per annum from energy costs.	2019-20 annual costs from all energy consumption recorded by incoming meters at each site	Recording annual reduction (corrected by degree day data as required) after full commissioning of the technology
Annual estimated net revenue savings of £27.5k – based on 75% reinvestment of savings per annum	As per 25% of annual gross savings above	As per 25% of annual gross savings above

*1 Subject to change post procurement.

Summary of resources needed to achieve next stage

Role	FTE	Costs	Funded/Backfill/Absorb
Energy Project Officer	1 x Grade 10	£56,700	Funded by CGF admin fee
Energy Officer	1 x Grade 7-8	£43,400	Funded by Existing budgets (AG0110) and if required top up from CGF admin fee

- Initially assumed 1 x FTE Energy Project Officer grade 10 and 1 x FTE Energy Officer grade 7-8 to include coordination, project management and expert client roles in Capital Assets and Property.
- The Green City Charter budget will cover project officer resource costs in year one 2020-21 pre project commissioning. All future years will be fully funded by the CGF.

- Finance have confirmed there is budget for Energy Officer' post, which is currently in the structure as the Energy Company Officer post. Due to the sale of CitizEn Energy customers by Robin Hood Energy and subsequent closure of CitizEn the existing post will be redeployed into the Energy Officer post. The post is permanent and budgeted for within the AG0110 cost centre. The Energy Officer outputs have been agreed and awaiting post evaluation. Job Description for both posts will be approved by Property senior manager and Director of Place prior to evaluation and grading taking place. It should be noted that the Energy Officer post would be required to ensure carbon reporting and delivery of the existing energy efficiency works required even if the CGF wasn't being proposed.
- Expert client / energy project officer roles will be funded via management fee allowance of 15% of project cost in agreement with Salix Finance Ltd. Costs have been included to show proposed year one resource requirements.
- Project Management existing resource in property or provided via HCC agreement on a consultancy day / project rate basis will be utilised as required. The cost of which will be covered by the management fee.

6. Risks of recommended solution

Risk	Likelihood H/M/L	Impact	Mitigating action
Covid 19 affecting change or delays to the project	H	Medium	<p>All works will be completed in compliance with any local or national guidance or restrictions.</p> <p>Ensure all stakeholders are clearly communicated with if any changes to accessibility or works will be affected. To include but not limited to Salix, site and contractors. Delivery plan to be realigned based on local or central government guidelines.</p> <p>Sourcing of goods or services – if project will be delayed due to chosen goods or service not being available then alternative compliant products will be sought. If this cannot be achieved then the project plan will be realigned based on best knowledge and communicated to all stakeholders (this will also be undertaken if Brexit causes sourcing issues with chosen technology. Suppliers have been contacted and its unlikely this will be an issue based on discussions). See below for resourcing issues relating to project delivery.</p> <p>An assessment of energy consumption pre and post Covid suggest that the savings can still be achieved as the building’s services such as lighting and heating, cooling and ventilation included within the measures have continued to be operational during the reduced occupation of the sites. Significant savings on IT power have been made, however, these are not included within the proposed measures.</p>
Resources to deliver the project – Inexperienced staff assigned or loss of critical staff	M	High	<p>The proposed project team is or will be made up of members with a wide range of experience. Once in post the project officer (manager) / client will document the project correctly and comprehensively to enable the project to be taken forward, highlighting any resource issues to the green city board (as per governance structure). If the resources required as outlined in the previous section are not secured and delivered then the project will not meet expectations. In addition a lack of resources has already led to the existing Salix scheme halting and the loss of further grant or other funding being missed. Covid19 may impact on team availability and this will be dealt with by identifying a replacement member of each team to stand in for any absences. No allowances have been included to take account of any future Covid19 impacts; however, there has been significant rephasing needed to accommodate the impact of Covid19 during 2020.</p>

<p>Insufficient time allocated or significant project team workload – project slippage</p>	<p>M</p>	<p>High</p>	<p>There will invariably be other calls on time for all project team members. To ensure sufficient resources being available, additional contingency will be added to each key milestone and the project team will be consulted on all key milestone timelines to ensure sufficient time allocation. Any challenges with delivery will be reported to the project board and if required additional resources will be made available. There is budget for additional resources to be procured if required either internally, via the partnership with Hampshire County Council property services or external consultancy. Procurement Officers have been consulted to understand the timelines to secure contracts post financial approval. Design/specifications and scope will be passed to procurement once available. Legal have also been consulted on availability once approval has been sought.</p>
<p>Green City or Council Priorities change through project</p>	<p>L</p>	<p>Moderate</p>	<p>Climate change mitigation will continue to be a key council delivery requirement based on all political party aspirations. The project manager will ensure the Green City aspiration of zero carbon to 2030 for corporate buildings is met as far as possible by the CGF project and associated energy management work programme. Regular updates will also be provided on project development and evaluation reporting to all key stakeholders both officer and Councillors.</p>
<p>Project purpose definition, needs, objectives, costs, deliverables are poorly defined or understood</p>	<p>L</p>	<p>Moderate</p>	<p>Ensure that all project team members / stakeholders are clearly consulted on at each stage of the proposed work programme to ensure all documentation reflects accurately the requirements of the project. Ensure that all delivery team members are fully aware of the project requirements and their role in the delivery of these.</p>
<p>Consultant or contractor delays</p>	<p>M</p>	<p>Moderate</p>	<p>There needs to be sufficient contingency within the programme to allow for contractor delays. Note that future Covid19 delays haven't been included within the estimated project timeline. It is likely that Brexit will also have an impact on delivery of products and materials. This has not been factored into the existing timeline until the situation becomes clearer i.e. December 20 to January 21.</p>
<p>Estimating and/or scheduling errors</p>	<p>M</p>	<p>Moderate</p>	<p>As there will be an obligation on SCC reinvesting the savings agreed with Salix back into the fund it is imperative that the savings are not overestimated. To reduce risks of not achieving the estimates the project costs carry significant contingency and the savings will, where required, be</p>

			tempered. There is also very likely to be energy price rises over the payback term of each measure and no energy price inflation included within the business case. The current timeline is partially based on estimates due to contracts not currently being let. Once full programme schedule is agreed with the project team and contractors these will be updated.
Energy price uncertainty	M	Moderate	During the current Covid19 pandemic wholesale energy prices have fluctuated considerably and at times fallen to historical lows. SCC will be procuring new contracts for energy from October 2021. It should be noted that the current global economic uncertainty could increase or reduce energy price moving forward. If energy price increases over the term of the payback then reported savings will be exceeded; however, a reduction in energy price based on the baseline year could mean the project costs savings will not be achieved; even though the overall energy budget is reduced. All energy cost savings within the business case, for each measure, has used the average whole unit rate for energy (excluding vat) for the financial (baseline) year 2019-20. This highlights the importance of underestimating savings or at least adding contingency to the savings. It should be noted that predicted price rises at circa 4% per annum.
Measures not being viable due to unforeseen circumstances	M	Low	Each energy reduction or generation measure has been identified and checked using both site assessment and desktop information. If it becomes apparent that an identified measure cannot be delivered, for whatever reason, this will mean they will need to be cancelled with both the internal governance process and via Salix finance prior to implementation. If required, measures will be modified, or alternative measures sought to ensure expenditure and associated savings are obtained. This may include delivery of measures at another site. Any changes to the project will be identified and approval sought via all internal and Salix procedures.

7. Constraints and dependencies

Key constraints and dependencies from ongoing property team and wider council works to include:

- Roof replacement framework contract - align with proposed roofing works with potential solar PV opportunities. Sites mapped and inclusion with Phase 2 CGF delivery. Enablement works to be covered in specification.
- Repairs and Maintenance programme – align with and understand historical, ongoing and future planned works to minimise potential revenue expenditure or waste. Ensure ongoing maintenance liability is minimised where feasible.
- Green City Charter – align with key charters goals including the principle CGF project align aspiration to be net zero carbon by 2030.

8. Timescales

No	Key milestones – Phase 1	Baseline date
1	Project Approval 15 th December 2020	Known - Cabinet date
2	Procurement Completion 15 th March 2021	indicative
3	Salix formal commitment 20 th March 2021	indicative
4	Place Order 22 nd March 2021	indicative
5	Project on site 10 th May 2021	indicative
6	Project Completion 30 th September 2021	indicative

9. Costs & Investment Appraisal

The below figures are based on Phase 1 cost used for the Salix compliance business case. The figures do not include borrowing costs and ongoing maintenance, which are included in the financial model with section 10 - finance and funding.

Description	Estimated Saving £	Estimated Project Cost	Payback (Years)	CO2 Savings
CITY DEPOT TOTAL	£14,780	£72,300	5	26
Marlands MSCP TOTAL	£37,877	£398,449	11	64
OGS TOTAL	£62,798	£549,602	9	128
Total Technology	£115,454	£1,020,351	9	217
Management fee (15%)		£153,053		
Total Project	£115,454	£1,173,404	10	217

Table 8 – Overall annual figures showing total project costs including management fee – based on Salix compliance criteria

The total estimated project costs of Phase 1 at this stage are £1.17M shown in table 2. The technical range of works include solar pv and lighting upgrades at each site with improved building services controls at OGS and City Depot.

