

Public Document Pack

Cabinet

Tuesday, 16th January, 2018
at 4.30 pm

PLEASE NOTE TIME OF MEETING

Council Chamber - Civic Centre

This meeting is open to the public

Members

Leader - Councillor Simon Letts
Children's Social Care - Councillor John Jordan
Communities, Culture and Leisure- Councillor Satvir Kaur
Education and Skills - Councillor Darren Paffey
Environment and Transport - Councillor Jacqui Rayment
Finance - Councillor Mark Chaloner
Health and Community Safety - Councillor Dave Shields
Housing and Adult Care - Councillor Warwick Payne
Sustainable Living - Councillor Chris Hammond

(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.

The Southampton City Council Strategy (2016-2020) is a key document and sets out the four key outcomes that make up our vision.

- Southampton has strong and sustainable economic growth
- Children and young people get a good start in life

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.

Municipal Year Dates (Tuesdays)

2017	2018
20 June	16 January
18 July	13 February (Budget)
15 August	20 February
19 September	20 March
17 October	17 April
14 November	
19 December	

- People in Southampton live safe, healthy, independent lives
- Southampton is an attractive modern City, where people are proud to live and work

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.

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.

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.

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 - 2)

Record of the decision making held on 19 December 2017.

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 CUSTOMER STRATEGY 2018-2022 (Pages 3 - 8)

Report of the Cabinet Member for Finance seeking approval of the Customer Strategy 2018-2022.

9 DIGITAL STRATEGY 2018-2022 (Pages 9 - 14)

Report of the Cabinet Member for Finance seeking approval of the Digital Strategy 2018-2022.

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

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

Confidential appendices 4 and 5 contain information deemed to be exempt from general publication based on Category 7a of paragraph 10.4 of the Council's Access to Information Procedure Rules as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). If the appendices were to be treated as a public document it would reveal information that is both commercially sensitive and detrimental to the business affairs of the Council.

11 LOCAL AUTHORITY TRADING COMPANY FOR SOME COUNCIL SERVICES
(Pages 15 - 268)

Report of the Cabinet Member for Sustainable Living requesting permission to consult on the proposed LATCo and the next steps.

12 PROCUREMENT STRATEGY (Pages 269 - 274)

Report of the Cabinet Member for Finance seeking approval of the Procurement Strategy.

13 SCC FIRST POLICY (Pages 275 - 288)

Report of the Cabinet Member for Sustainable Living seeking approval of the SCC First Policy.

ITEMS FOR DECISION BY CABINET MEMBER

14 COMMUNITY CHEST GRANTS 2017/18 (Pages 289 - 298)

Report of the Director of Quality and Integration seeking approval on round 2 awards for the Community Chest Grants 2017/18, following recommendations from the cross-party Community Chest Grant Advisory Panel.

Monday, 8 January 2018

Service Director, Legal and Governance

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 19 DECEMBER 2017

Present:

Councillor Letts	-	Leader of the Council
Councillor Chaloner	-	Cabinet Member for Finance
Councillor Jordan	-	Cabinet Member for Children's Social Care
Councillor Kaur	-	Cabinet Member for Communities, Culture and Leisure
Councillor Rayment	-	Cabinet Member for Environment and Transport
Councillor Shields	-	Cabinet Member for Health and Community Safety
Councillor Payne	-	Cabinet Member for Housing and Adult Care
Councillor Hammond	-	Cabinet Member for Sustainable Living
Councillor Dr Paffey	-	Cabinet Member for Education and Skills

32. MANAGEMENT OF UNAUTHORISED ENCAMPMENTS POLICY

DECISION MADE: (CAB 17/18 19945)

On consideration of the report of the Cabinet Member for Health and Community Safety, Cabinet review and agree the updated Management of Unauthorised Encampments Policy.

33. ENFORCEMENT POLICY

DECISION MADE: (CAB 17/18 19943)

On consideration of the report of the Cabinet Member for Health and Community Safety, Cabinet agreed to consider and approve the proposed Enforcement Policy.

34. CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS

DECISION MADE: (CAB 17/18 20043)

On consideration of the report of the Cabinet Member for Finance, Cabinet agreed the following:

- (i) To note in accordance with the Financial procedure rules capital expenditure of £1.47m in 2017/18 capital programme to facilitate the purchase of additional modules from Unit 4 to enable the ERP system, as part of the capital digital transformation project. This is subject to Council Capital Board reviewing the business case to proceed.
- (ii) To approve the one-off increase in the revenue budget of £1.35M to facilitate the change process, and this to be funded from savings as a consequence of the project and the Transformation Reserve. This expenditure will be phased over 2017/18 and 2018/19 with the majority of the expenditure being in 2018/19.

35. AMENDMENT TO TOLL ORDER
DECISION MADE: (CAB 17/18 19867)

On consideration of the report of the Cabinet Member for Environment and Transport, Cabinet agreed to delegate authority to the Service Director, Transactions and Universal Services to publish notice of an amendment to the Itchen Bridge Tolls Order introducing a new class of vehicle (Electric) for which there will be a zero charge concession until air quality standards have improved and / or the maintenance requirements of the bridge require further consideration of proposed charging structures.

36. *HIGHWAYS ASSET MANAGEMENT REVIEW
DECISION MADE: (CAB 17/18 19897)

On consideration of the confidential report of the Cabinet Member for Environment and Transport, Cabinet approved the recommendations set out in the report.

DECISION-MAKER:	CABINET		
SUBJECT:	CUSTOMER STRATEGY 2018-2022		
DATE OF DECISION:	16 JANUARY 2018		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	James Marshall, Service Lead Customer Experience and Insight	Tel: 023 8083 3015
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
<p>The Customer Strategy 2018-2022 is intended to replace the current Customer Strategy 2015-2018. It outlines the Council’s strategic vision to put customers at the heart of everything it does, and sets out how it intends to deliver services going forwards in an ever changing digital world. It will contribute towards achieving the outcomes detailed in the Council Strategy 2016-20. It links closely to, and is supported by, the Digital Strategy 2018-2022, which is also being presented to Cabinet in January 2018.</p>	
RECOMMENDATIONS:	
	(i) To approve the Customer Strategy 2018-2022 (Appendix 1).
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure the Council has an agreed and published statement setting out its strategic approach to delivering services, to drive improvements for customers accessing and using Council services.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	An alternative option is to do nothing and not to revise the current Customer Strategy. This option is not recommended as it is important for the Council to refresh its strategy in order to help customers, communities and staff understand the Council’s vision.
DETAIL (Including consultation carried out)	
3.	The Customer Strategy 2018-2022 recognises that the delivery of effective services needs to be built around the needs of customers. The strategy has also been developed during a time of rapid change in the ways in which people use technology and deal with organisations. With this in mind, the Council is changing the way it works and will be delivering more services online, making it easier for customers to access information and services in

	ways that are quick and efficient.
4.	The strategy sets out the context for the current work intended to make us easier to deal with for residents, visitors, businesses and other stakeholders. We want to put our customers at the heart of everything we do, reflecting their feedback in the design and delivery of services, and to provide appropriate support to those who need it, ensuring that customer experiences are easy, effective and convenient.
5.	The strategy outlines the Council's commitment to customers through three key outcomes which will direct activity, and deliver improvements while reducing costs and inefficiencies: <ul style="list-style-type: none"> • Better customer experiences • Digital is the first choice for most customers • Engagement with customers influences design and delivery of services.
6.	One of these three outcomes relates specifically to the need to improve the Council's online and digital services so that customers can access information, apply for and pay for services more quickly and easily online. The Council recognises that online solutions are not appropriate for all customers or situations and this strategy outlines how further support will be made available for these individuals. The Digital Strategy 2018-2022, which is also being presented to Cabinet in January 2018, is intended to support the Customer Strategy in this regard.
7.	In addition to the high level actions included in the strategy, detailed action plans are being developed and will be reviewed and updated regularly as this programme of work develops. The Customer and Digital Board will oversee implementation of this strategy to ensure that the outcomes are delivered.

RESOURCE IMPLICATIONS

Capital/Revenue

8.	There are no direct financial implications arising from the adoption of the Customer Strategy. Any indirect financial implications will need to be contained within existing budgets.
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Property/Other

9.	None.
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LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

10.	S.111 Local Government Act 1972 – power to do anything calculated to facilitate the delivery of the Council's primary functions.
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Other Legal Implications:

11.	The Customer Strategy has been assessed in accordance with the Council's duties under the Equalities Act 2010 and in particular s.149, the public sector equality duty. All forms of customer interaction and strategic engagement must be delivered in accordance with these duties and the need to deliver services having due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.
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RISK MANAGEMENT IMPLICATIONS Page 4

12.	Strategic risks are managed through an existing framework of the Corporate Risk Register, the Contract Procedure Rules and the Financial Procedure Rules and Public Procurement Law. Adoption of the Customer Strategy will help to reduce these risks for the Council, for example risks concerning customer service, data security, service transformation and partnership working.
POLICY FRAMEWORK IMPLICATIONS	
13.	.The proposed strategy supports the delivery of the Council Strategy 2016-2020 and the Council's Policy Framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	The Customer Strategy 2018-2022
Documents In Members' Rooms	
1.	None.
Equality Impact Assessment	
The adoption of the Strategy itself does not change any services and therefore the ESIA that has been completed is high-level rather than detailed. As projects and services are changed in line with the Strategy and brought forward for approval, specific ESIA's will be brought forward at the same time.	Yes
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
Other Background Documents	
Equality Impact Assessment and Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None.

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Southampton City Council Customer Strategy 2018-2022

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

Customers contact us in many ways: telephone, online, face to face, email and post, depending on their needs and the service they want to access. We are committed to providing services which are easy to use, simple and effective. For everyone using our services we want to be easy to deal with. We will also try to provide specific support where customer needs require us to provide services in a different way. In the last few years, more and more people prefer to access services on their mobile phone or computer as this is quicker and more convenient. If we make it easy for them to access our services in this way, we can focus our limited resources on customers who are unable to do it online themselves. Therefore we want to improve our online and digital services.

Did you know that it costs the council:



£15	£12	£7	£5	£1	10p
for each face to face transaction	to deal with a letter	to deal with an email	for each telephone call	for each online transaction	for a website visit

The council deals with a large number of customer enquiries each year. Broken down into different channels, on average there are:

Face to face	Post	Emails	Telephone calls	Web form	Web visits
78,000	4,500	80,000	540,000	100,000	3,500,000

What do we want to achieve?

Outcome	What this means
Better customer experiences	<ul style="list-style-type: none"> Customers understand what they can expect from us We are easy to deal with Aim to get it right first time, every time which reduces unnecessary multiple contact Simple, easy to understand policies and processes which are clear and encourage self-service Staff focused on providing good service and outcomes for customers End to end services designed from the customer perspective Improve customer satisfaction Improve the council's reputation as an organisation Increased trading / commercial opportunities Improve the experience of those visiting the city
Digital contact is the first choice for most customers	<ul style="list-style-type: none"> Information is easy to find on the council's website The Southampton Information Directory (SID) provides updated information to help people to be self-sufficient and independent Customers can apply for services, inform us of changes, request information and pay quickly and easily online Services are designed so customers can use their own devices, with no need to register or download additional software Customers can complete most tasks digitally from start to finish, without having to contact the council directly Support is available for those who need it to get online Customers are involved in the design of digital public services
Engagement with customers influences design and delivery of services	<ul style="list-style-type: none"> Listen to and learn from the city's diverse range of customers, with different backgrounds and perspectives, using a range of communications methods to engage and consult them Customer engagement will foster communities and individuals to help people become more independent Customer feedback and insight will help improve council services by influencing the design of policies, services, systems and processes Keep customers well informed about our services, and any changes or issues which may affect them Provide high quality information across a range of platforms

Working together

Council

- Listen, be open, honest and friendly
- Offer simple and effective services, built around our customers, using their feedback
- Help people to help themselves, and communities to support each other
- Provide value for money and focus our resources on people who need the most help

HELPING MAKE SOUTHAMPTON A CITY OF OPPORTUNITY WHERE EVERYONE THRIVES.

Customers

- Have your say and get involved in shaping services
- Get online and use our online services
- Only seek help when it's really needed
- Get involved in your community
- Understand our resource pressures

Who are our customers?



We deal with a wide range of people across Southampton, and our customers include everyone living, working, volunteering, investing, studying, running a business in or visiting Southampton.

Our customers contact us for many different reasons, including to:

- Get information from us, or give us information
- Apply for, book or arrange services
- Report issues
- Make payments
- Buy our services
- Access specific help and support.

Key facts and figures



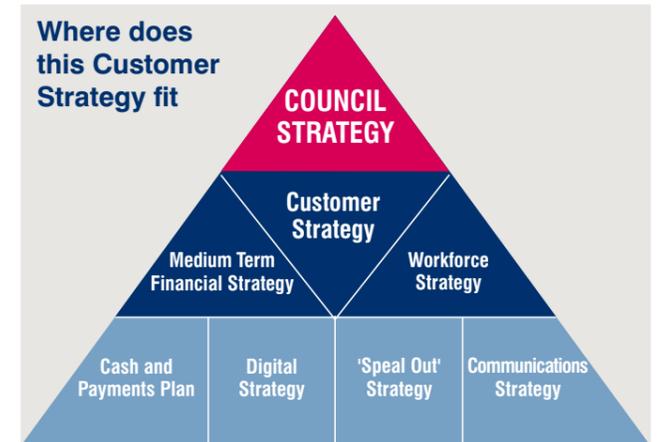
Southampton has **254,275** residents and this is expected to increase to **263,900** by 2022. In total the council dealt with at least **1,156,954** contacts in the last year. There are **127,601** properties which include residential and commercial buildings in the city, and of these we estimate:

33%	made no contact with the council in the last year
6%	contacted the council once
25%	contacted the council between 2 and 4 times
26%	contacted the council between 5 and 10 times
9%	contacted the council over 10 times.

A recent customer contact survey showed that approximately **50%** of telephone and email customer contacts were because we did not get it right first time. **Therefore we want to get it right first time, every time.**

As our population grows, there is increasing demand for council services. At the same time, we have less funding than ever before. We can manage this demand better at a lower cost if we improve the quality of our services, improve customer experiences by being innovative and working differently and make it very easy for them to access services themselves using digital channels.

Where does this Customer Strategy fit





Customer Contact Survey: 36% of customers were satisfied or very satisfied with customer services at Southampton City Council. 47% of respondents were not contacting the council for the first time about their issue. 89% felt telephone was either very or fairly important as a channel of contact compared to 77% for online forms, 86% for email and 62% for face to face. 92% of respondents felt that the friendliness of staff was very important in providing good customer services.

People's Panel Poll: 39% rated customer services good or excellent at Southampton City Council, 87% feel knowledge of staff is important for creating good customer service and 80% feel easy ways of reporting and requesting things is important for creating good customer service.

Ongoing customer feedback: The online forms received an average customer rating of 3.7 out of 5. Of the customers using the online feedback form only 13% are satisfied or very satisfied.

City Survey 2016: 55% of residents are satisfied with the way Southampton City Council runs things

Quotes from customers about how to improve customer services



Make the online forms work! The webpage often does not respond! It is very frustrating to contact City Council online.

Customer Contact Survey

Ensure that the council make provisions for those who do not have a computer to be able to contact them.

People's Panel

Want to be able to talk, easier to do this with someone on the telephone. In regards to requesting things. And would like more ease of access to find out about requests and the ongoing request times.

Customer Contact Survey

Perhaps a better connection between requests via Customer Services and implementation of the request via the actual service.

People's Panel

Make it better known that your on-line forms are easy to use. I put off reporting my missing recycling bin for 2 years because I don't like all that fiddly online stuff, and it turned out to be a simple 30 second job.

Customer Contact Survey

To resolve the issue as soon as possible and to get back to the customer when it is needed.

Customer Contact Survey

What are we going to do?



Outcome	Action: What are we going to do?	How will we measure success?
Better customer experiences	<ul style="list-style-type: none"> Map the top 100 end to end processes from the customer's perspective and make an improvement plan for each Implement a new Customer Relationship Management (CRM) system to improve processes and give a single customer view Increase the focus of staff on providing good customer services Develop consistent approaches to each customer contact channel Increase the use of clear and accessible language in communication Deliver high quality customer service for paying customers to enable and support the council's commercial ambitions. Reduce the level of contact through generic routes i.e. switchboard / enquiries 	<ul style="list-style-type: none"> Reduce customer contact to chase or query an existing case Increase City Survey measure of satisfaction with the way the council runs things Increase website satisfaction Increase the average website form rating Reduction in the number of complaints relating to customer services Reduce telephone contact Reduce the amount of outbound post Increase the amount of customers who feel we were easy to deal with
Digital contact is the first choice for most customers	<ul style="list-style-type: none"> Increase the number of services that are available online Provide online forms that are easy to use and enable completion of common tasks Use of social media and web chat to support the website as the ultimate contact channel Exploit emerging technology including automation software, bots, artificial intelligence, voice recognition etc Make it easier for customers to find the information they need on our websites, by ensuring all pages have clear and informative content Ensure web content is accessible regardless of the device the customer is using Automatic updates to keep customers informed on the progress of their case Publish an up-to-date comprehensive directory of activities and services to help users find support that meets their needs Help the council put digital tools in place that allow customers to give feedback Improve and update Southampton Information Directory Make it easier to pay online Implement a single direct debit process for any council service 	<ul style="list-style-type: none"> Increase in the proportion of digital contact with the council Reduction in the number of contacts chasing progress on previous enquiries Increase in website satisfaction Achieve an average rating of 4 for web forms Increase in productivity of customer-facing staff Reduction in visits to the 'Contact us' page Improvement in website satisfaction Increase in contacts through new digital channels All council websites are adaptive Automatic updates for the top 25 journeys All online processes provide automated updates Feedback tools launched Increase online direct debit take-up
Engagement with customers influences design and delivery of services	<ul style="list-style-type: none"> Communicate through a range of channels to make sure everyone is up to date on changes and issues which affect them Communicate in a proactive way so customers need to contact the council less Establish a mystery shopping group within the People's Panel Ensure that team and contract success measures include customer feedback Improving the quality of all council communication to ensure they are clear, transparent, jargon free and in Plain English Continue to involve customers in each step of service changes and developments Involve service users in the design and detail of service design and changes through focus groups and workshops Deliver a programme of community engagement to have ongoing dialogue about key issues with a diverse range of people Deliver the 'Speak Out' strategy (engaging with children and young people) Consult effectively with a wide range of stakeholders on key changes Conduct representative market research to give a true picture of the views of residents on council services 	<ul style="list-style-type: none"> Increase in the informed rating in City Survey Increased sign-ups for Stay Connected, Twitter followers, and Facebook Improve Stay Connected satisfaction Increase the amount of hyper-local updates sent out about issues or activity to those who live in the immediate area Increase People's Panel membership Increase participation in consultations and surveys Increase the membership of Youth Forum Southampton Increase membership of CICC (Children in Care Council) Southampton Widen the reach of community engagement activity Create a group of digital champions

DECISION-MAKER:	CABINET		
SUBJECT:	DIGITAL STRATEGY 2018-22		
DATE OF DECISION:	16 JANUARY 2018		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	James Strachan, Service Director, Digital and Business Operations	Tel: 023 8083 3436
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Director	Name:	James Strachan, Service Director, Digital and Business Operations	Tel: 023 8083 3436
	E-mail:	James.strachan@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
Not applicable	
BRIEF SUMMARY	
<p>Southampton City Council aims to be “a modern and sustainable council”. An increasingly central part of achieving this will be the successful application of digital technology, both internally within the council and externally with partners. It will contribute towards achieving the outcomes detailed in the Council Strategy 2016-20. The Digital Strategy (2018-2022) is a key strategic document that sets out a plan to:</p> <ul style="list-style-type: none"> • Make contacting the council, finding information and doing business with us easier for our customers; • Help the council run efficiently, providing staff with the right digital tools for the job; and • Grow Southampton’s economy by showing digital leadership locally and working with others to improve public digital infrastructure. 	
RECOMMENDATIONS:	
	(i) To approve the Digital Strategy 2018-22, included at Appendix 1.
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure that the council has a clear digital strategy that will help guide investment in technology, enable improvement of services and support delivery of other key strategies such as the Customer Strategy.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	An alternative option is to not develop and adopt a Digital Strategy. This is not recommended as it is important for the council to provide a clear and accessible statement of intent about how it will invest in and apply digital

	technology in the future, and how it aims to work with residents, businesses, suppliers and partners such as health bodies.
DETAIL (Including consultation carried out)	
3.	The council has invested in digital technology over many years, but development has been organic rather than guided by an overall strategy. With reduced financial resources it is critical to focus on the approach that will improve efficiency and deliver the best customer experience and value for money. It is also important to give guidance to suppliers and partners on our preferred approach. The Digital Strategy fills this gap.
4.	The Strategy has been developed internally but using a wide range of external inputs including other council strategies, expert advice (including from Capita) and analysis of industry trends. A key plank of the strategy is to develop feedback tools for customers so that their views on the council (including its technology approach) can be sought and received digitally.
5.	This Strategy covers the period 2018-22 and will be reviewed periodically to respond to new technological innovations, government regulations and the council's own service development. Given the fast-changing technology agenda it is difficult to project further forward in any detail, but the Strategy defines a direction of travel that will remain valid even as the technological means of delivery changes.
6.	The Strategy closely reflects other council strategies, in particular the Customer Strategy which is also being presented to Cabinet in January 2018. It defines the following digital vision: better customer experiences, greater independence and improved working through making the best use of information and technology.
7.	The Strategy defines three aims: <ul style="list-style-type: none"> • Make contacting the council, finding information and doing business with us easier for our customers; • Help the council run efficiently, providing staff with the right digital tools for the job; and • Grow Southampton's economy by improving public digital infrastructure and showing digital leadership locally.
8.	The Strategy also defines four external outcomes and two internal outcomes: <ul style="list-style-type: none"> • Digital is the first choice for most customers • Public services in Southampton are digitally 'joined up' • Digital data is secure, accurate and well-managed • Southampton has a growing digital economy • The council operates flexible, efficient and resilient digital systems • The council is known for its digital skills.
9.	Finally, the Strategy lists some broad actions that the council will take to realise its digital vision. A more detailed action plan will guide business planning in the council. This action plan will be reviewed regularly to ensure it remains relevant, and to ensure the strategic outcomes are being delivered.
RESOURCE IMPLICATIONS	

<u>Capital/Revenue</u>	
10.	There are no direct financial implications arising from the adoption of the Digital Strategy. Any indirect financial implications will need to be contained within existing budgets. All immediate activity is already accounted for in existing budgets and other projects in development, or yet to be developed, will be considered for feasibility within normal yearly budgeting activity.
<u>Property/Other</u>	
11.	The draft Strategy may require changes to the physical fabric of the Civic Centre and other offices, for example to boost Wifi capacity or because servers are no longer needed on site when systems move to cloud hosting. These matters are under discussion with the Capital Assets team.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	The council has the necessary powers to approve this draft Strategy in accordance with s.111 Local Government Act 1972 (the power to do anything calculated to facilitate the delivery of primary functions).
<u>Other Legal Implications:</u>	
13.	The strategy has been assessed in accordance with the Council's duties under the Equality Act 2010 and in particular s.149, the Public Sector Equality Duty, which requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. The move to digital services must take into account the impact on all people but particularly those having protected characteristics under the Act such as the elderly, the disabled etc who may require additional measures to support their use of digital services. These will be more fully assessed and addressed as individual projects and changes to infrastructure are developed. In addition, the strategy has been compiled having regard to the Council's duties under the Data Protection Act 1998 (DPA) and the General Data Protection Regulation (GDPR) including the revised data protection duties coming into effect in April 2018. Again, all projects and changes to processes and systems that store or utilise personal information will require thorough assessment of the impacts and compliance with the requirements of the DPA and GDPR.
RISK MANAGEMENT IMPLICATIONS	
14.	Strategic risks are managed through an existing framework of the Corporate Risk Register, the Contract Procedure Rules and the Financial Procedure Rules and Public Procurement Law. Adoption of the Digital Strategy will help to reduce these risks for the council, for example risks concerning customer service, data security, service transformation and partnership working with health bodies.
15.	New risks may arise from new projects and investment, or if current risks are left unaddressed, for example computers that need to be replaced. These risks will be controlled at programme and project level, for example by managing the digital programme robustly, planning carefully for the move to

	new digital platforms and implementing strong governance for data cleansing and migration.
POLICY FRAMEWORK IMPLICATIONS	
16.	The Digital Strategy will support the delivery of the Council Strategy 2016-2020 and the Council's Policy Framework.