Its proposed, the management fee will cover all consultants, Energy Project Officer, monitoring and evaluation and behaviour change costs. The maximum percentage of management fee that can be included against the Salix project is 15% of total costs. The proposed management fee is set at 15% for phase 1.

10. Finance and Funding

What will happen to the existing Salix Energy Efficiency Scheme?

The existing Salix Recycling Fund managed by the council since 2006 and the new CGF (officially called Salix Decarbonisation Fund (SDF) by Salix Finance Ltd), are different funding models and have separate Terms and Conditions.

Salix are not able to open new Recycling Funds (i.e. SCC's existing fund) or add new funds to the amounts to existing recycling funds which is established under a conditional grant agreement. Closing the existing Salix fund would be the most likely option. How this will work has been outlined within [Appendix 2](#). In comparison, the CGF is based on a loan model with a 5 year fixed term (which can be extended if the funding is being well utilised). The Terms & Conditions SCC will agree with Salix cover a 5 year investment period.

Proposed CGF Funding Model – including assessed options

The CGF is for a proposed £20 million fund to help deliver energy and carbon savings to meet the council's Green City commitments to be net zero carbon by 2030. Up to 50% of the fund would be matched by Salix Finance Ltd using the Salix Decarbonisation Fund (SDF). The remaining 50% would need to be met by the council. The £20 million Clean Growth Fund was included in the capital programme as part of the Medium Term Finance Strategy approved in February 2020. Its proposed each phase will be required to obtain approval to spend based on a satisfactory business case and Salix compliance criteria being met.

This business case focuses on the phase 1 £1.17M of expenditure to be funded from the CGF. This demonstrates the type of measures that can be implemented, the impact those measures have in terms of carbon and financial savings and how the proposed financial model is structured.

Option Appraisal

There are two potential options for financing the proposed measures. Option 1 is to simply borrow the capital resources and not involve Salix in the project. Option 2 is to use the proposed CGF partnership with Salix.

Option 1

The Council could fund these measures without involving Salix through borrowing the capital resources required and then retaining the full saving benefit as the savings are generated.

The total costs of the measures in phase 1 of the CGF is estimated to be £1.17M. Under option 1 it is proposed that this will be funded primarily by borrowing but also utilises Electric Vehicle Action Plan (EVAP) grant funding. More detail on the EVAP scheme is provided in a section below the options appraisal.

Phase 1 – Option 1	2021/22	Source of funding
	£	
Capital expenditure	1,173,404	
Funded by		
Borrowing	973,404	SCC PWLB borrowing
EVAP	200,000	SCC grant funding from DEFRA
	<u>1,173,404</u>	

Table 9 – Option 1 funding

The revenue impact of the measures over the life of the assets is detailed in table 7 below. Savings are forecast to be generated from the middle of 2021/22 and projected over the useful asset life of the measures. The financing costs are based on PWLB borrowing rates over 25 year which is currently at 2.52% and incorporates the annual Minimum Revenue Provision charge to the general fund associated with the borrowing. This shows that the net saving of the measures over the life of the assets is estimated to be around £0.95M after financing costs and repairs & maintenance have been considered, which is less than the initial outlay.

	2021/22	2022/23	2023/24	2024/25	2025/26	5 year total	25 year total
	£	£	£	£	£	£	£
Savings	-59,553	-119,106	-119,106	-119,106	-119,106	-535,978	-2,387,905
Financing costs	26,477	52,953	52,953	52,953	52,953	238,290	1,323,833
Repairs & Maint.		3,623	5,268	5,268	5,268	19,427	93,805
Net saving	-33,077	-62,530	-60,885	-60,885	-60,885	-278,262	-970,267

Table 10– Option 1 revenue impacts

Option 2

The second option is to use the proposed CGF partnership with Salix to purchase the assets.

Phase 1 – Option 2	£	
Capital expenditure	1,173,404	
Funded by		
Salix	586,702	Salix loan funding
SCC		
- Borrowing	386,702	SCC PWLB borrowing
- EVAP	200,000	SCC grant funding from DEFRA
	<u>1,173,404</u>	

Table 11 – Option 2 funding

This utilises the existing EVAP funding and then the rest of the project is funded 50/50 between SCC and Salix through the CGF. The SCC share will still need to be funded by borrowing so financing costs are again included based on the 25 year PWLB borrowing rates but the principal amount to be borrowed is reduced. Under this funding arrangement the financial savings generated must be repaid into the CGF until the original capital outlay has been reimbursed. The repayments into the fund are based on the Salix project criteria and can be paid at a rate of 75% of the saving generated until the original outlay is covered. Based on this 25% of the saving can be applied to the general fund from the start of the project. Once the initial outlay has been repaid back the full saving benefit is applied to SCC. The repayment into the fund is based on notional saving agreed under Salix funding criteria, the actual saving generated can be higher which would have a positive effect on the general fund position or could be lower. To mitigate the potential for savings to be lower the savings agreed with Salix will be the minimum allowed under their funding criteria and no future cost inflation has been incorporated into future years. This mitigates the potential of future year costs being overstated and therefore the potential savings inflated. Under this option the payback period including financing costs and repairs & maintenance is 15 years.

	2021/22	2022/23	2023/24	2024/25	2025/26	5 year total	25 year total
	£	£	£	£	£	£	£
Savings	-59,553	-119,106	-119,106	-119,106	-119,106	-535,978	-2,406,765
Financing costs	10,518	21,037	21,037	21,037	21,037	94,665	525,916
Repairs & Maint.		3,623	5,268	5,268	5,268	19,427	93,805
Net saving	-49,035	-94,447	-92,802	-92,802	-92,802	-421,887	-1,787,044
Repayments into CGF		73,670	73,670	73,670	73,670	294,678	1,173,404
Savings from recycled projects		0	-3,019	-5,919	-8,819	-17,757	-544,474
Total net saving	-49,035	-20,777	-22,151	-25,051	-27,951	-144,966	-1,158,114

Table 12 – Option 2 revenue impacts

Under this arrangement the repayments into the CGF reduce the annual net saving in the early years of the model compared to option 1. However, the benefit of using the CGF is that the repayments into the fund can then be used to fund further measures that will create additional savings. Also, the financing costs are lower so in later years the net savings are higher once the repayments finish.

In table 9 the benefit of using the repayments to fund further measures has been estimated based on net savings being generated in the same proportion to capital outlay as the measures proposed under phase 1. These projects will be funded out of the savings from the previous projects, therefore no additional borrowing would be required. If the first 7 years of repayments are used to fund additional projects in the following financial year, over the 25 year period the net saving is greater under option two and will increase as the repayments from year 8 onwards are invested in subsequent projects.

Analysis of the two options

Under option 1 the net saving generated is higher in the early years of the project as the financial arrangement benefits from not having to repay the initial capital outlay into the CGF. In option 1 the repayment of the original capital is incorporated into the figures through the MRP charge as part of the financing costs, but that is spread over the duration of the borrowing rather than needing to be repaid as soon as possible under the CGF model. The benefit of the proposed option 2 clean growth model is felt in later years. The match funding provided by Salix is interest free which reduces annual financing costs. This has a positive benefit once the repayments to the fund have been made. Also, the repayments can then be used to fund additional projects generating additional savings. It is estimated under the CGF model that the net saving to the general fund is higher from year 8 onwards.

If SCC decide after 5 years that it wishes to cease the CGF with Salix Finance then the match funded proportion would need to be repaid to Salix interest free over a 5 year period.

Electric Vehicle Action Plan (EVAP) Funding

Table 7 shows the minimum total funding requested from Salix directly including the £200k grant from the EVAP fund.

SCC has a defined capital budget to deliver infrastructure for electric vehicle recharging both by members of the public, in our car parking assets, and at our own depots to serve the growing needs of the Councils' own fleet.

This programme of work is known as the Electric Vehicle Action Plan or EVAP for short. £200k of the EVAP budget has been ringfenced for the purpose of supplementing the Clean Growth Fund to enable the delivery of low carbon power generated by solar PV and backed up by battery storage to supply EV chargers within the CGF phase 1.

Due to the CGF project obtaining £200k EVAP funding there is scope to include battery storage that wouldn't ordinarily comply with Salix criteria as it is not classified as an energy reduction technology.

Battery storage will be used to shift electrical loads taken either from the solar PV generated power or power charged using cheaper night time electricity prices, to be used when electricity costs are higher e.g. during daytime and evenings. This load shifting will enable greater savings and improved management of grid based electrical demand.

Contingency has been added to all technology measures as initial costs have not been able to be provided based on site assessed contractor quotes due to Covid19. Therefore, the costs used are the indicative maximum expected costs for the delivery of each project provided by the Npower consultants, suppliers, historical costs or the University of Southampton solar expert. Once the procurement process has been completed the business case figures will be updated with actual costs for delivery.

Applied for additional funding and grant funding opportunities

An application has been submitted the council for Low Carbon Across the South East (LoCASE) 4 - Public Sector Buildings & Low Carbon Strategies ERDF funding. The £200k funding application to integrate further investment into phase 1 CGF was submitted March 2020 and informally approved pre lockdown. Formal approval of a successful application is now not likely to be provided until mid-autumn due to Covid19.