KEY DECISION?	No
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Draft Digital Strategy 2018-22
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
The adoption of the Strategy itself does not change any services and therefore the ESIA that has been completed is high-level rather than detailed. As projects and services are changed in line with the Strategy and brought forward for approval, specific ESIAs will be brought forward at the same time.	Yes
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	Yes
Other Background Documents	
Equality Impact Assessment and Other Background documents available for inspection at:	
	None

Southampton City Council Digital Strategy 2018-2022

Our digital vision is of better customer experiences, greater independence and improved working through making the best use of information and technology.

In particular we want to:



Make contacting the council, finding information and doing business with us easier for our customers;



Help the council run efficiently, providing staff with the right digital tools for the job; and



Grow Southampton's economy by improving public digital infrastructure and showing digital leadership locally.

For those who use digital services - the majority of our **customers** - we want to make the digital option so quick and easy that you'll rarely need to pick up the phone. Digital information and services should be easy to access, mobile-friendly and designed so you can complete the whole task online, without needing to be in Southampton or call during office hours. Digital technology also makes it easier for customers to tell us what they think, and for us to respond quickly and use feedback to improve services, such as updating information about road closures on our website. We will continue to provide options for residents who cannot access digital services. For all customers, a single customer record will result in quicker service and a better experience, as they will not have to make repeat requests or provide information again.

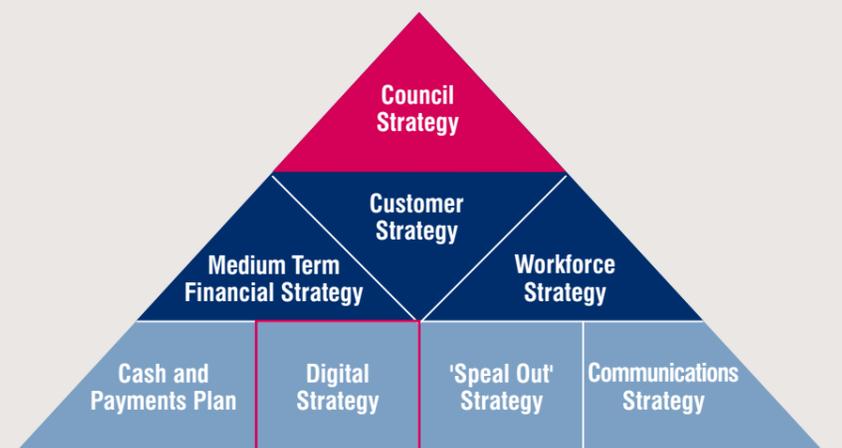
Doing things more digitally **helps the council to run more efficiently**. It is essential that our staff have the right equipment to do their job, and that the systems we use talk to each other. We want to automate processes – for example, it costs us almost nothing to take payments online, compared with taking cash and cheques to the bank – and grow the digital skills of our staff to enable them to become more productive by being able to work flexibly from anywhere. And digital technology can help us work more effectively within the council and with partners such as the NHS, by designing systems that talk to each other so that we all use the same information.

We want high-speed broadband and wireless networks in the city that will mean staff and partners can use technology to its greatest advantage. Our increasing use of mobile technology means that this will become a vital part of our business operating model. A significant additional benefit to a high-speed network will be the important role that this connectivity can bring to **jobs and growth** to Southampton. We also want to work with our universities and local businesses to reinforce Southampton's position as a national leader in digital research, innovation and skills. And we'd like people with great ideas and ambitions to see the city as 'Start-Up Southampton'– the best place to start and grow their business.

What do we know about the city's digital readiness?

- Customers are more satisfied when using online forms than any other method of contact
- Use of the councils' website has steadily increased:
43% of Southampton residents recently used it to look up information
- **77%** would go online to pay a bill such as a parking fine
- **80%** shop or bank online
- **85%** would buy clothes online if that was the only option
- **43%** use a smartphone for online transactions
- However, **11%** don't have access to computers

Where does this Digital Strategy fit?



What are we trying to achieve?

Outcome	What will success look like?
Digital is the first choice for most customers	<ul style="list-style-type: none"> • Information is easy to find on the council's website • The Southampton Information Directory (SID) provides updated information to help people to be self-sufficient and independent • Customers can apply for services, inform us of changes, request information and pay quickly and easily online • Services are designed so customers can use their own devices, with no need to register or download additional software • Customers can complete most tasks digitally from start to finish, without having to contact the council directly • Support is available for those who need it to get online • Residents of Southampton are involved in the design of digital public services
Southampton has a growing digital economy	<ul style="list-style-type: none"> • Ultrafast Wifi connectivity is available in the city centre • Planning policy promotes 'Start-up Southampton' as an objective • Superfast broadband and 5G+ mobile networks offer universal coverage • Data that could be economically beneficial is published for free re-use • The council works with universities and other public bodies to attract and develop the UK's best digital talent
Digital data is secure, accurate and well-managed	<ul style="list-style-type: none"> • Staff have the right equipment and systems to manage digital data well • All data is securely held; sensitive data is digitally protected and safely handled • The council is resistant to cyber-attacks, and invests in future security needs • Data is designed to be re-usable: by council services, by partners, by customers • Data is not kept for longer than it is needed
Public services in Southampton digitally 'joined up'	<ul style="list-style-type: none"> • Adult education supports digital inclusion in the city • IT systems and expertise are shared with other public bodies to reduce costs and increase service quality • Systems connect securely across public services so that different professionals can safely use the same data • Integration of health and social care systems is a top priority to ensure that people receive joined-up treatment • The council's approach to IT enables flexible working around the city for public employees • Customers get a smoother experience when they are dealing with different public bodies because everyone is using the same information

The challenges that we face

Customers

- The council is behind most residents in terms of digital maturity and ability to do business digitally
- Most residents own digital devices such as smartphones but may be reluctant to use them for council services
- Information needs to be easier to find on the council's website; SID is not up to date
- Many tasks not easy to complete online, for example making payments
- There will continue to be customers who are not able to use digital services and who will need access to skills development
- Preference among the majority for using the phone rather than digital contact

Economy

- Realising the 'Start-Up Southampton' vision is a significant challenge
- Public digital infrastructure will need major investment
- There may be barriers to investment, such as wider economic conditions or government regulations
- Coping with disruptive digital change, for example the gig economy or artificial intelligence

Data

- Constant threat from cyber-attacks
- The council is storing an ever-increasing amount of data, so costs are increasing
- Compliance with new Government directives, such as stronger data protection regulations
- Lack of a strategy for releasing more data under national open standards
- Lack of a single data record for customers, staff, property and debt makes it difficult to offer an efficient and effective service

Integration

- Complexity of getting council systems to talk to each other, and to partner systems
- Challenges of safely sharing data on patients, clients and vulnerable residents
- Risk that partners have different priorities

What are we going to do?

Outcome	Action: What are we going to do?	How will we measure success?
Digital contact is the first choice for most customers	<ul style="list-style-type: none"> • Increase the number of services that are available online • Provide online forms that are easy to use and enable completion of common tasks • Effective use of MySouthampton account for frequent service users • Use of social media to support the website as the ultimate contact channel • Exploit emerging technology including automation software, bots, artificial intelligence, voice recognition etc • Make it easier for customers to find the information they need on our websites, by ensuring all pages have clear and informative content • Ensure web content is accessible regardless of the device the customer is using • Automatic updates to keep customers informed on the progress of their case • Publish an up-to-date comprehensive directory of activities and services to help users find support that meets their needs • Help the council put digital tools in place that allow customers to give feedback • Improve and update SID • Make it easier to pay online • Implement a single direct debit process for any council service 	<ul style="list-style-type: none"> • Increase in the proportion of digital contact with the council • Reduction in the number of contacts chasing progress on previous enquiries • Increase in website satisfaction • Achieve an average rating of 4 for web forms • Customers who want a MySouthampton account see all data in one place • Increase in productivity of customer-facing staff • Reduction in visits to the 'Contact us' page • Improvement in website satisfaction • Increase in contacts through new digital channels • All council websites are adaptive • Automatic updates for the top 25 journeys • All online processes provide automated updates • Feedback tools launched • Increase online direct debit take-up
Southampton has a growing digital economy	<ul style="list-style-type: none"> • Secure external investment in ultra-fast fibre, Wifi and 5G connectivity for the city centre • Make more datasets available under open data standards • Work with universities and other partners to attract and retain digital talent 	<ul style="list-style-type: none"> • Southampton is known for good connectivity • More businesses are attracted to the city • Improved city centre fast Wifi coverage, including free • 5G rollout starts in 2020 • More open datasets released • Increase in digital start-ups
Digital data is secure, accurate and well-managed	<ul style="list-style-type: none"> • Continuously monitor cyber-threats and upgrade protection • Ensure staff using digital systems are trained on data protection responsibilities • Implement good data management practice, policies and procedures including 'single copy, multiple usage' • Ensure data is seen as a crucial asset 	<ul style="list-style-type: none"> • Minimum impact from cyber/phishing/malware etc attacks • Reduction in data stored and costs • Data errors are corrected and duplicate records merged • Data supports analysis and decision-making
Public services in Southampton digitally 'joined up'	<ul style="list-style-type: none"> • Commission adult education to support digital inclusion and digital literacy in the city • Work closely with schools to maximise the digital skills of all children • Ensure health and social care professionals can securely share and access agreed data • Ensure public employees in Southampton are able to work flexibly from each other's premises 	<ul style="list-style-type: none"> • Increased digital literacy in the city • Improvement in health/social care service quality • Increase in the use of premises by staff from different agencies

DECISION-MAKER:	CABINET		
SUBJECT:	LOCAL AUTHORITY TRADING COMPANY ('LATCO') FOR SOME COUNCIL SERVICES		
DATE OF DECISION:	16 JANUARY 2018		
REPORT OF:	CABINET MEMBER FOR SUSTAINABLE LIVING		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Richard Crouch	Tel: 023 8083 3360
	E-mail:	richard.crouch@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
<p>Appendices 4 and 5 are exempt from publication by virtue of the Council's Access to Information Procedure Rules as contained in the Constitution as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). If the appendices were to be treated as a public document it would reveal information that is both commercially sensitive and detrimental to the business affairs of the Council.</p>	
BRIEF SUMMARY	
<p>The purpose of this report is to:</p> <ol style="list-style-type: none"> 1. update Cabinet on the progress achieved on the Local Authority Trading Company (LATCo) project since the last Cabinet report in August 2017; and to 2. seek endorsement of <ol style="list-style-type: none"> a. the continued implementation of this transformation programme; b. the development of a Collective Agreement for the LATCo based on the Draft Memorandum of Understanding being developed with the Council's recognised trade unions; and c. the launch of a Best Value consultation process <p>The report summarises the current proposed governance arrangements for the LATCo (paragraphs 19 to 25), the intended relationship / ways of working between the LATCo and its 'parent' organisation Southampton City Council (SCC) (paragraphs 26 to 41), staffing considerations (paragraphs 42 to 48), a phasing approach for the migration of services (paragraphs 49 to 67), and the proposed consultation activity to following this Cabinet meeting (paragraphs 68 to 80).</p> <p>A report with the final proposals and business plans for the LATCo will be presented for consideration and approval by Council in May/June 2018.</p>	
RECOMMENDATIONS:	
	<p>(i) To note the progress on the proposed establishment of the LATCo and endorse the continued implementation of the programme based on the proposals contained in this report, namely;</p> <ul style="list-style-type: none"> ▪ the proposed governance arrangements; ▪ the migration of services in the proposed order of priority; and ▪ the development of final business plans for the LATCo services.
	<p>(ii) To note the proposed cross-party composition of the Shareholder's Group for the LATCo.</p>

	(iii)	To endorse the launch of a Best Value consultation, and further briefings with staff on the emerging proposals for the LATCo.
	(iv)	To note that a further specific consultation with tenants and leaseholders (required under s27/105 of the Housing Act (1985)) will follow later in the year (2018) to cover the proposed transfer of Housing Services to the LATCo. Formal staff consultation will also be required later in the year relating to TUPE, should Full Council approve final proposals.
	(v)	To note that the outcome of the staff and Best Value consultations, as well as the final recommendations on the establishment of the LATCo, including the staffing provisions, governance arrangements, financial implications and operational plans will be presented to Council (as determined by the Constitution) for final decision May/June 2018.

REASONS FOR REPORT RECOMMENDATIONS

1.	To fulfil the Council's legal requirements for undertaking a Best Value consultation on its proposals for the services in question.
2.	To enable the on-going transformation of a range of in-scope council services, particularly the need for a new operating model that supports on-going cost efficiency in the delivery of services back to the Council, together with further commercialisation and potential trading opportunities.
3.	To maximise the effective, efficient and economic management and operation of the in-scope services.
4.	To develop a commercial capacity that can, where appropriate and in the public interest, profitably trade the services with other councils, public sector organisations, businesses and, where relevant, residents of the City and the broader commercial market.
5.	To support the Council in achieving its aim of continuing to grow the local economy, bringing investment into the city and increasing employment opportunities for local people.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6.	The original options appraisal presented to Cabinet in December 2016 considered a number of service delivery models including: the option to retain and to continue operating the services 'in-house' as undertaken currently; outsourcing; joint venture; and disposal. These options did not support the aims and aspirations of the Council to the same extent as the recommended option of establishing a LATCo.
7.	After the Cabinet meeting of December 2016, further consideration was given to how the preferred LATCo option could be structured and three 'variant' options were presented to Cabinet in August 2017. These included: <ul style="list-style-type: none"> ▪ Establishing the LATCo with no external partner support; ▪ Establishing the LATCo with external partner support for all services in scope; ▪ Establishing the LATCo with external partner support for some of the services in scope.
8.	Following consideration of these variant LATCo options and the representations obtained on Page 16 from the initial Best Value consultation

	held in June/July 2017, Cabinet agreed that the option of establishing a LATCo with no external partner support was in the best interests of the Council, and that the continued development of the LATCo project should proceed on this basis.
DETAIL (Including consultation carried out)	
	BACKGROUND
9.	In April 2015 Southampton City Council launched a major transformation programme aimed at improving customer service and outcomes, organisational capability and practice, and the need to close a projected financial gap of £90m by the financial year 2019/20.
10.	A significant number of change programmes and projects have been identified from these activities. Key among these was a proposal to Cabinet in December 2016 to consider the establishment of a Local Authority Trading Company ('LATCo') as the next stage of organisational development for the following Council services: Housing Management and Housing Operations; Street Cleansing; Waste Management & Collection; Parks & Open Spaces; Car Parking, Ticketing and Barrier Operations; Facilities Management; Itchen Bridge Operations; and Transport.
11.	At its meeting in December 2016, Cabinet favoured the LATCo option over alternative delivery model options and approved the launch of the LATCo programme with the objective of establishing a Local Authority Trading Company for the management, delivery and commercialisation of Street Cleansing; Waste Management & Collection; Housing Operations & Housing Management; Parks & Open Spaces; Car Park Operations; Facilities Management; Itchen Bridge Operations; and Transport. At the time, Cabinet also considered the potential option of appointing one or more public and/or private sector partners to support the LATCo in the discharge of its duties.
12.	Following the Cabinet meeting in December 2016, the LATCo project activity focused on: <ul style="list-style-type: none"> ▪ establishing and embedding the governance for the project; ▪ preparing for any potential procurement process; ▪ collecting operational and financial service related information on the services in scope; ▪ reviewing service specifications and challenging the need or opportunity for improved performance and service outcomes; ▪ considering how the LATCo could be structured and established; and ▪ preparing and undertaking an initial Best Value consultation process in June/July 2017 on the proposed establishment of the LATCo, the functions within scope, and the variations on the structural form that the LATCo could take.
13.	Following consideration of the representations made on the variant LATCo structure options, including feedback arising from the Best Value consultation, Cabinet selected the establishment of a LATCo without the procurement of an external partner as its preferred variant option. Cabinet also endorsed the proposal to remove the Itchen Bridge operations from the scope of services for the LATCo and approved the addition of Pest Control services.
14.	The key objectives from the implementation of the programme and the

	<p>establishment of the LATCo remain unchanged and include:</p> <ul style="list-style-type: none"> ▪ continuous improvement to the effectiveness, efficiency, and economy of the services provided by the LATCo to the Council ('Key Objective 1'); and ▪ a platform for growth focused on the development of new and existing income streams from external third party trading ('Key Objective 2').
15.	<p>The expected benefits in relation to Key Objective 1 include:</p> <ul style="list-style-type: none"> ▪ providing management with greater flexibility to shape future service provision; ▪ building on existing service quality and improving the service experience to customers (citizens, businesses, and visitors) through the development and improvement of service offerings; and ▪ supporting quicker decision making and more organisational agility in responding to, and proactively addressing, changes and opportunities in the market.
16.	<p>The expected benefits in relation to Key Objective 2 include:</p> <ul style="list-style-type: none"> ▪ enabling the Council to pursue income generation activity across all service sectors and price / charge for its services accordingly; ▪ enabling the Council to attract commercial acumen; ▪ exploring employee engagement options; and ▪ establishing the foundation for future partnering or cross council / public authority working.
PROJECT UPDATE	
17.	<p>Since the Cabinet meeting in August 2017, project activity has focused on:</p> <ul style="list-style-type: none"> ▪ a re-alignment of the programme strategy to take account of the decision not to pursue the procurement of an external partner to support the LATCo; ▪ the development of new workstream activity to address considerations of service improvement and business development opportunities that were earmarked for discussion as part of the aforementioned procurement process; ▪ the development of the governance arrangements for the LATCo; ▪ considerations for prioritising the migration of services from the Council to the LATCo; ▪ continued analysis of the financial make-up of the services and their product offerings; ▪ discussions with the Unions on staffing considerations and the development of a draft memorandum of understanding as a precursor to a Collective Agreement for LATCo staff; and ▪ planning the activity to support next stage Best Value consultation.
18.	<p>Changes were also made to the composition of the Strategic Board overseeing the project. This involved increasing the number of Cabinet Members and including all members of the Council's Strategic Leadership Team, and the Monitoring Officer, while retaining the same involvement of Union representatives as observers. These changes were introduced to enable faster decision making and provide greater senior visibility, leadership and accountability as the programme progresses further towards its conclusion.</p>
PROPOSED GOVERNANCE FOR THE LATCO	

19.	As outlined in previous Cabinet reports, local authorities may use powers to trade as found in the Local Government Act 2003 and under the general power of competence in the Localism Act 2011. However, they must establish a company if they wish to carry on trading activities for profit or with the private sector. Section 4 of the 2011 Act permits authorities to provide a service on a commercial basis through a company.
	Form of Company
20.	The formation of a company can take different forms and the one advised for consideration by the Council for the purpose of its LATCo is a private company limited by shares and wholly owned by SCC.
21.	A private company limited by shares is the most popular type of company formed in the UK. It is also the most common type of company used by local authorities, particularly in the context of trading services. This type of company is owned by shareholders (in this case the Council) and managed by Directors. Profits generated through the company's traded activity can be reinvested in the company or distributed to the shareholders in the form of dividends (in this case, to the Council for reinvestment in its other services including housing). A key characteristic and attraction of a company limited by shares is that the shareholders' liability is limited to the value of the shares they hold in the company.
22.	The 'business' of the company is managed by Directors who are appointed by the shareholders to act on their behalf. The Directors have a legal obligation to do everything in their power to act in the best interest of the company, in full accordance with the Articles of Association (attached at Appendix 2) of the company as established by the shareholders.
23.	The Articles of Association of a company are essentially its 'constitution' and outline, among other things, the decision making powers of the Directors and any limitations on such powers, as reserved by the shareholders.
24. 24.1	<p>Provisions of the Articles that are of particular note include:</p> <p><i>Number and Appointment of Directors</i></p> <p>The Articles propose the appointment of 6 Directors, comprising of 4 Executive Directors and 2 Non-Executive Directors. Executive Directors are engaged full time in the day to day running and administration of the company, while Non-Executive Directors are not, contributing instead through (mainly) participation of board meetings to oversee, challenge, but also advise on the performance of the company.</p> <p>The 4 Executive Directors would consist of:</p> <ul style="list-style-type: none"> ▪ an elected SCC Council Member (appointed at the Council's AGM); ▪ SCC's Chief Operating Officer, who would also hold the position of Managing Director for the company; ▪ SCC's Service Director, Finance and Commercialisation (the Council's designated s151 officer), who would also hold the position of Finance Director for the company; and ▪ one of the senior managers of the company, nominated by the company's MD and appointed by the Shareholder Group (see below). <p>The intention is that 2 Non-Executive Directors would be appointed from the external market and would be people who do not hold office in the Council. Their appointment would be by the Shareholder Group (see below). The</p>

	purpose of such appointments is to attract external, senior talent to provide independent advice and challenge to the business activities of the company.
24.2	<i>Decision making by the Directors</i>
	<p>The Articles propose that each Director has a single vote and that decisions of the Directors are passed by simple majority, with two exceptions:</p> <ol style="list-style-type: none"> 1. decisions of a material financial nature which, in the opinion of the Executive Director holding the position of Service Director, Finance and Commercialisation (SCC’s designated s151 Officer), have the potential to have a material adverse effect on the financial affairs of the company and/or SCC; and 2. decisions requiring the consent of the Shareholder. <p>In the former case, for a decision or resolution to be passed, the Executive Director holding the position of SCC Service Director Finance, and Commercialisation MUST vote in favour of the decision. In the latter case, the Directors MUST seek the approval of the council (as Shareholder) for the decision to take effect.</p>
24.3	<i>Decisions requiring Shareholder consent and Reserved Matters</i>
	<p>As a private company limited by shares, the LATCo will be a separate legal entity to SCC, even though the company will be wholly owned by the Council. As such, the decisions taken by the Directors of the company are binding on the company. The purpose of introducing a requirement on the Directors to seek the consent of the Shareholder on decisions of a certain nature is therefore to provide SCC with the right to approve and, if necessary, reject certain decision from being taken.</p> <p>The decisions that require such consent are summarised in Appendix 1.</p>
24.4	<i>Shareholder Representative</i>
	<p>As the Shareholder of the LATCo is, in this case SCC, and the ultimate accountable body is the Council, any company decisions reserved for the Shareholder would need a Council or Cabinet meeting for resolution, unless appropriate delegations are introduced. This is no different to the system of delegations that exist for the day to day management of the council’s own affairs.</p> <p>The Articles of the LATCo therefore make provision for a ‘Shareholder Representative’, which is defined (in Article 1) as:</p> <p>“such person or body nominated by the Holder or Holders of the Shares to exercise all rights of the Holder or Holders in relation to the company”.</p> <p>The concept of a ‘Shareholder Representative’ is introduced in the Articles to provide an administrative mechanism by which actions or duties of the shareholder can be carried out in a practical and efficient manner without always requiring a meeting of full Council to discuss and resolve them. While the nature of some duties (as outlined in Appendix 1) <u>will</u> necessitate a meeting of full Council or Cabinet to act as shareholder, most other requirements for consent can be carried out on behalf of Council through delegated authority, the details on which are still being worked through. The officers or bodies of SCC to which delegation for such consent is proposed are identified in Appendix 1. This is subject to refinement.</p>
24.5	<i>Shareholder’s Group</i>
	Of particular note in relation to the concept of Shareholder Representative is