There is also scope to utilise additional funding under the **Public Sector Decarbonisation Grant Scheme** announced in September 2020, to help deliver additional grant funds for phase 1 and phase 2.

The Department for Business, Energy and Industrial Strategy (BEIS) has launched the Public Sector Decarbonisation Scheme which will be delivered by Salix.

The Grant Scheme will offer £1bn of grant funding which encourages green investment and supports the Government's net zero and clean growth goals.

The funding will be available for capital energy efficiency and heat decarbonisation projects within public sector non-domestic buildings.

The scheme allows SCC to apply for a grant to finance up to 100% of the costs of capital energy-saving projects that meet the scheme criteria. All existing proposed works will be assessed for their viability of being funded by the grant and if suitable will be included within the application.

The energy manager is currently coordinating work to develop an application for grant scheme funding of both eligible technology within phase 1 and the phase 2 programme.

SCC also plan to utilise the [Public Sector Low Carbon Skills Fund](#), which provide grants to help all eligible public sector bodies to source specialist and expert advice to identify and develop energy efficiency and low carbon heat upgrade projects for non-domestic buildings, before preparing robust and effective applications to the Grant Scheme. Through this grant SCC will be able to secure resources to develop a heat decarbonisation plan and work programme.

More information on the grants will be provided via the briefing and governance process on an ongoing basis.

Ongoing maintenance costs

Costs for maintenance has been included within the financial model where required. Maintenance costs for replacement or retrofitting technology such as the building management systems and lighting will be added to the existing Asset Management Repairs and Maintenance programme.

There is already budget and maintenance contracts covering the existing technology on site. Consultation with the Asset Management Team has clarified that existing contracts will be able to accommodate BMS and lighting technology. It is confirmed the new technology will reduce both planned and reactive maintenance due to warranty periods and newer technology replacing old.

The lighting will be covered by a minimum refund or replacement 5 year warranty.

Solar PV is an established technology that will require a maintenance regime and programme, which will be developed for the CGF and all existing solar installations. A specification for the delivery of an ongoing solar PV maintenance programme will be developed over the next 12 months to enable the Housing Operations team to undertake maintenance on an ongoing basis. This will be funded via the savings to be agreed once the annual costs are understood. Indicative industry standard ongoing maintenance costs of £10 per kWp installed per annum, excluding reactive maintenance, have been included to the financial model and will be recovered from the savings.

Battery technology will be maintained by the technology provider under a standard battery market 10 year warranty or as part of the project specification and final costs. Preventative maintenance can also be included to provide a belt and braces approach at an additional cost of circa £2k per annum based on proposed costs.

Clean Growth Fund – Funding for Later Phases

This business case provides evidence to support the investment of £1.17M in phase 1 of the CGF. The full value of the project is potentially up to £20M based on the earmarked funding in the SCC Medium Term Financial Strategy and from discussions with Salix. Subject to the development of a separate business case, the current intention is for around £3M of this to fund an investment in LED Streetlighting which means there is around £17M potentially available for energy and carbon reduction measures over the next 5 years. Each future phase of the CGF will be subject to a business case and Cabinet approval for expenditure but the table below shows the potential financial model of the scheme. Committing to funding phase 1 through the CGF does not tie the Council into funding future phases through the CGF. Each phase can be assessed on its own merits as part of future business cases. This is again based on 75% of the savings generated being returned to the fund and then the built up recycling fund balance is used to part fund the future capital expenditure. Table 13 below provides the breakdown of the funding sources based on the modelled expenditure over 5 years, using the phase 1 breakdown projected forward.

	2021/22	2022/23	2023/24	2024/25	2025/26	5 year Total
	£	£	£	£	£	£
Capital expenditure	1,173,404	4,000,000	4,000,000	4,000,000	3,826,596	17,000,000
Funded by						
SCC PWLB borrowing	386,702	1,963,165	1,791,278	1,619,390	1,360,801	7,121,335
Salix loan funding	586,702	1,963,165	1,791,278	1,619,390	1,360,801	7,321,335
Recycling fund balance		73,670	417,445	761,220	1,104,995	2,357,329
EVAP – SCC held grant	200,000					200,000
	1,173,404	4,000,000	4,000,000	4,000,000	3,826,596	17,000,000

Table 13 – CGF 5-year funding

The table 14 below is indicative but shows the potential revenue impact of these future phases if savings are generated in the same proportion to capital expenditure as the measures in phase 1.

	2021/22	2022/23	2023/24	2024/25	2025/26	5 year Total	25 year total
	£	£	£	£	£	£	£
Savings	-59,553	-352,568	-819,491	-1,286,414	-1,743,216	-4,261,241	-39,737,940
Financing costs	10,518	74,435	176,469	268,977	349,602	880,002	9,658,863
Repayments into fund	0	73,670	423,862	774,054	1,124,246	2,395,832	17,000,000
Repairs & Maint.		3,623	19,471	40,123	60,774	123,991	1,548,808
Net saving	-49,035	-200,840	-199,689	-203,260	-208,593	-861,417	-11,530,269

Table 14 – CGF 5-year revenue impacts

The first four years of repayments into the fund are used as a source of funding to reduce the borrowing requirement for later phases. After that point the repayments into the fund can start to be used as a

source of funding for later projects. As this is recycling existing resources there are no additional financing costs so new projects can be undertaken where the net saving is proportionally greater.

11. Benefits realisation

Resource and post for monitoring and evaluation – Measurement and Verification.

SCC need to obtain assurance that the investments made on energy efficiency or energy generation projects are achieved. These need to be accurately measured and other likely influences need to be continuously reviewed and assessed in order to fully understand the impacts on the investment return. The importance of effective monitoring and evaluation cannot be underestimated and is essential to enable successful delivery of the CGF and wider carbon reduction programme, to include staff training and improving energy management. By monitoring all sites and works greater savings are more likely to be achieved.

Part of the requirement SCC is to employ an officer internally (Energy Officer) to monitor and evaluate (via measurement and verification techniques) the programme as well as source additional funding to help in the identification of further measures. The Energy Officer post will be funded from the redeployed Energy Company Officer post, which can be diverted due to the closure of CitizEn Energy. The Director of Place at Place has approved using the existing Energy Company Officer post budget to fund the Energy Officer post and redeploy the existing staff to the position (in line with SCC redeployment rules).

The key to this role is to ensure that all estimated savings from the installation of the energy measures are delivered effectively alongside the added value management based savings. This could include but not exclusively cover:

1. Site energy consumption and evaluation. Reporting savings versus estimates and ongoing annual reporting for CGF and Green City Charter commitments.
2. Performance and monitoring of specific installed technology - to understand operational benefits or risks of specific technology i.e. if technology performs better or worse than expected and why.
3. Use the results of the monitoring to work with Property and other service areas to ensure technology operates to its maximum environmental, service and energy benefits.
4. Organisation of staff training
5. Set up and monitoring of revenue savings to cover maintenance and recycling back into the fund. This will also cover reporting of savings over and above those required for maintenance and recycling.

Monitoring and evaluation (measurement and verification) methodology - All energy (electricity, gas and geothermal district energy) data is recorded using Systems Link Energy Manager (SL) software. Data used to calculate savings potential has been taken from monthly billing reports from Systems Link. Half hourly electricity data has been used to model savings, solar PV power consumption and battery analysis at the sites.

There is more than 10 years of historical data for all sites.

Ongoing monitoring will be undertaken using the SL software reporting using both invoice and half hourly electricity data (where available). Savings will be corrected using degree day data where required and updated carbon grid factors.

An audit methodology will be agreed for the entire Clean Growth Fund programme, using 2019/20 as the baseline year, to ensure transparency with both internal and external stakeholders. Annual reporting of performance against the zero carbon commitment will be undertaken, which will include successes and lessons learnt.

The energy team will utilise monitoring data to ensure that the measures deliver the estimated savings and if not understand; why not. Other energy management measures such as awareness and more detailed technical training will also be delivered as part of the CGF. Savings from these energy management measures are difficult to quantify, so they haven't been included here, but it is hoped this will provide added value and a buffer if measures do not deliver on the original estimates.

SCC are also working with Southampton University to set up a Green City Charter Tracker and a Carbon Action Planning Tool that will help monitor the performance of the separate commitments made by the council including the net zero carbon commitment to 2030. The energy team will report all measures delivered under the CGF / Salix works. This tracker will be submitted annually and then audited by the university before being publicly reported annually. The first years Tracker report was received September 2021 then subsequent years in June to September.

Additional opportunities of the CGF

As there is scope to increase the council's renewable electricity generation through the CGF, the council will be able to:

- utilise solar PV generated power on each site to reduce reliance on high cost grid power
- export or share generated power (via a sleeving arrangement or power purchase agreement) over the grid to enable other council sites to offset standard grid power consumption (buy back).

An example of this is Marlands MSCP in phase 1 of the CGF. The aim is to supply most, if not all, Marlands MSCP site electricity consumption via solar PV generated power and battery storage, which would mean the site is almost self-sufficient or zero carbon in power terms. Marlands MSCP will be used as the case study to understand the potential revenue benefits for the site and wider electricity consumption across the council non-housing estate. Therefore the solar capacity delivered under phase 1 will maximise immediate benefit but also future proof the site to enable further solar to be installed easily at a later date as and when it becomes financially viable to upscale power generation and therefore offsetting power costs at another site or earning additional income.