	<p>the proposal for the establishment of a Shareholder Group to act as one of the Shareholder Representatives and assume particular responsibilities in relation to specific governance matters.</p> <p>It is proposed that the Shareholder Group consists of 7 elected Council Members appointed at each Council Annual General Meeting. Five (5) of the appointments would be made by the Leader while the remaining two (2) appointments would be from the Opposition. The appointments do not have to be politically balanced.</p> <p>Cross party representation is intended to ensure that oversight of the LATCo is primarily addressed from a business and apolitical perspective as the nature of the matters referred to this group are of a commercial rather than policy or political nature.</p> <p>Decisions of the Shareholder Group will be by simple majority and in addition to attending and voting at General Meetings of the company, the Shareholder Group will also be responsible for providing (or denying) consent to the matters reserved for the shareholder as identified in Appendix 1.</p>
25.	A copy of the proposed Articles of Association for SCC's LATCo is enclosed in Appendix 2 for review and consideration.
	“One Council”
26.	Although activity will be transferring to the LATCo and operated ‘at arms length’ of the council, the company will still be part of the broader SCC ‘family’ and will mirror its general policies, work ethic and code of conduct for public services, so that it develops itself as “a business with a social purpose”.
27.	SCC will exercise influence on the LATCo and its services in two ways: the first in its role as sole owner and shareholder of the LATCo, and the second in its role as Client to whom the LATCo will be delivering services.
28.	<p>As Shareholder of the LATCo, the council will exercise control through the company's Articles of Association and the reserved matters outlined earlier, key responsibilities among which include:</p> <ol style="list-style-type: none"> 1. appointing the company Directors to manage the LATCo, including the appointment (and dismissal) of the senior managers of the LATCo; 2. agreeing and controlling ultimate sign-off of the business plan setting the vision and market ambition to be pursued by the LATCo; 3. setting and controlling the budget required by the LATCo to implement the agreed business plan, including restrictions on financial investment and expenditure and parameters for strategic business growth; 4. setting, and agreeing any variations to, staff terms and conditions; 5. providing the LATCo with the financial capital investment it requires to implement the agreed business plan; and 6. setting a framework of authority under which the LATCo management can operate freely to implement its business plan.

29.	<p>In its role as ‘Client’, SCC will control and be responsible for:</p> <ol style="list-style-type: none"> 1. the initial transfer of staff to the LATCo under TUPE and the retention of common terms and conditions; 2. setting and controlling the budget for the service activities in question; 3. determining the extent of the activities required from the LATCo and the expected standard of service to be provided, both of which effectively comprise an output specification for the LATCo to comply with; 4. controlling ultimate sign-off of the LATCo’s proposed service plans underpinning service delivery to SCC against the aforementioned output specification; 5. agreeing an effective price and payment mechanism for the said services; and 6. paying the LATCo for the services received from it.
30.	<p>To maximise efficiencies, and ensure uniform standards of service across all Council services, the LATCo will initially be required to source its back office support services (procurement, IT, HR, finance, legal, business support, insight, intelligence and communications) from existing in-house or partnered arrangements.</p>
31.	<p>Although the LATCo will be part of the ‘SCC family’ and subject to the aforementioned controls, it must operate independently and commercially in order to ensure that its business is conducted competitively and in the best interest of its customers. Being part of the SCC family should not result in the LATCo being treated more favourably than other providers. As such, the services provided to SCC by the LATCo (and vice-versa) will be governed by Services Level Agreements comprising of:</p> <ul style="list-style-type: none"> ▪ a description of the services provided, including as necessary agreed plans for service change and improvement; ▪ a description of the service and output specification, including performance measures and KPIs; ▪ a description of the governance arrangements for the management, monitoring and reporting of service outputs and outcomes; and ▪ a description of the payment mechanism to support the provision of services. <p>Although this may seem formal considering SCC owns the LATCo, this arrangement is considered important to ensure that:</p> <ol style="list-style-type: none"> 1. there is no ‘relaxation’ (perceived or otherwise) to the council’s expectations of service performance and improvement from the LATCo, and the LATCo is not treated more favourably by the Council than a third party partner or supplier of services; 2. the LATCo is subjected to a client-provider experience that will provide it with the ‘grounding’ and foundation required to contract on similar grounds with other Authorities and third parties as it grows its business; 3. the LATCo has the opportunity to operate at ‘arms-length’, enabling it to experience the commercial realities of operating to a contracted price (and bottom line) that is not automatically ‘bailed out’ when things go wrong; and 4. the council’s dual role of client and shareholder is not ‘blurred’, allowing the council to maintain closer control on what it receives from

	<p>the LATCo as a client so that Southampton residents and customers are never disadvantaged by the LATCo chasing alternative business, but likewise affording the LATCo more ‘liberty’ (within an agreed framework of authority) to respond quickly and effectively to market opportunities and make its own decisions in relation to its market making growth activity.</p>
	<p>Leadership and Management</p>
32.	<p>Responsibility for the leadership and management of the company is statutorily vested in the company’s Directors.</p>
33.	<p>On a day to day basis, the management of the company will be the responsibility of a management team, initially comprising of a Managing Director, Finance Director, Commercial Director, and Operations Director.</p>
34.	<p>The Managing Director will have overall responsibility for the day to day leadership of the company and will also be a (statutory / board) Director of the company; the person holding this role will be the council’s Chief Operating Officer. This dual role will ensure that the company has the widest accountability to pursue its services and new business, while ensuring that its growth is consistent with and sympathetic to the Council’s priority outcomes and social values.</p>
35.	<p>The Finance Director of the company, who will also be a (statutory / board) Director of the company, will be accountable to the Managing Director for the financial management and administration of the company. The company Finance Director will also be a (statutory / board) Director of the company and the person holding this role will be the council’s Service Director Finance & Commercialisation (SCC’s designated s151 officer). This dual role is particularly important in the initial formative stages of the company and is intended ensure that the company’s financial performance is supportive of, and consistent with, the council’s funding and investment priorities.</p>
36.	<p>The Operations Director of the company will be responsible for managing the day to day operational delivery requirements of the services provided by the LATCo. The remit of this role is the achievement of Key Objective 1 of the LATCo i.e., continuous improvement to the effectiveness, efficiency and economy of the services provided by the company.</p> <p>At this stage it is envisaged that the services transferring to the LATCo will be grouped into three business units, or service delivery arms (‘SDA’). One SDA will comprise of waste management and collection services, street cleansing, parks & open spaces, pest control and fleet management. A second SDA will cover transport services, facilities management and car park operations. The third SDA will deliver housing management and housing operations services.</p> <p>As it is proposed that the services migrate to the LATCo in a phased approach (see ‘Proposed Migration of Services’ - paragraphs 48 to 56 below), it is currently envisaged that the role of Operations Director should at least initially be occupied by one person, and that this should be the SCC Service Director responsible for Transactional & Universal Services given that the first group of services proposed for transfer currently fall within the remit of this office. The Service Director, Transactions & Universal Services will also continue to retain this role in the council, with responsibility for complementary client side functions, as well as the delivery of current</p>

	<p>services that are not envisaged to transfer to the LATCo.</p> <p>This arrangement will need to be reviewed as and when the other services also migrate to the LATCo. Thereafter, periodic reviews will also be required to take account of changing leadership and management requirements arising from new business and growth and which may result in the need for additional Operations Director (perhaps focusing on other non-SCC contracts) in the future.</p>
37.	<p>The Commercial Director of the company will be responsible for client relationships and business growth. Their remit is the delivery of a platform for growth focused on the development of new and existing income streams from external third party trading ('Key Objective 2' of the LATCo).</p> <p>The functions and responsibilities of the Commercial Director will include sales, market and business development, bid management, new contract development and negotiation, client account management and strategic customer relationships.</p> <p>This commercial role will be new to the LATCo. It is not a service or function that will be transferring from the council.</p> <p>The purpose of establishing this function in the LATCo is to give the company clear and unfettered leadership to focus on new business growth. The shape and size of the sales and commercial activity cannot be determined at this stage and will need to evolve as the company starts to bid for and win new contracts. However, as this activity is undertaken by a new post of Commercial Director and their team, there will be an on-going need for business development support activities including market research, branding, marketing, promotion and advertising campaigns, client communications, and new product/service development initiatives. As the council already possesses a number of the skills required to support such activity, and is also looking to grow this expertise to support the commercialisation of other services that are not transferring to the LATCo, it is the council's intention to retain these aspects of commercial activity within the council and requires the commercial function within the LATCo to draw upon such skills and expertise. Likewise, as the LATCo develops and grows sales and market making capabilities, the council will look to commission these skills to support the sales and business development activities of services retained by it that may commercialise elements of their activity to third parties.</p> <p>Besides avoiding duplication of resource and cost across different entities of SCC, this approach will ensure cross-fertilisation of skills and expertise, the development of a single, strong brand (where appropriate) and career enhancing opportunities for staff across the council and the LATCo.</p>
38.	<p>The Operations Director or the Commercial Director of the LATCo may also be appointed as a (board / statutory) Director of the company.</p>
39.	<p>On its formation, the LATCo will only have SCC as a client, but the grouping of the services it will provide to the council will cover approximately £45m of annual expenditure and around 600 staff. This will grow as the company successfully wins additional new business. Given the size of the company on formation, and the Council's relative inexperience of owning/managing private companies limited by shares, the proposed LATCo structure also provides for a company secretarial function to support the business of the</p>

	board of Directors.
40.	To maximise the return on investment on this proposed role, the proposed structure also assigns to the role the management and co-ordination of all the support service activity (except for finance) that the company will be 'procuring' from SCC. Taken collectively, the company secretarial function and the coordination of the SCC provided support services roles are grouped into a single 'Business Administration Manager' role. The Business Administration Manager will report to the Managing Director on all matters relating to the day to day provision of the support services, but will be directly accountable to the Chair of the Board of Directors for the administration of company secretarial functions undertaken on behalf of the board. The functions of this role may be procured from SCC or delivered directly by the LATCo.
41.	Enclosed in Appendix 3 is a high level functional structure for the LATCo, highlighting the aforementioned leadership roles, the grouping of activities in the LATCo and the proposed working arrangements for the provision of support service activity from SCC to the LATCo. It should be noted that the management costs of the LATCo have been minimised by structuring 3 of the 4 Director roles as joint roles with SCC, leaving only two new posts (Commercial Director and Business Administration Manager) which need to be funded through the LATCo's business activities.
	STAFFING CONSIDERATIONS
42.	The establishment of the LATCo will involve a TUPE transfer of staff as the services that will be delivered by the LATCo (legally, a separate entity albeit wholly owned by the council) are currently undertaken by council in-house services.
43.	Staff transferring from the council to the LATCo will retain all existing employment rights, terms and conditions. This includes existing LGPS pensions' membership. New staff employed by the LATCo to deliver council services will be offered the same terms and conditions. The position regarding the terms and conditions of new staff transferring to the LATCo as a result of contracts won from other organisations is still to be agreed with the recognised Trade Unions, but again TUPE may apply.
44.	While the council is clearly committing that the terms and conditions of staff transferring to the council will remain unchanged, a draft Memorandum of Understanding capturing the details underpinning such commitment is being discussed with the recognised trade unions. This draft Memorandum is intended to form the basis for a formal Collective Agreement between the LATCo and the Unions and, subject to endorsement by this Cabinet and ratified by Council in May/June 2018, will come into force upon formation of the LATCo and the transfer of council staff. A copy of the draft Memorandum of Understanding is attached as confidential Appendix 4.
45.	In addition to establishing clear legal and governance parameters for staff employed by the LATCo, the council is also keen for the LATCo to nurture and develop exemplary industrial relations and use this as a foundation – and indeed a competitive advantage – for growing the business of the LATCo.
46.	As such, the Articles of Association provide for the formal establishment of a Staff Engagement Panel to comprise of three (3) employees of the LATCo

	nominated by the trade unions recognised by SCC and who act as local trade union representatives in the company, and 2 employees of the company selected by the (board / statutory) Directors, who are part of the company's management team but who are not themselves (board / statutory) Directors.
47.	The Staff Engagement Panel will meet to advise the (board / statutory) Directors on matters of an operational nature that may impact on the well-being and employment opportunities of the company's staff. They will be entitled to receive and comment on board papers on matters that may affect the well-being and employment opportunities of staff, and to independently raise matters of such nature to the board. Although the Panel acts in an advisory capacity and has no (company) decision making powers, the Board of Directors has a duty to consider advice and representations made by the Panel.
48.	The Articles of Association also provide the formal establishment of a Tenants' Panel. The composition of this, the appointment mechanism of representatives and associated decisions are still being worked through. The Tenants' Panel will meet to advise the (board / statutory) Directors on matters of an operational nature that may impact the Housing Management and Housing Operations services.
	PROPOSED MIGRATION OF SERVICES
49.	Given the size of the services involved, both in terms of staff numbers and budgets, it is not considered prudent that all services migrate together, and in a single transfer, immediately following the formation of the LATCo.
50.	It is proposed that the services transfer in sequence, and in 'bundles' to reflect the three anticipated groupings of the Service Delivery Arms (or business units) of the LATCo.
51.	The first group of services to transfer immediately upon the formation of the LATCo would be Waste Management and Collection, Street Cleansing, Pest Control, Parks & Open Spaces, Fleet Management (collectively 'City Services') and possibly Car Park Operations.
52.	The second group of services to transfer would be Car Park Operations (if not transferred in the first Service Delivery Arm), Transport and Facilities Management. These would transfer in 2018/19.
53.	Housing Management and Housing Operations (the third Service Delivery Arm of the LATCo) would transfer in 2019.
54.	In determining the proposed order and timing of migration of these services, consideration was given to a number of factors including: <ol style="list-style-type: none"> 1. Organisation change readiness 2. Cost management / turnaround opportunity 3. Commercial readiness / market opportunity 4. Legal approvals required 5. Dependencies with other projects / programmes 6. Accommodation / assets 7. IT readiness
55.	City Services are proposed to migrate first for the following reasons: <ol style="list-style-type: none"> 1. they have the greatest potential to begin trading in a commercial

	<p>manner in the shortest timeframe, particularly as some services already operate in this way;</p> <ol style="list-style-type: none"> 2. there are fewer dependencies with other Council programmes which might cause instability in terms of service delivery; 3. there are limited legal implications for transferring these services which need to be considered and planned; 4. there is a perceived customer demand for the commercial services offered and those that could be developed. <p>Consideration to bring forward Car Park Operations will be based largely on commercial readiness and contribution towards income.</p>
56.	<p>Facilities Management, Transport and possibly Car Park Operations are proposed to migrate next, predominantly because although these services have the potential to trade, some need more time to prepare for this relatively new commercial activity. Furthermore, the current provision of facilities management and transport services in particular is fragmented and more work and planning needs to take place to consolidate these activities before commercial work can be prioritised.</p>
57.	<p>Housing Management and Housing Operations services are proposed to be the final services to migrate to the LATCo, predominantly because:</p> <ol style="list-style-type: none"> 1. there are considerably more legal implications which must be addressed prior to any transfer to the LATCo; 2. a separate consultation with tenants and leaseholders needs to be undertaken, following which consent is also required from the Secretary of State; and 3. the service has been undertaking a number of change initiatives which would benefit from consolidation before transfer; and 4. safeguards must be in place to ensure existing tenants and leaseholders experience no reduction in quality of service once the LATCo is operational.
	<p>OUTLINE BUSINESS ASSESSMENTS</p>
58.	<p>Since the Cabinet report in August 2017, and following the decision by Cabinet to not procure external partners for the LATCo, new project work stream activity has been undertaken to address considerations of service improvement and business development opportunities that were originally earmarked for discussion as part of the aforementioned procurement process.</p>
59.	<p>This activity involved:</p> <ul style="list-style-type: none"> ▪ an analysis of the current organisational and operational 'make up' of the migrating services; ▪ a soft benchmarking exercise to evaluate the type, nature and performance of the services to comparable service provision elsewhere; ▪ the identification of service improvement initiatives to underpin the development of the services in support of Key Objective 1 (continuous improvement to effectiveness, efficiency and economy of the services) of the LATCo; ▪ secondary research on the markets that the services in question operate and/or will compete in; and ▪ the identification of business development opportunities to support Key Objective 2 (development of new income streams from external

	trading) of the LATCo.
60.	A separate financial assessment work stream was also launched to analyse the financial make-up of the services and their product offerings from a profit and loss (rather than council budget management) perspective. This work is still ongoing and is planned to result in a projected 5 year Profit and Loss account, balance sheet, and cash flow statement for the company. These will be presented as part of the financial submission to Council in May/June2018.
61.	<p>The assessment of the services carried out to date has identified a number of strengths that can support the development of 'unique selling propositions' that the LATCo can use to compete in the market. Key among these include:</p> <ul style="list-style-type: none"> ▪ Public Sector brand, with associated values such as quality and trust. ▪ Local embedded knowledge, skills and experience; ▪ Access to a large and local service infrastructure; ▪ Experience of managing significant capital assets (e.g. managing the assets of the largest residential landlord in the city, depots etc.); ▪ Southampton Pound; purchasing services and products from a wholly-owned council company keeps purchasing power in the region and enables money to be reinvested locally.
62.	The assessment has also highlighted a number of 'gaps' or areas of performance that are not as high as benchmarks and where on-going improvements are possible. These have been grouped into common themes focusing on operational management activity, financial management and commercialisation, systems (IT and business processes), and service standards/ policies. The original target for efficiency savings and income growth by the LATCo for FY2018/19 was £1m. This was based on a full trading year. The revised target is £450k to reflect a phased migration of services into the LATCo during FY2018/19 and an estimated first TUPE of staff into the LATCo around October 2018.
63.	Good performance in a number of areas, as well as an analysis of relevant markets, would suggest that there are a number of potential commercial development opportunities available to the LATCo. These opportunities are specific to the different individual services and reflect different stages of existing commercial activity and maturity to trade by the services, as well as competitor activity / growth prospects in their respective markets.
64.	The tables overleaf provide a summary view of the current scope of the transferring services, as well as some of the key service improvement initiatives arising from the aforementioned gap analysis, and the key commercial development opportunities identified from the market research activity to focus the LATCo's efficiency and income growth efforts.
65.	A copy of the outline business assessments prepared for the various services is included in Appendix 5 (exempt). It should be noted that as the services will be migrating to the LATCo in a phased approach, the services transferring first have to date been subject to more detailed analysis.

Services & Products	New / Ongoing Service Improvement Initiatives	Commercial Development
<ul style="list-style-type: none"> • Waste Collection - General waste, Recycling, Glass • Waste Collection – traded/chargeable services - Garden, Bulky, Voids, Additional collections, Commercial waste • Waste Improvement 	<p>Policy issues</p> <ul style="list-style-type: none"> • review targets • increase recycling rate to 35% or more, reduce waste, • review policies to take into account of legal provisions, new developments/improvements and Latco savings requirements <p>Structural</p> <ul style="list-style-type: none"> • Following restructure before transfer to the LATCo, services will be integrated as part of City Services and this will need to embed <p>Organisational</p> <ul style="list-style-type: none"> • Continue to review and improve round structures/ground maintenance programmes/productivity/garden waste collection frequency, audit and implement inspection, performance and benchmarking frameworks, joining up services • Continue to review and benchmark sickness absence in order to reduce and improve employee wellbeing 	<ul style="list-style-type: none"> • Provide services to other local authorities/develop shared services models as part of income generation activities • Increase services delivered to businesses, both large and SMEs, including universities, NHS, housing associations, private sector organisations. Produce a service offer menu that focuses on USPs across city services and links to others eg FM • Build capacity to grow services. • Increase number of garden waste customers and initially target days/rounds with lower numbers. Build on unique selling point, convenient local service. • Develop improvement advisory services for organisations to help them recycle/reduce their waste
<ul style="list-style-type: none"> • Parks and open spaces • Trees services • Landscape design • Schools grounds maintenance & advisory services 	<p>Finance & Systems</p> <ul style="list-style-type: none"> • Establish costing model, profit and loss 	<ul style="list-style-type: none"> • An integrated menu of services focusing on landscape design, construction, trees management and maintenance services for large landowners and new developments.

<ul style="list-style-type: none"> Play development 	<p>accounts, direct debits, debt management, development of business systems/CRM in order to create capacity and improve service delivery</p> <ul style="list-style-type: none"> IT systems need to integrate with others and produce performance reports to quality assure service delivery – this includes CRM/GIS systems 	<ul style="list-style-type: none"> Establishing profit and loss accounts for service and ensuring there is a costing model that enables a 5% trading surplus to be generated and direct debits are in place where relevant for all customers in order to reduce bad debt and improve cash flow
<p>Fleet Transport</p>	<ul style="list-style-type: none"> Improve first point of contact with council and further develop online booking and payments 	<ul style="list-style-type: none"> Continue to link improved performance to internal audits and inspections of work and enable the production of performance reports that can be used by teams to drive up service delivery
<p>Cleansing and Pest Control</p>		<ul style="list-style-type: none"> To smooth processes, including online and upgrade IT solutions to enable integration of business systems and data for client
<p>Car Parking</p> <ul style="list-style-type: none"> Management and maintenance of the SCC car parks & equipment (all on-street parking, 5 multi-story car parks, 54 surface car parks, disabled parking bays and resident parking zones) Maintenance of Pay and display & Pay on foot machines 	<p><i>Operational Improvements</i> Continue to develop and business use of key operational performance metrics, audit and inspection regime, performance and benchmarking</p> <p><i>Finance & Commercialisation</i> Establish costing model, development of current profit and loss accounts, direct debits, debt management.</p> <p><i>Systems</i></p>	<ul style="list-style-type: none"> Utilise more spaces Re-purpose space Corporate deals Follow the market trends <ul style="list-style-type: none"> Development of additional maintenance contracts with organisations who require parking facilities (or similar) to be managed (i.e. utilise the existing skills and equipment of the Parking

<ul style="list-style-type: none"> • Maintain all parking lines and signs and car park upkeep • Maintenance of pay and display machines and pay on foot equipment for third parties under contractual agreements 	<p>Use of smart technology, process reviews to increase % of first time fixes.</p>	<p>Operations team).</p>
<p>Transport</p> <ul style="list-style-type: none"> • Implementation of the Home to School Eligibility Criteria. • Planning and co-ordination of appropriate travel assistance to eligible children and young people • Provision of a courier service for the transport of goods 	<p><i>Operational Improvements</i> Continue to develop and business use of key operational performance metrics, broaden service to cover Adult Social Care transport services</p> <p><i>Finance & Commercialisation</i> Establish costing model, development of current profit and loss accounts, and review framework for procurement.</p> <p><i>Systems</i> Introduce route mapping/optimisation system, review current system and ensure interaction with corporate cross council systems</p> <p><i>Policy</i> Review policy and eligibility criteria</p>	<p><u>TCU (Transport Coordination Unit)</u></p> <ul style="list-style-type: none"> • Bid for management of other LA Home to School functions <p><u>Courier Service</u></p> <ul style="list-style-type: none"> • Support Sustainable. Distribution Centre models.
<p>Facilities Management</p> <ul style="list-style-type: none"> • Maintenance and repairs to civic buildings • Cleaning and security of civic buildings 	<p><i>Operational Improvements</i> Development of a total facilities management offer</p> <p><i>Finance & Commercialisation</i> Establish costing model, development of current profit and loss accounts</p>	<ul style="list-style-type: none"> • Sell Total Facilities Management service to Council owner and occupied building, leased buildings, other public body buildings.