Analysis of this opportunity has been undertaken with our existing electricity provider (Npower) and the South West Energy Hub. SCC would need a specific minimum 300 MWh of excess renewable generated electricity through the summer pricing period to make this cost effective. Revenue savings will be gained by supplying cheaper grid electricity to other council sites using this method; therefore, it's likely there

would be the business case to over generate power from solar PV on future CGF phases. Until there is excess capacity to enable buy back across the grid, any exported power will utilise the existing smart export guarantee tariff to earn an income. This currently ranges from 3-5.5p/kWh electricity exported.

Phase 1 maximises the onsite consumption of solar generated electricity; however, there could be scope to oversize solar capacity or future proof installations to enable a surplus of electricity generation, via solar, this would allow the offset of sites consumption where on site energy efficiency and renewable measures would not achieve net zero carbon. This means site like the civic centre could achieve zero carbon from electricity generated at another SCC asset. Battery storage has been included to enable the maximum power from PV to be used on site during peak time hours when power prices are at their highest.

12. CGF Governance

The Phase 1 CGF project governance reporting process will be integrated within the existing Green City Charter governance process under the sustainable energy and carbon reduction remit, this project will be monitored using the new corporate project management system once fully operational in 2020. The project will use the Association of Project Management methodology. Regular monitoring will take the form of highlight reports which will be reviewed by the Green City Board.

The Clean Growth project team led by the Energy Manager will be responsible for the performance of the project and will:

- provide project documents, setup the project, lead on investment grade audit administration and delivery, develop business cases and provide ongoing update and decision reports.
- administer an independently verified monitoring and performance process to scrutinise the impact of the measures installed
- manage the delivery of an annual report to detail cost and carbon savings achieved.
- propose remedial / alternative measures where the existing measures can't be delivered or do not deliver estimated savings. Changes will be dealt with via the weekly, monthly or quarterly governance meetings and recorded appropriately.
- report regularly to stakeholders at all levels within the Green City governance structure.

The project sponsor is Executive Director Place and the Cabinet Member is the portfolio lead for Green City and Place. The CGF sits under the responsibility of the Head of Property who will be updated as part of the monthly Green City governance meetings.

The Green City governance is covered within the Green City Programme Governance report and the structure is below.

The Green City Governance report and structure cover:

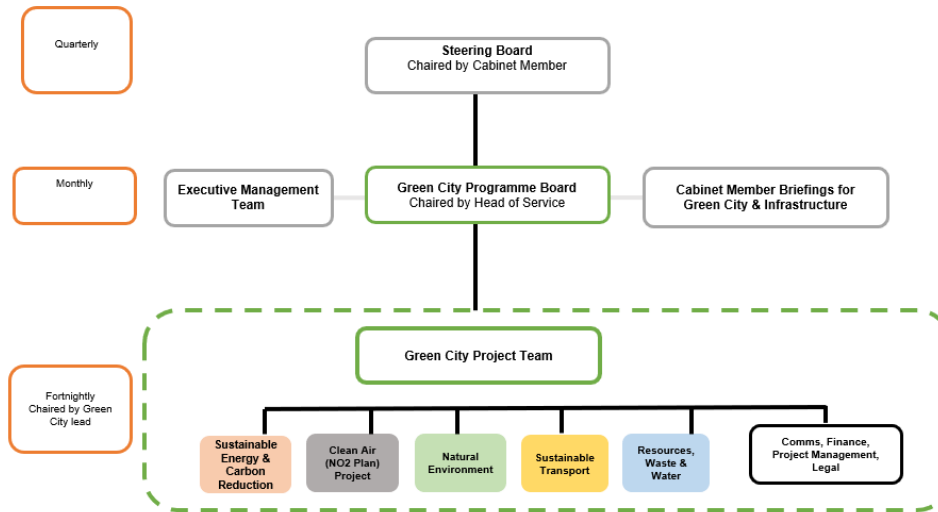
- Where the sustainable energy and carbon reduction along with the Clean Growth responsibility sits within the governance structure.

- How reporting and escalations are managed
- An overview of the governance meetings
- How RAG status and tolerances will be managed.

The roles and responsibilities along with the risk register and project plan for the CGF are managed separately and held with the CGF project folder.

Monthly project reporting will be presented to the monthly Green City Programme Board and the quarterly steering board. Project changes will be managed via the agreed governance structure and where required directly with the Head of Property. Any internal and external audit undertaken will be reported via the proposed structure.

Green City Governance



13. Conclusion

The council has financially committed to the principles of CGF. Cabinet is being requested to approve the CGF project methodology and budget spend of the Phase 1 Clean Growth Fund budget.

This document forms part of the Design stage and should be read in conjunction with other review stage documents, including the Cabinet paper requesting approval to spend on phase 1 (presented at 15th December Cabinet 2020).

Business Case approved by

Role / Board	Name	Date
Project Sponsor	Kate Martin	
Finance Business Partner	Jon Evans	4 th November 2020

Appendix 1 – Existing Salix Energy Efficiency Scheme Recycling Fund

Salix Energy Efficiency Programme – Background

1. [Salix Finance Ltd](#) is an independent, publicly funded company, dedicated to providing the public sector with loans for energy efficiency projects.
2. It provides interest-free Government funding to the public sector to improve energy efficiency, reduce carbon emissions and lower energy bills.
3. Salix is funded by the Department for Business, Energy and Industrial Strategy, the Department for Education, the Welsh Government and the Scottish Government and was established in 2004.
4. Its purpose is to accelerate investment by public sector bodies in energy efficiency technologies through invest to save schemes.
5. Salix currently has 117 Recycling Fund partner organisations, including local authorities, higher education institutions, emergency services and the NHS.
6. The Salix national fund has financed thousands of projects, worth more than £360 million.
7. On average, projects have realised a payback of 3.7 years.
8. Southampton City Council's (SCC) participation in the Salix Programme was agreed at Cabinet on 16th October 2006. At a follow on meeting on the 22nd January 2007, Cabinet agreed the changes to the Environment and Transport Capital programme, which were required to establish the revolving fund through which the Salix match funding and City Council Capital funding operates.
9. Salix Finance provided SCC with £204k, which was match funded by SCC. Thus providing a total recycling (invest to save) fund of £408k. Ordinarily all savings estimated as part of the Salix sign off process would be reinvested back into further energy efficiency measures that meet the Salix compliance criteria; therefore, the SCC Salix programme is a revolving fund that is re-invested in energy efficiency measures that meet the stringent criteria laid down by Salix.
10. The contract with Salix dated 2 November 2006 states that any savings from energy efficiency projects shall be used to fully pay back the project costs into the local fund for use on further energy efficiency projects. Failure to do this will result in SCC having to repay the £204k match funding to Salix.
11. Jason Taylor – SCC Corporate Energy Manager administers the loan fund.
12. SCC's Salix programme has formed an important part of the overall carbon reduction delivery programme.
13. In 2011 the SCC Finance Director stated that the programme would be financed by the corporate centre rather than recovering savings direct from service areas revenue budgets i.e. that corporate finance would reimburse the Salix fund annually in April, which is currently £100k per annum. This amount covers the required fund recycling conditions.

Summary of programme benefits

A wide range of energy efficiency measures have been installed within SCC corporate buildings and schools. These include combined heat and power at Bitterne Leisure Centre, LED lamp replacement of traffic lights, internal and external building LED lighting, insulation, heating and hot water bier replacements and control of plant improvements such as building management systems.

The table below shows a summary of the financial and carbon savings achieved to date from delivering the SCC Salix Energy Efficiency programme.

Loan Value – SCC Salix Spend	Total Annual £ Saved	Total Annual CO ₂ Savings Tonnes	Tech Payback Years	Total Lifetime Savings	Total Lifetime CO ₂ Savings
£1,197,308	£291,507	1,632	4.1	£5,008,653	28,438

Table 1 – Total combined annual cost and benefits and lifetime saving

Salix energy efficiency project delivery methodology

- An energy efficiency audit is undertaken, and relevant measures are identified. The service area agrees to an energy efficiency measure.
- The measures are put through the Salix compliance tool (excel) to ensure compliance to the 10 year financial payback on investment and the cost per tonne of CO₂ saving delivered over the technology lifetime of £383. Therefore both financial and environmental compliance criteria need to be met for each project.
- Previously the cost of delivering each measure was repaid in full by the site or service area from savings in energy costs (at a rate of 75% to 100% of the annual savings).
- However, in 2011 it was agreed that all centrally funded service areas i.e. leisure, Civic Buildings and social services sites will keep the savings from the measures installed and the loan will be repaid centrally.
- Schools have not been able to access the recycling fund since 2011 when the changes to repayments into the fund were made.

Example – based on actual SCC project Salix recycling fund principles

- A Salix loan of £51,688 is made to Civic Buildings to implement a range of measures in the main administrative buildings. The implemented measures are estimated to achieve £20,025 a year saving in energy related costs. No repayments are required as the loan is paid off as part of the annual corporate finance £100k in the following financial year.