	<p><i>Systems</i> Introduce systems which link to corporate systems such as GIS & CRM, enhancement of customer contact systems via technology platform</p> <p><i>Policy</i> Implement FM service standards, adherence to nationally recognised cleaning standards</p>	
<p>Housing Management</p> <ul style="list-style-type: none"> • Support tenants to Bid on properties via Homebid • Attend a accompanied viewing • Sign up for the property • Refer any safeguarding issues • Management of tenure • Anti Social Behaviour (ASB)New Forest Mediation (NFM) referrals • Action plans • Settling in Visits (SIV) • Management moves • Viewings • Sign ups <ul style="list-style-type: none"> • Ending tenancies (Putting on notices & Receiving keys) • Evictions • Mutual exchanges • Tenancy changes (Joint-sole & Sole-joint) 	<p><i>Operational and structural Improvements</i></p> <ul style="list-style-type: none"> • Phase 3 restructure • Review the operating model of the Neighbourhood Wardens & Cleaners • Review the outputs required of the Estate Management standards <p><i>Finance & Commercialisation</i></p> <ul style="list-style-type: none"> • Develop an integrated IT system • Review processes with Capita, develop scripts and agree SLA/KPI's <p><i>Policy improvement</i></p> <ul style="list-style-type: none"> • Every Visit Counts Initiative • The management of Leaseholders and Right-to-Buy • Improve Tenancy Management by allocating resources to the investigation and prevention of tenant fraud <p>Complaints Process to be reviewed in light of new performance standards and expected outcomes -</p>	<ul style="list-style-type: none"> • Developing a Social Lettings Agency offer. • Providing a holistic leasehold management service to include managing private lettings.

<ul style="list-style-type: none"> • Successions • Assignments • Left in occupation • Domestic Abuse & DOVE referrals • Referrals for tenancy support • Hoarding cases • Cleanliness cases • Welfare cases • Child Protection Conferences (CPCs) • MASH referrals <p>Estate Management</p> <ul style="list-style-type: none"> • Estate Inspections • Environment Improvement Projects (EIPs) - consultations, quotes, orders • Patch plans • Resident involvement (Drop ins and community events) • H&S inspections (Wardens) • Repair & improvement work (Wardens) • Abandoned vehicles (Wardens) <p>Leaseholders</p> <ul style="list-style-type: none"> • Apply for the right to buy (process)Provide leasehold sales packs – assignment of lease • Provide service charge statements 	<p>Corporate policy</p>	
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<ul style="list-style-type: none"> • Block and estate management – management of ASB 		
<p>Housing Operations</p> <ul style="list-style-type: none"> • Day to day responsive repairs • Estate maintenance • Asbestos testing and removal • Major works • Capital works • Void management • Mechanical and electrical safety including: <ul style="list-style-type: none"> • Gas Servicing • Fixed wiring testing • Emergency lighting inspections • Fire Alarm Testing • Fixed and Portable appliance Testing • Aircraft & Navigation Warning Lighting Testing • Other electrical compliance aspects (Residual Current Devices testing etc.) 	<p><i>Operational Improvements</i></p> <ul style="list-style-type: none"> • Review end-to-end process and subsequently implement new standards, classifications and void turnaround times • Implement new classification of repairs with timescales • Provide fleet maintenance and reliability against agreed SLA • Improved productivity hampered presently through work scheduling, stores availability and systems reliability • The timely availability of stores and stock at competitive prices through the Travis Perkins Contract. <p><i>Policy</i></p> <ul style="list-style-type: none"> • Review the Hours of Operation for Repairs & Planned Works to be flexible • Redrafting of schedule of charges for Repairs/works for Tenants • Southampton First procurement strategy should allow Operations access to a fuller order book. • SCC Policies to be reviewed and redrafted to reflect the revised SCC targets e.g. Move In & Move Out Standards. 	<ul style="list-style-type: none"> • Sell holistic property maintenance/repairs service to leaseholder’s schools, public buildings and private customers. • Develop the out of hour’s service to include Leaseholders and private landlords. • Develop the Repair and Emergency Response Services to other local authorities, and for Public and Private Sector Clients

66.	Subject to Cabinet's approval for the continued implementation of this project, work on the outline business assessments will now be progressed with the intention of developing 5 year business plans for the services. Discussions have been held with Essex County Council to engage the services of their Traded Development service to support this activity and, in the process, help the development of the Council's own commercialisation capability. The Traded Development service at Essex County Council has been operational for several years and its focus has been to support County Council services explore and launch trading opportunities. This is achieved through a mix of business development workshops for potential service candidates, coaching and mentoring support to the services in the development of robust business plans to underpin their market ambitions, and a final 'pitch and challenge' session with senior officers to obtain sign off for launching the proposed trading activity.
67.	The support from Essex County Council will be delivered through a series of interactive sessions over a 12 week period, starting in January, for Service Delivery Arm one, and rolled out later to the remaining Service Delivery Arms. During these sessions, relevant officers will undergo a series of intensive 'masterclasses' designed to provide a mix of 'class room' based instruction on topics such as sales and marketing, business process and people change, and financial management, and a hands on approach to the development of detailed commercial business plans. The output from the outline business assessments carried out to date will form the basis of this activity and the resultant business plans for Service Delivery Arm one will be presented for Council endorsement in May/June 2018 and for Service Delivery Arms two and three for February 2019 if not before.
	CONSULTATION
68.	Under s.3(2) Local Government Act 1999 the Council is under a duty to consult service users/tax payers and those with "an interest in the services" before deciding to transfer services or make a Best Value Arrangement.
69.	Initial consultation on the proposed establishment of a LATCo, the services in scope for transfer and the potential procurement of external partners was carried out from 15 June to 13 July 2017 and sought views from staff, residents, stakeholders and partner organisations.
70.	<p>The representations arising from the 923 responses received from this consultation process were presented to Cabinet in August 2017 based on which Cabinet:</p> <ol style="list-style-type: none"> 1. noted the support for the establishment of a LATCo for the said services and endorsed the continued development of this project; and 2. considered the mixed reactions for the need of an external partner to support the LATCo and having fully weighed the issues identified, decided that the project should discontinue the activity for undertaking a procurement process for the appointment of external partners.
71.	As further work has now been undertaken on the service assessments and the proposed legal form and governance for the LATCo, approval is now being sought for the launch for a second and final Best Value consultation on the more detailed proposals for the LATCo and the transferring services. This consultation will focus on the individual services which are proposed to

	move into the LATCo, the outline business assessments, governance and structure for the LATCo and the proposed phasing of services into the LATCo.
72.	It is proposed that this phase of consultation will run from 17 th January 2018 to 3 rd April 2018, and cover all of the services in scope for transfer even though the actual migration of these services is proposed to be carried out in phases starting upon the formation of the LATCo.
73.	Deciding on the best process for gathering feedback from staff and residents when conducting a consultation requires an understanding of the audience and the users of the service. It is also important to have more than one way to feed back on the consultation, to enable engagement with the widest range of people. The proposed approach for this consultation is to use a combination of online and paper questionnaires, supported by staff drop-in sessions and briefings. The structured questionnaire will be designed to include an appropriate amount of explanatory and supporting information, helping to ensure that all stakeholders are aware of the background and context. To support this each service area will have a two sided information sheet outlining key details and proposals.
74.	In addition to the main questionnaire, a general response email and postal address will be advertised. This will provide a channel for written feedback for respondents who, for whatever reason, would not wish to use the questionnaire. At the outset of the consultation the council will write to key partners across the city, to make them aware and seek their views. Further information on the proposed consultation is included in Appendix 6.
75.	A draft Equality and Safety Impact Assessment has been produced as part of the consultation documentation to outline any potential impacts the proposals may have. This is a live document which will be updated with information from the consultation.
76.	The consultation will support the final business case for the creation of a LATCo which will be decided on at full Council in May / June 2018. It should be noted that a further and separate consultation process on the proposed housing management and housing operations services with the Council's housing tenants and leaseholders is required under s27/105 Housing Act 1985. As it is proposed that these services will be the last to transfer into the LATCo (probably in early 2019), this specific consultation with tenants and leaseholders is likely to take place over the summer months of 2018 (specific dates will be confirmed in the report to Council in May/June 2018). Notwithstanding this, engagement with tenants and leaseholders has been, and will continue to be, on-going through existing tenant panel meetings, conferences and normal communications media adopted by the Council's housing service, and tenants and leaseholders will also be invited to express their views and opinions as part of the Best Value consultation for which the above approval is being sought.
77.	A formal staff consultation covering TUPE arrangements will also be required in due course, should Full Council approve the creation of a LATCo in May/June 2018. Specific dates and arrangements for this consultation will also be confirmed in the report to Council in May/June 2018.

	COMMUNICATIONS
78.	Communications are vital to support the proposed consultation and the LATCo programme overall, to ensure all stakeholders are aware and informed about the proposals, as well as how they can take part in consultation.
79.	<p>The communications for the first LATCo consultation held between 15th June and 13th July 2017 included a wide range of targeted internal and external communications. This work resulted in the council exceeding its target of 300 responses, achieving 923 in total, of which 700+ were staff.</p> <p>Communications were segmented by audience and the following tactics were deployed; press releases, web news stories (intranet and website), stay connected e-alerts (internal and external), social media including a live Q&A on Facebook, over 25 internal staff briefings, managers toolkits, a dedicated email address and weekly response system for all questions posed by staff, library drop-in sessions, and direct communications to all strategic partners, commercial partners, business partnerships, community and voluntary groups, and schools.</p>
80.	<p>Communications have been on-going and all directly and indirectly affected staff are attending briefings taking place this month (January 2018), during which they are being provided with the opportunity to hear about project updates and ask questions directly to the Chief Operations Officer. Tenants will also be updated face to face at the Winter Tenants Conference in January. All tenants and leaseholders will receive a letter in January explaining what is happening and that fuller consultation will take place later in the year. Both audiences receive information in advance of these face to face briefings to set the scene. Following this Cabinet meeting, the proposal is to continue promoting the consultation through targeted communications to staff, unions, residents, strategic partners, commercial partners, community groups, press, businesses, members and ward councillors. The same approach will be used as in July 2017, across a range of channels, to ensure a wide range of stakeholders are informed about the proposals and able to take part in the consultation.</p>
	NEXT STEPS
81.	<p>Subject to confirmation at this Cabinet meeting, the Best Value consultation, which is open to everyone including staff, will commence immediately with a planned end date of 3rd April 2018. The results of this consultation will be analysed and reported on as part of the final report and recommendations planned for Council in May/June 2018.</p>
82.	<p>Leading up to that Council meeting, the programme will continue to focus on the following activity:</p> <ul style="list-style-type: none"> ▪ development of the legal frameworks to underpin the operational working arrangements between the Council and the LATCo; ▪ development of detailed business and financial plans for the transferring services; ▪ preparation of detailed staffing plans including the eventual TUPE transfer of staff to the LATCo; ▪ development of transition and mobilisation plans to support the migration of services; ▪ development of a branding and marketing strategy for the LATCo;