Example – based on standard Salix recycling fund principles

- Pre 2011 the recycling fund operated like an internal Salix loan scheme to service areas or schools. Once the project was commissioned the cost of the project was then recycled / repaid back into the fund annually via a central journal from each service areas budget at end of year. The annual amount recovered from each service area was based on either an agreed 75% or

100% of the annual saving estimates used within the compliance sign off process i.e. using the pre project estimated achievable savings used to ensure Salix compliance.

- Actual project - £11,970 is made to St Annes Catholic School to implement a range of heating improvement measures in 2008. These measures are estimated to achieve £3,231 a year saving in energy related costs, which gives a 4 year payback on investment. 100% of the total loan is required to be paid back based on 75% to 100% of the annual savings. As the table below shows.

Repayment No	Financial Year	Amount 100% pa	Amount 75% pa	Annual Difference
1	2013/14	£3,231	£2,423.25	£807.75
2	2014/15	£3,231	£2,423.25	£807.75
3	2015/16	£3,231	£2,423.25	£807.75
4	2016/17	£2,277	£2,423.25	-£146.25
			£2,277.00	-£2,277.00
Total		£11,970	£11,970	£0

Table 2 – St Annes Catholic School Salix Loan Repayment - based on 100% or 75% of total annual saving

What decision needs to be made by the Site?

- Agreement in principle that the site or service area accept the energy efficiency projects to be implemented through the Salix Energy Efficiency Programme. A commitment form is required to be signed for audit purposes.

Appendix 2 – Closure of SCC’s Existing Salix Energy Efficiency Scheme

The existing Salix Recycling Fund managed by the council since 2006 and the new CGF (officially called Salix Decarbonisation Fund (SDF) by Salix Finance Ltd), are different funding models and have separate Terms and Conditions.

Salix are not able to open new Recycling Funds (i.e. SCC’s existing fund) or add new funds to the amounts to existing recycling funds. In addition, the Recycling Funds are established under a conditional grant agreement, but the CGF is based on a loan model with a 5 year fixed term (which can be extended if the funding is being well utilised). Therefore the Terms & Conditions SCC will agree with Salix cover a 5 year investment period.

Therefore, closing the existing Salix fund would be the most likely option. How this will work has been outlined below.

To close the fund £204,000 would need to be repaid back to Salix. There is currently £519,389.26 ‘cash in the account’ reported on SERS (the Salix recycling fund online tool). The actual cash backing for the fund held by SCC was utilised as part of capital financing for the wider 2019/20 capital programme to minimise the overall borrowing requirement at the end of the year. There is an existing service revenue budget of £100K per year to recognise the savings that have been generated on past delivered measures and to ease the administrative burden of arranging the repayments into the recycling fund from services across the Council. It is proposed to carry forward the £100K from the 2020/21 budget and combine with the contribution in 2021/22 to generate the £204K worth of funding that would need to be repaid to Salix. The repayment would be made by BACS and the Salix finance team would provide their payment details. As all of the projects on the existing scheme are complete there are no project details to tie up.

Then the new agreement for the SDF would need to be signed and the new SERS account opened. The previous RF SERS would be closed.

It is recommended the existing fund is formally closed once formal approval on phase 1 is provided and the CGF is operational.

The following provides financial details of the existing fund and outstanding repayments:

Current Fund details (as of 15/10/20) on SERS the Salix online financial and reporting database:

Fund Size: £575,045 (Salix Funding £204,000 / Original Client Matched Funding £204,000 & Additional client contribution £112,281.34)

Current Cash in account: Main Fund £352,344.33, Client Additional Fund £167,044.93
TOTAL £519,389.26

Outstanding repayments: Main Fund £44,456.34



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DECISION-MAKER:	CABINET
SUBJECT:	STATEMENT OF COMMUNITY INVOLVEMENT (SCI) UPDATE
DATE OF DECISION:	15 DECEMBER 2020
REPORT OF:	COUNCILLOR LEGGETT CABINET MEMBER FOR GREEN CITY AND PLACE

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>Request to approve recommended amendments to the Council's Statement of Community Involvement (SCI), in-line with guidance issued by government due to the Covid-19 pandemic. The update also includes a minor amendment with regards to publishing responses, made to avoid misinterpretation and ensure consistency with national plan-making requirements. These changes are highlighted in red on pages 3-4, 11 and 13 of the attached document.</p> <p>The purpose of the SCI is to detail how and when the Council will consult for the preparation of Development Plan Documents and for planning applications. It is a statutory document which all local planning authorities are required to produced and keep up to date, under the Planning and Compulsory Purchase Act 2004.</p> <p>The recommended amendments will ensure compliance with the national requirements for the development of planning documents and the processing of planning applications but will also ensure that we are conducting any consultation and engagement activities in a safe manner in light of the current pandemic. In particular, the update will allow us to consider a range of methods for the required public consultation processes of the new Southampton City Vision Local Plan, should we be unable to consult face to face with residents, business or stakeholders. It will also allow for greater flexibility about how planning applications are publicised.</p>	
RECOMMENDATIONS:	
	<p>(i) To approve the suggested amendments to the attached Statement of Community Involvement (amendments marked in red)</p>

	(ii)	To adopt the amended Statement of Community Involvement
REASONS FOR REPORT RECOMMENDATIONS		
1.	To ensure we are compliant with the most up to date government guidance for plan-making.	
2.	To ensure continued flexibility in our approach to planning related consultations, so that they are proportionate, appropriate and safe in a Covid-19 context.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
1.	Do nothing (i.e. no change to current SCI) The approaches set out in the current SCI may not give sufficient flexibility to our consultation methods should we have to work within any restrictions enforced as a result of Covid-19. This will either halt our work until restrictions are lifted or, if we continue with consultations in ways contrary to the current SCI, will leave us open to challenge on the ground of non-compliance with a statutory planning document adopted by the Council.	
2.	A temporary 'Covid-19 addendum' to the SCI. Following this option would result in a need to remove or amend the addendum at a later date should the situation with Covid-19 change. This option has been rejected as the recommended approach is more streamlined and will mean the new document will be fit for purpose for the next five years (i.e. until planning legislation requires us to carry out a review), and is fit for purpose in the context of the frequently changing Covid-19 restrictions.	
DETAIL (Including consultation carried out)		
	<p>Introduction</p> <ul style="list-style-type: none"> • Southampton City Council is the local planning authority and is therefore responsible for ensuring that planning decisions are made in accordance with government guidance. Part of this guidance requires us to have an up to date Statement of Community Involvement (SCI) and to review this document every five years. This document should set out how the Council will involve people in developing planning documents and determining planning applications through engagement and consultation. SCC adopted a new SCI in July 2019. • In March 2020 the government introduced a range of restrictions on society to help combat the spread of Covid-19. Subsequently, MHCLG published guidance on how to ensure that planning processes were not disrupted and how local authorities should make alternative arrangements to ensure that effective consultation and engagement takes place. This guidance suggests that this could be addressed through the introduction of temporary amendments to its SCI. • Place shaping is a key theme within the Corporate Plan and the new Local Plan is identified as a key delivery mechanism. It is therefore important that we make any necessary amendments to the SCI to ensure that we continue to progress the development of the Local 	

Plan and enable effective consultation and engagement to feed into this process.

Proposal

- A review of the SCI has taken place and a number of amendments are being proposed.
- Whilst the guidance suggested that temporary amendments could be made to the SCI, we are recommending a permanent amendment. This will mean that it is far less likely to need further subsequent amendments which could cause delay in the plan making process. This approach is also in keeping with the current SCI, which was designed to be non-prescriptive, instead offering a wide range of consultation methods to choose from. Methods used should be assessed depending on the scale and impact of proposals, the number and range of people who are likely to be impacted and the resource available.
- The amendments are focussed on the 'Consultation methods' section of the SCI. Additional methods have been included, which should be given consideration if certain methods of consultation are not possible at the time. The development of the new Local Plan has already been delayed due to the impact of Covid-19 as restrictions came into place in the middle of the first formal consultation. The suggested amendments will help avoid any unnecessary further delay.
- This approach will provide SCC with an SCI which is fit for purpose at least through to the adoption of the new Local Plan, whilst continuing to meet the needs of other planning related consultations, such as those on planning applications.
- Following the Coronavirus Act 2020 the government published a Business and Planning Act. This provided specific changes in relation to planning applications, giving local authorities greater flexibility about how they publicised applications. These came into force on 14 May 2020. The SCI has been updated to include this guidance in relation to planning applications.
- This will ensure that we continue to involve people in planning decisions and shaping the city, a key priority for the Council.
- On reviewing the SCI we have also identified a point which we consider to need minor amendment. More specifically, the point relates to the publishing of responses following consultations for planning making. This process is not required after all stages of consultation therefore we propose the addition of the wording '(where required)' to avoid misinterpretation but still ensure consistency with national plan-making requirements.

RESOURCE IMPLICATIONS

Capital/Revenue

Resource implications are minimal. The final SCI will simply need a cover adding with the new adoption date and to be uploaded to the relevant pages of the SCC website by our dedicated IT officer for all Local Plan related works.

<u>Property/Other</u>	
	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	As the Local Planning Authority, Southampton City Council has a statutory duty to produce a Statement of Community Involvement, under the Planning and Compulsory Purchase Act 2004, and keep it up to date. The proposed amendment can therefore take place under this legislative power.
<u>Other Legal Implications:</u>	
	None.
RISK MANAGEMENT IMPLICATIONS	
	<p>If we do not update, and government restrictions continue or come into place in light of Covid-19, future consultations may not be able to comply with the requirements set out in the current SCI. If the Council then decided to undertake any consultation activity for the Southampton City Vision Local Plan, which is not able demonstrate compliance with the principles set out in the SCI (regardless of national Covid-19 restrictions) we could be open to challenge. In terms of the new Southampton City Visions Local Plan, if a challenge is made and upheld, this could result in the plan not being found 'sound' by a Planning Inspector at the examination stage. The proposed amendments therefore provide flexibility on a wide range of consultation methods to avoid this risk.</p> <p>Furthermore, if the SCI is updated as proposed and further restrictions were to come into place which resulted in any of our consultations not being able to comply with both the Covid-19 restrictions and the new SCI then a view may be taken to update the SCI once again. However, the chance of this is very low considering the flexibility the proposed changes add to the consultation and engagement process.</p>
POLICY FRAMEWORK IMPLICATIONS	
	The Statement of Community Involvement is a statutory document that Southampton City Council are required to produce and keep up to date, in accordance with the Planning and Compulsory Purchase Act 2004.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Involving You In Planning, our Statement of Community Involvement, proposed update December 2020.

Documents In Members' Rooms

1.	N/A	
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: N/A		
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.	N/A	

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**Involving you in planning,
Our Statement of Community Involvement.
Proposed update, December 2020**

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INVOLVING YOU IN PLANNING

A Statement of Community Involvement

Introduction

Planning affects us all; the homes we live in, the facilities we use, the different ways we travel, and the places we go to work and to school. These are all the result of planning decisions, ones that you have the opportunity to comment on and contribute towards.

As the local planning authority for Southampton, Southampton City Council is responsible for making decisions about future development across the city. However, the Council recognises that residents, businesses and other organisations have a valuable role to play in helping shape plans and provide new ideas. If you live in the city you know your community, what works well and what needs to be improved. Businesses, local groups and organisations all have information and ideas to help shape future development in Southampton. By taking part you can ensure that the Council understands what you feel is best for you and Southampton, when making planning decisions.

What is this document?

The Statement of Community Involvement (SCI) is a legal requirement under the Planning and Compulsory Purchase Act 2004 in connection with the preparation of other plans. One of its main purposes is to make sure residents, businesses and other stakeholders are clear about how and when they can have their say in planning matters. It is also important that the SCI is reviewed every five years to ensure it reflects the latest legislation and methods of consulting.

This SCI sets out how and when the Council will seek the views of local people, businesses and key organisations on local planning matters, including both plan-making and decision-taking. This SCI also reflects the 'Southampton Compact' which was agreed between statutory agencies and their voluntary and community partners in 2013. However, whilst the Compact recommends a formal consultation period of a minimum of 12 weeks, this SCI follows the requirements in the Planning Acts, which state that there should be a minimum of 6 weeks for formal consultation together with more informal ongoing consultation during the preparation of a plan.

Why it is important to get your views...

Whilst there is a legal obligation to consult on a range of planning matters, Southampton City Council also recognises the value of involving local people in place shaping. After all, it is these people who know most about their neighbourhoods and it is the local communities that are most likely to be affected by development proposals in their areas.

Involving local people in the consideration of planning matters for their area means that Southampton City Council, as the local planning authority, can:

- benefit from residents' detailed local knowledge, expertise and their perspectives;
- work towards gaining greater community support for, and ownership of policies, strategies and decisions;
- try to help communities be more informed, involved and committed to the future development of their area; and
- ensure it is planning for development that improves quality of life and the built and natural environment.

How the Council will consult with you...

Consultation Principles:

The purpose of consultation is to ensure people who may be affected by planning decisions, at all scales of development, have the opportunity to have their say on proposals so that the local council can fully consider comments received, alongside all other evidence, when making decisions. Southampton City Council takes its duty to consult very seriously and all consultations are carried out following these key principles:

- **Inclusive:** so that everyone in the city has the opportunity to express their views.
- **Informative:** so that people have adequate information about the proposals, what different options mean, and a balanced and fair explanation of the potential impact.
- **Understandable:** by ensuring that the language used to communicate is simple and clear and that efforts are made to reach all stakeholders, for example to those for which English is not a first language, or to people that may have a disability.
- **Appropriate:** by targeting people who are more likely to be affected and using a more tailored approach to gathering feedback, complemented by a general approach to all residents, staff, businesses and partners.
- **Meaningful:** by ensuring decision makers have the full consultation feedback information so that they can make informed decisions.
- **Reported:** by letting consultees know what was done with their feedback.

Consultation methods:

Understanding the diversity of local communities is critical to ensuring that the right techniques are used to consult with them, these will vary from group to group and person to person. There are a wide range of community networks that the Council can utilise in order to effectively contact communities, in particular those that are seldom heard from.

'Involving You In Planning' is a flexible framework which allows different approaches to consultation so as to respond to the individual circumstances at the time – including the nature of the plan being prepared, the potential issues involved, and the needs and preferences of the communities, groups and organisations likely to be affected. *In addition*

there is currently a need to be prepared to consider further alternative methods of consultation due to the impacts of the Covid-19 pandemic.

Following the outbreak of Covid-19 the government introduced measures to help combat the spread of the virus, which all members of society are required to adhere to. The Ministry for Housing, Communities and Local Government (MHCLG) has also issued Covid-19 guidance which states that: The local planning authority should make any temporary amendments that are necessary to their SCI, to allow plan-making to progress, and continue to promote effective community engagement by means which are reasonably practicable.

The methods of consultation within this SCI have been updated, in light of this guidance to include further options should any restrictions be in place. Rather than creating temporary arrangements that may need numerous updates over the coming months and years, additional methods have been included, which allow for greater flexibility and are in keeping with the approach of the adopted SCI, as described below.

We may use any of the following methods based on the needs of the individual consultation. In choosing methods, we will ensure these are proportionate to the scale and impact of the proposal, appropriate to those we need to consult and within resources available. *We must also consider alternative approaches should government restrictions mean that some options are not available at the time.*

This is not an exhaustive list and we continue to work with colleagues and established local community networks to understand the best ways to involve communities.

DIGITAL	Website Emails: 'stay connected' Social media People's Panel <i>Virtual exhibitions</i> <i>Virtual workshops</i> <i>Online question & answer sessions</i>
HARD COPY	Letters Local press Public buildings (e.g. Civic Centre/Libraries) <i>additional copies provided to enable copies to be quarantined after use, in line with local procedures.</i> <i>Letters to those 'shielding'/'clinically vulnerable'</i> <i>Documents distributed to community representatives, including ward members</i> <i>Documents available on request (for those without internet access)</i>
FACE TO FACE*	Meetings Exhibitions Ward members Workshops

**any face to face engagement or consultation activities will be fully risk assessed at the time to ensure they are 'Covid safe'.*

What will be asked?

In order for consultation responses to be valid we will require the names and addresses of consultees, and the organisation they represent (if applicable). In addition to this we may, if appropriate, ask for individuals to provide information about themselves such as their age group, gender, ethnic group or other details. This information will be used only to help understand who is responding to consultation so that we can check if they are representative of the population as a whole. If we find that the consultation is not hearing from certain age groups or minority groups, this information can then help us to know where to focus improvements. We may then choose to use different methods to engage with the people we have not heard from.

What will the Council do with comments received?

This document not only sets out the Council's commitment to involve local people and stakeholders in plan-making, but also provides a commitment to ensure that this information is carefully considered alongside all other evidence when making planning decisions.

There are two processes for dealing with comments received, one which is followed for comments made on local plans and supplementary planning documents and a second process for dealing with comments made on planning applications. The details for each are set out below.

What sort of plans can you comment on?

As the local planning authority, we have a duty to consult within two different areas of the planning process:

1. Plan-Making and Place-Shaping:

- **Development Plan Documents (DPDs)** – the [Planning and Compulsory Purchase Act 2004](#) requires all local planning authorities to develop what is called a 'Development Plan' for the area. The Development Plan is a main consideration when determining planning applications for development proposals in the city. This means that it has to be considered when making a planning decision.
Development Plans can consist of an individual planning document or a series of planning documents however, as a whole, these documents should provide a vision and framework for the future development of the area. More specifically, they must set out the council's priorities for land use and development and provide a comprehensive set of policies to address both the strategic priorities and non-strategic planning matters across the entire area. For us, the area the Development Plan must cover is the entire city.

- **Supplementary Planning Documents (SPDs)** – local planning authorities can choose to develop these documents as a means to provide further details, guidance and principles for development, beyond that of the policies set out in the Development Plan. SPDs can be used to provide further guidance for development on specific sites or on particular issues, such as design. SPDs are also a main considerations and must also be considered when making a planning decision.

2. **Development Management:**

- **Planning Applications** – for a specific development at a specific location, which can range from householder extensions to proposals for larger schemes such as new shopping centres, offices and housing developments, a planning application must be submitted for determination, having regard to the policies set out in the development plan and any other main considerations.

There are different requirements for consultation for each of these areas of planning practice. This document sets out who the Council will consult with for each of these and how.

THE DETAILS...

Development Plan Documents

Developing a development plan document is a lengthy process as it requires a great deal of technical evidence and input from a wide range of organisations and groups, which is ongoing as the plan is developed. It is important that we take the time to fully consider all evidence and involve the right organisations and local communities as the decisions will have a lasting impact on the city.

There is ongoing engagement and exchange of information with key organisations together with periods of formal consultation during which anyone can make comments. These consultations happen firstly when the plan is at an early stage, when we are looking at the local issues and possible options for the future. Secondly, we consult once there is a draft (or pre-submission) plan. Finally, we may need to consult on changes to the plan made as a result of recommendations by the inspector during the examination process.

The following sets out the key stages in the development of a development plan document. Please note that some of these stages may be combined or overlap as appropriate at the time.

RESEARCH, INFORM & INVOLVE	<ul style="list-style-type: none"> • Collect evidence • Work with organisations and share information • Identify key issues • Discuss potential options
CONSULTATION	<ul style="list-style-type: none"> • Establishing issues and aspirations for the city • Understanding the needs of residents and businesses • Identify the housing and employment spaces needs
RESEARCH, INFORM & INVOLVE	<ul style="list-style-type: none"> • Consider feedback from consultation • Collect further evidence • Ongoing discussions with relevant organisations • Identify preferred options and prepare draft plan
CONSULTATION (if required)	<ul style="list-style-type: none"> • How are needs best delivered within the city
PUBLISH PLAN (PRE- SUBMISSION PLAN)	<ul style="list-style-type: none"> • Prepare and publish the plan based on the evidence and views collected
CONSULTATION	<ul style="list-style-type: none"> • Consultation on published plan • Can it deliver what is needed? • Have the best and most appropriate options been chosen? • Have all the right people been involved?
REFLECT AND REFINE	<ul style="list-style-type: none"> • Consider feedback from consultation • Update and amend where necessary
SUBMIT	<ul style="list-style-type: none"> • Submit final plan for inspection

INSPECT	<ul style="list-style-type: none"> • Examination held in public to discuss the soundness of the plan, before an independent inspector • Opportunity for organisations, groups and individuals who have raised objections to the plan to have their say and present evidence to the inspector
CONSULTATION (if required)	<ul style="list-style-type: none"> • Consult on any modifications to the plan
FINAL VERSION PLAN	<ul style="list-style-type: none"> • Final version of the plan, which incorporates any changes recommended by the inspector
ADOPT	<ul style="list-style-type: none"> • Council adopts the plan once the Inspector has found it to be sound

Neighbourhood Plans

Although neighbourhood plans form part of the development plan once ‘made’ (or adopted), they follow a slightly different development process to the above. Neighbourhood plans are developed by the neighbourhood forum (NF) representing a specific area but the local planning authority (LPA) has responsibility for certain parts of the process. This process is detailed below.

APPLICATION FOR DESIGNATION	<ul style="list-style-type: none"> • Prospective NF sends application for designation to the LPA for approval (unparished areas only) • Prospective NF applies to LPA to designate neighbourhood area
CONSULT	<ul style="list-style-type: none"> • LPA consults on NA and/or NF (6 weeks) • LPA considers feedback from consultation
DESIGNATION	<ul style="list-style-type: none"> • LPA decides whether to designate (approval required to continue in neighbourhood plan process)
ENGAGEMENT & DRAFT PLAN	<ul style="list-style-type: none"> • NF conducts initial engagement to identify issues and aims for the plan • NF gathers baseline data and evidence • NF identifies and assesses options • NF conducts ongoing engagement with key stakeholders whilst developing a draft plan and any necessary background/evidence documents • NF ensures the draft plan is compliant with relevant planning legislation • LPA provides ongoing support and assistance, where required
CONSULT	<ul style="list-style-type: none"> • NF conducts pre-submission consultation according to statutory requirements • NF considers feedback from consultation and makes appropriate amendments
SUBMISSION TO LOCAL PLANNING AUTHORITY	<ul style="list-style-type: none"> • NF submits proposed neighbourhood plan to the LPA

INSPECT	<ul style="list-style-type: none"> LPA checks compliance with planning legislation, national planning policy and local planning policy (LPA must agree the plan complies to progress)
PUBLICISE & CONSULT	<ul style="list-style-type: none"> LPA conducts formal publication and consultation according to statutory requirements LPA gathers representations and feedback from the public, stakeholders and other interested parties
EXAMINATION	<ul style="list-style-type: none"> LPA submits plan for independent examination Inspector examines the plan and issues recommendation to LPA stating whether modifications are required and if the plan may progress to referendum NF and LPA work to address required modifications, if necessary
REFERENDUM	<ul style="list-style-type: none"> LPA publishes notice of referendum Polling carried out Results declared
ADOPT	<ul style="list-style-type: none"> If the referendum result is positive the LPA adopts the plan and it becomes part of the Development Plan immediately

Who will the Council consult?

The Development Plan affects the whole city and must set out a framework for future development in the long-term. This means that it is important to ensure that engagement and consultation is designed to enable residents, businesses and organisations to give their views if they wish to do so. This includes younger people and children as plans will affect their future.

Those we will consult with can be divided into three key groups:

- i. **Specific Consultation Bodies** - this group includes all of the key organisations and agencies such as neighbouring councils (under duty to co-operate), Highways England, the Environment Agency, National Rail, Natural England, relevant communications companies, health authorities, electricity and gas companies, sewerage and water companies, full list of consultation bodies shown in Appendix 1.
- ii. **General Consultation Bodies** – those that represent local groups / communities, such as:
 - a. Developers and agents
 - b. Voluntary groups and residents associations
 - c. Businesses groups and forums
- iii. **Individual residents and local businesses**

Details for each of these groups are set out in Appendix 1.

Supplementary Planning Documents

The process for introducing an SPD is similar to DPDs as detailed above. There is a need to gather evidence and engage with relevant stakeholders, however there is just one stage of formal consultation when anyone can make comments on the document, and there is no independent examination by an inspector from the Planning Inspectorate. The stages of this process are set out below.

RESEARCH, INFORM & INVOLVE	<ul style="list-style-type: none"> • Collect evidence • Work with organisations and share information • Identify key requirements • Discuss potential options
PUBLISH SPD	<ul style="list-style-type: none"> • Prepare and publish the plan based on the evidence and views collected
CONSULTATION	<ul style="list-style-type: none"> • Consultation on published document • Does it provide clear and appropriate guidance? • Have all the right people been involved?
FINAL VERSION PLAN	<ul style="list-style-type: none"> • Consideration of representations – are any changes required? • Prepare final version of the plan, which incorporates any necessary changes
ADOPT	<ul style="list-style-type: none"> • Council formally adopts the document

A supplementary planning document will affect different people depending on its content, therefore consultation may be targeted at those living in a particular part of the city or with a specific interest in the topic or issue. However, anyone can comment during the formal consultation stage therefore we will use a range of methods and engage with those in each of the three groups set out above, proportionate to the scale and impact of what is set out in the SPD.

What happens to comments you make during these consultations?

All comments will be fully considered and changes will be made to the plans where appropriate. We may also contact individuals or organisations to discuss the views and suggestions that they have made.

The Council has a duty to balance the following:

- Your comments
- Comments received from other people/organisations
- Existing evidence
- Legal requirements
- Other local and national policies, needs and interests.

Consequently, there will be circumstances where the Council does not alter the plan to accommodate the views of a respondent. However, in the case of a DPD, there is a further opportunity for people to put forward their views, through the public examination process.

Comments made during the development of a plan will be taken into account before any subsequent version is published.

All written comments received during the formal consultation stages will be:

- **Formally recorded**
- Acknowledged within 15 days (**where required**)
- Made available for others to see (**where required**)
- Sent to the Planning Inspector (where required)

A summary of the main issues raised during the consultation and how these have been taken into account will be published as soon as it is practical to do so. This may be several months after the consultation period.

Planning Applications:

Most people become involved in the planning system when an application for development is submitted that may have an effect on their property or area, and they want their views to be taken into account when the application is decided.

The Council's Development Management Team and Planning & Rights of Way Panel are responsible for the processing of planning applications within Southampton. There are two distinct stages when local people can become involved:

- i. **Non-statutory pre-application consultation** carried out by the applicant/developer before they submit the application

The National Planning Policy Guidance (NPPG, updated March 2019) states that local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. They cannot require that a developer engages with them before submitting a planning application, but they should encourage take-up of any pre-application services they offer. They should also, where they think this would be beneficial, encourage any applicants who are not already required to do so by law to engage with the local community and, where relevant, with statutory and non-statutory consultees, before submitting their applications.

At this stage applicants may wish to carry out a consultation exercise in order to understand public views on their proposal, and therefore be able to address any major issues, before they submit the application.

Though developers are encouraged to engage with the local community before submitting the application, this is not a legislative requirement and not something carried out by the local authority.

Notwithstanding the above, the Council encourages developers running pre-application consultation to:

- Agree the consultation approach with the Council, including considering what is required to involve seldom heard groups or groups that will particularly be affected by the changes;
- Inform local people about the details of the scheme and be clear what elements can be influenced by making comments;
- Clearly identify any changes made as a result of comments based on sound planning reasons; and
- Submit a statement with the planning application outlining the community involvement that has been carried out, the comment received and any changes made as a result.

ii. **Consultation on the planning application**

Once a planning application has been received and it has been formally checked that all the necessary information has been submitted (validated) and the application is registered, the local planning authority is required (by planning legislation) to carry out public consultation.

What sorts of planning applications will the Council consult on?

Planning applications can be required for a range of different developments from householder extensions to proposals for larger schemes such as new shopping centres, offices and housing developments. The erection of new buildings, and, sometimes, changing what an existing building is used for (e.g. changing the use of a house to a pub), is likely to require planning permission. If planning permission is required, the landowner or developer must submit a planning application to the Council's Planning Department. The Planning Department will then consult affected people and organisations, as set out in planning legislation (see below), in order to give them a chance to comment on the proposals. Whilst applications for Certificates of Existing Lawful Use or Lawful Development are not planning applications as such, we will occasionally consult on these requests where it is thought that consultation responses may assist us in determining whether a development or use is lawful or not.

When, who and how the Council will consult:

Once a planning application is validated and registered, the assessment of its merits may commence. Part of this process includes carrying out consultation, which may include:

- Consulting specialist organisations - such as the Highways Agency, Environment Agency, Natural England, utility providers to establish as to whether the proposals have an impact on the specialist concerns of the organisation;

- Consulting other council teams - such as Highways, Planning Policy, Ecology, Environmental Health etc. to establish whether the proposals would be contrary to current policy or would have an unacceptable impact on any other important aspects of city life;
- Consulting with neighbours - A notification letter is sent to neighbouring properties that share a common boundary with the application site and for some applications, usually major schemes, will be sent to those situated within a slightly larger radius of the site; and
- Consulting with the wider community – this will be done by:
 - Making applications available on-line through Public Access (found on the Council’s planning webpages);
 - Using site notices as appropriate;
 - Informing residents associations of applications in their area if they have asked to be notified; and/or
 - Advertising in a local newspaper – This is only for some planning applications, such as those that concern conservation areas or listed buildings; affect a Public Right of Way; are major applications; or conflict with the policies of the adopted Local Plan.

Following on from the Coronavirus Act 2020 and the enabling regulations, and the Covid-19 Planning Update (May 2020), the government published the Business & Planning Act, which received Royal Assent on 22 July 2020, with changes coming into force from 14th May 2020. The Act includes guidance on the publicity and consultation on planning applications (including site notices). The Regulations include the following changes:

Local planning authorities now have the flexibility to take other reasonable steps to publicise applications if they cannot discharge the specific requirements for site notices, neighbour notifications or newspaper publicity. These steps will notify people who are likely to have an interest in the application and indicate where further information about it can be viewed online. These steps can include the use of social media and other electronic communications and must be proportionate to the scale and nature of the proposed development.

To ensure planning decisions continue to be made, local planning authorities should take advantage of these powers to hold virtual planning committees – rather than deferring committee dates. They should also consider using ‘urgency powers’ within their constitutions to give senior officers delegated authority to make decisions.

APPENDIX 1 - INDICATIVE LIST OF CONSULTEES:

To clarify, the Council will consult on all planning matters in accordance with the latest planning regulations. The following list acts to provide a comprehensive indication of organisations to be consulted on plan-making in Southampton and is by no means finite. Furthermore, please note that this list includes both statutory consultees and general bodies and that the list may be subject to change over time

Organisation	Type
Eastleigh Borough Council	Neighbouring Councils
Hampshire County Council	Neighbouring Councils
Isle Of Wight Council	Neighbouring Councils
New Forest District Council	Neighbouring Councils
New Forest National Park Authority	Neighbouring Councils
Portsmouth City Council	Neighbouring Councils
Test Valley Borough Council	Neighbouring Councils
Fareham Borough Council	Neighbouring Councils
Winchester City Council	Neighbouring Councils
South Downs National Park Authority	Neighbouring Councils
Bursledon Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
Chilworth Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
Hedge End Town Council Office	Neighbouring Parish Councils and Neighbourhood Plan Forums
Hound Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
Hythe and Dibden Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
Marchwood Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
Nursling & Rownhams Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
Totton & Ealing Town Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
West End Parish Council	Neighbouring Parish Councils and Neighbourhood Plan Forums
Bassett Neighbourhood Forum	Neighbouring Parish Councils and Neighbourhood Plan Forums
Any adjacent Neighbourhood Forums	Neighbouring Parish Councils and Neighbourhood Plan Forums
Southampton BID	Local stakeholder organisation
Southampton city Residents Associations	Local stakeholder organisations

CABE / Design Council	Statutory Agencies and Sub Regional Bodies
Department For Culture, Media And Sport	Statutory Agencies and Sub Regional Bodies
Department for Education (DfE)	Statutory Agencies and Sub Regional Bodies
Environment Agency	Statutory Agencies and Sub Regional Bodies
Forestry Commission	Statutory Agencies and Sub Regional Bodies
Hampshire Constabulary	Statutory Agencies and Sub Regional Bodies
Health And Safety Executive	Statutory Agencies and Sub Regional Bodies
Hampshire Swift	Statutory Agencies and Sub Regional Bodies
Highways England	Statutory Agencies and Sub Regional Bodies
Historic England– South East	Statutory Agencies and Sub Regional Bodies
Home Office Civil Defence	Statutory Agencies and Sub Regional Bodies
Homes England	Statutory Agencies and Sub Regional Bodies
Ministry of Justice	Statutory Agencies and Sub Regional Bodies
Marine Management Organisation	Statutory Agencies and Sub Regional Bodies
Ministry of Defence	Statutory Agencies and Sub Regional Bodies
Natural England	Statutory Agencies and Sub Regional Bodies
Office of The Police and Crime Commissioner For Hampshire	Statutory Agencies and Sub Regional Bodies
PfSH - Partnership For South Hampshire	Statutory Agencies and Sub Regional Bodies
Solent Local Enterprise Partnership	Statutory Agencies and Sub Regional Bodies
Sport England	Statutory Agencies and Sub Regional Bodies
The Environment Centre	Statutory Agencies and Sub Regional Bodies
Department for Business Innovation & Skills	Statutory Agencies and Sub Regional Bodies
Department for Communities & Local Government	Statutory Agencies and Sub Regional Bodies
Department For Environment Food and Rural Affairs	Statutory Agencies and Sub Regional Bodies
Department of Constitutional Affairs	Statutory Agencies and Sub Regional Bodies
Department for Energy and Climate Change	Statutory Agencies and Sub Regional Bodies
Hampshire Fire And Rescue Service	Statutory Agencies and Sub Regional Bodies
Skills Funding Agency	Statutory Agencies and Sub Regional Bodies
Civil Aviation Authority	Statutory Agencies and Sub Regional Bodies
NATS	Statutory Agencies and Sub Regional Bodies
ABP	Other Infrastructure Bodies
Clinical Commissioning Group (CCG)	Other Infrastructure Bodies
EE	Other Infrastructure Bodies
Luken Beck Ltd On Behalf of Southampton University	Other Infrastructure Bodies
Solent University	Other Infrastructure Bodies
Mono Consultants Limited (Mobile Operators Association)	Other Infrastructure Bodies
Network Rail infrastructure limited	Other Infrastructure Bodies
O2– Telefonica UK Limited	Other Infrastructure Bodies
Red Funnel Group (TBC Graham)	Other Infrastructure Bodies
Go South Coast (Blue star)	Other Infrastructure Bodies
National Express	Other Infrastructure Bodies
First Bus	Other Infrastructure Bodies

First Great Western	Other Infrastructure Bodies
South Western Trains	Other Infrastructure Bodies
Southern Trains	Other Infrastructure Bodies
Cross Country Trains	Other Infrastructure Bodies
Office of Rail Regulators	Other Infrastructure Bodies
Southampton University Hospitals NHS Trust	Other Infrastructure Bodies
Southern Water	Other Infrastructure Bodies
Three	Other Infrastructure Bodies
Uni-Link Southampton	Other Infrastructure Bodies
Vodafone Limited	Other Infrastructure Bodies
BAA	Other Infrastructure Bodies
British Gas-Transco	Other Infrastructure Bodies
British Telecom	Other Infrastructure Bodies
Cable And Wireless Communications Plc	Other Infrastructure Bodies
Countrywide Gas	Other Infrastructure Bodies
HM Prison Service	Other Infrastructure Bodies
N Power	Other Infrastructure Bodies
Ofcom	Other Infrastructure Bodies
Road Haulage Association	Other Infrastructure Bodies
Department for Transport (DfT)	Other Infrastructure Bodies
Southern Electric	Other Infrastructure Bodies
Stagecoach In Hampshire	Other Infrastructure Bodies
SWEB Energy	Other Infrastructure Bodies
T Mobile (UK)	Other Infrastructure Bodies
Virgin Mobile Management Limited	Other Infrastructure Bodies
Canal and River Trust	Other Infrastructure Bodies
Coal Authority	Other Infrastructure Bodies
COMAH	Other Infrastructure Bodies
Crown Estates commissioners	Other Infrastructure Bodies
Garden History Society	Other Infrastructure Bodies
Theatres Trust	Other Infrastructure Bodies
Southampton City Primary Care Trust	Other Infrastructure Bodies
Any other appropriate infrastructure bodies	Other Infrastructure Bodies

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