	<ul style="list-style-type: none"> ▪ preparation for tenant and leaseholder consultation on the future migration of housing services; and ▪ discussions with the Homes and Communities Agency in relation to the Council's intentions to delegate housing functions to the LATCo.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
	The setting up of the LATCo will have revenue funding implications, the final details of which will be determined as part of the financial planning activity that is underway and that will be presented in the final report to Council in May/June 2018. In the main these implications will relate to the working capital requirements of the LATCo and the funding of the services that transfer.
	The financial governance and funding arrangements of the LATCo also require further consideration of the tax and borrowing implications on the Council (and the LATCo itself). Support from external financial advisors is being sought to help inform current thinking and the development of the financial plans mentioned above.
	<p>While a number of financial issues need to be explored in much further detail before final proposals are recommended to Council, current discussions and advise suggest that:</p> <ul style="list-style-type: none"> ▪ the LATCo's initial source of operating income will comprise of the fees that SCC will pay for the services that it will receive. The fees will be determined following consideration of any service changes or improvements the Council may want the LATCo to deliver but will essentially be covered by the budgets that SCC has set in the MTFs, projected forward to cover the entire duration of the LATCo's initial term of contract with SCC; ▪ revenue for Southampton services currently collected by the Services migrating to the LATCo will remain Council revenue and the LATCo will simply act as 'collecting agent' for the Council; ▪ over time, the LATCo will be expected to diversify its revenue base by generating additional and independent income from pricing and selling its services to third party organisations; ▪ as a 'subsidiary' of the Council, the LATCo is also expected to rely on SCC for the provision of its investment capital – including both initial seed and future growth capital, as well as working capital. Such capital can be provided by SCC to the LATCo by way of a loan or equity and proposals in this regard will also form part of the funding plan recommendations to be presented in May/June 2018; ▪ any cost savings or cost overruns leading to surpluses or deficits will be accounted for in the LATCo's accounts.
<u>Property/Other</u>	
	Details on the LATCo's requirements for accommodation, operating assets and other associated matters continue to be assessed.
	Initial financial and legal advice would suggest that any tangible assets required by the LATCo for its operations should continue to be acquired and owned by the Council. This needs to be considered alongside the other financial matters being discussed and final proposals will be reported to

	Council in May/June 2018.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	S.95 Local Government Act 2003, S.111 Local Government Act 1972, S.1 Localism Act 2011, Housing Act 1985, together with ancillary Regulations and guidance applying to service specific functions.
<u>Other Legal Implications:</u>	
	Detailed EIA and PIA requirements have been undertaken and will continue to be reviewed and refreshed as appropriate throughout the conduct of the project and decision making processes and the range of service in scope for transfer to the LATCo will be assessed in terms of client structures / non delegable duties and retained responsibilities, employment law matters, state aid, tax liability, risk and financial viability in accordance with the Council's Best Value duties prior to determining final arrangements and governance structures.
RISK MANAGEMENT IMPLICATIONS	
	A risk register is maintained for this project and the risks are reviewed by the Strategic Board and acted upon by the project team. The two most significant risks are: 1. Limited resource capacity. This continues to be actively monitored and resource plans are updated to identify mitigating actions including the identification of back-fill resource. 2. Internal resource capability to deliver the required service and commercial changes that the LATCo is expected to drive for the services in scope. A resource strategy to support staff upskilling and the development of commercial acumen, internally or through appointments, is an integral part of the future business plans for the LATCo.
POLICY FRAMEWORK IMPLICATIONS	
	The recommendations in this paper support the delivery of the following outcomes within the Southampton City Council Strategy: <ul style="list-style-type: none"> ▪ Southampton has strong and sustainable economic growth; ▪ Southampton is an attractive modern city, where people are proud to live and work.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Decisions requiring Shareholder consent and Reserved Matters
2.	Articles of Association for the LATCo
3.	Proposed Functional Structure for the LATCo
4.	Draft Memorandum of Understanding on Staffing Arrangements [exempt]

5.	Outline Business Assessments [exempt]
6.	Consultation Plan and Timetable

Documents In Members' Rooms

1.	Equality and Safety Impact Assessment

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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Privacy Impact Assessment

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

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.	

Agenda Item 11

Appendix 1

Action or Decision requiring Shareholder consent	Article Reference	The Shareholder Representative to whom power to provide consent is delegated
All actions and decisions referred to in Schedule 1 of the Articles	Article 4, and Schedule 1	See separate table below
The establishment and delegation of powers to committees	Article 6(1)	Shareholder Group ¹
To appoint further Directors in the event that insufficient numbers exist to establish a quorum	Article 11(3)(a)	Shareholder Group ¹
Appointment of Chairperson for the board of directors	Article 12	Shareholder Group ¹
To appoint Directors	Article 17B	Shareholder Group ¹
Remuneration of Non-Executive Directors	Article 19	Shareholder Group ¹
Refusal to register the transfer of a share	Article 26(5)	SCC Service Director Finance and Commercialisation and SCC Cabinet Member for Finance
Attendance at General Meetings	Article 37B	Shareholder Group ¹

¹ The Shareholder Group to whom the Directors must refer to for actions and/or decisions requiring such consent shall consist of 7 elected Council Members (appointed at each Council annual general meeting), 2 of whom shall be from the Opposition. The Shareholder group does not need to be politically proportionate.

Reserved Matter from Schedule 1	Person(s) or SCC body acting as Shareholder Representative to provide consent on behalf of Shareholder		
	Relevant Service Director in consultation with Cabinet Member	Shareholder Group ¹	Council
<p>1. Acquisition and Disposal of Assets</p> <p>(a) Acquire an asset in whole or part of any existing company or set up a new company or subsidiary;</p> <p>(b) Acquire or dispose of shares in any company;</p> <p>(c) Acquire or dispose of a fixed asset that:</p> <p>(i) is not included in the business plan; or</p> <p>(ii) the purchase or sale price of which exceeds £200,000;</p>	>£200,000 and <£500,000	>£500,000 and <£2,000,000	<p>✓</p> <p>✓</p> <p>>£2,000,000</p>
<p>2. Entering into Contracts</p> <p>(a) Enter into a contract for the supply of services, supplies or works that incurs revenue expenditure which is not required in the normal course of business and not included in the business plan.</p> <p>(b) Enter into contracts requiring capital expenditure which is not included in the business plan.</p> <p>(c) Enter into any concession arrangement which is not required in the normal course of business and not included in the business plan.</p> <p>(d) Enter into any formal joint venture or partnership or profit sharing agreement.</p> <p>(e) Tender for contracts for the supply of services, supplies or works by the company to a third party with a total annual contract value in excess of 10% of the annual company turnover</p>	<p>Finance</p> <p>Finance</p> <p>Finance</p> <p>Finance</p>		<p>✓</p>

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Reserved Matter from Schedule 1	Person(s) or SCC body acting as Shareholder Representative to provide consent on behalf of Shareholder		
	Relevant Service Director in consultation with Cabinet Member	Shareholder Group ¹	Council
<p>3. Loans and Financing Arrangements</p> <ul style="list-style-type: none"> (a) Create any fixed or floating charge or other encumbrance of the whole or part of the company, its property or assets; (b) Borrow any sum whatsoever on the company's behalf; (c) Make a loan or advance of any amount or give credit to any person other than <ul style="list-style-type: none"> (i) normal commercial trade credit up to £200,000 per counterparty; and (ii) subject to a maximum total credit across all counterparties of such sum as may be agreed by SCC from time to time. 	<p>Finance</p> <p>Finance</p> <p>Finance</p>		
<p>4. Litigation and Arbitration</p> <ul style="list-style-type: none"> (a) Initiate, discontinue or settle any actual or threatened litigation or arbitration or compromise agreements other than <ul style="list-style-type: none"> (i) recovery of commercial trade debts in the ordinary course of business; and/or (ii) initiating litigation or arbitration where the Directors reasonably believe that the delay involved in acquiring prior consent of the Shareholder's Representative would be detrimental to the Company. 	<p>Legal</p>		
<p>5. Altering or ceasing the business of the company or winding up the company.</p>			<p>✓</p>

Page 43

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Reserved Matter from Schedule 1	Person(s) or SCC body acting as Shareholder Representative to provide consent on behalf of Shareholder		
	Relevant Service Director in consultation with Cabinet Member	Shareholder Group ¹	Council
6. Guarantees and Indemnities (a) Give any company guarantee or indemnity (i) in excess of £200,000 per counterparty; and (ii) subject to a maximum total across all counterparties as agreed by SCC from time to time. (b) Give any guarantee or indemnity where SCC is named as the parent, company or guarantor	>£200,000 and <£500,000	>£500,000 and <£500,000	>£2,000,000
7. Open or close any bank accounts	✓		
8. Shareholdings (a) Alter the authorized share capital of the company; (b) Issue or allot any Shares in the company; (c) Make changes relating to the company's capital structure including increases to or reduction of capital and share buy backs.			✓ ✓ ✓

Page 44

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Reserved Matter from Schedule 1	Person(s) or SCC body acting as Shareholder Representative to provide consent on behalf of Shareholder		
	Relevant Service Director in consultation with Cabinet Member	Shareholder Group ¹	Council
9. Appointment and Remuneration of Directors and Senior Management (a) Make changes to the company's senior management and board structure. (b) Appoint a person to the office of Managing Director of the company. (c) Agree a remuneration package for any Director entitled to such remuneration.		✓ ✓ ✓	
10. Terms of Employment for Employees (a) Agree a remuneration package (including pension entitlements) and conditions of employment for any employee of the company on terms that are not consistent with the provisions of the Staffing Agreement (for this purpose Staffing Agreement means those terms and conditions of employment for company employees as agreed between SCC and the recognized trade unions from time to time)		✓	
11. Business Plan (a) Vary the business plan (b) Introduce or vary any fees or charges in relation to any services or activities where the company is acting as collection agent for SCC, other than as agreed in the business plan.		✓ ✓	

Page 45

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Reserved Matter from Schedule 1	Person(s) or SCC body acting as Shareholder Representative to provide consent on behalf of Shareholder		
	Relevant Service Director in consultation with Cabinet Member	Shareholder Group ¹	Council
12. Branding/Intellectual Property (a) Changing the branding of the company or the services it provides for SCC. (b) Grant any licence of intellectual property.	Legal	✓	
13. Corporate Matters (a) Appoint or remove the company's external auditor. (b) Change the company's accounting reference date, and/or accounting policies. (c) Approve the financial regulations of the company. (d) Change any business name of and/or used by the company. (e) Change the company's registered office.	Finance Finance Finance Legal	✓	

Page 46

INDEX TO THE ARTICLES

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms
- 1A. Teckal
2. Liability of members

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority
4. Shareholders' reserve power
5. Directors may delegate
6. Committees/Advisory Panels

DECISION-MAKING BY DIRECTORS

7. Directors to take decisions collectively
8. Unanimous decisions
9. Calling a Directors' meeting
10. Participation in Directors' meetings
11. Quorum for Directors' meetings
12. Chairing of Directors' meetings
13. Casting vote
14. Conflicts of interest
- 14A. Directors' power to authorise conflict situations
15. Records of decisions to be kept
16. Directors' discretion to make further rules

APPOINTMENT OF DIRECTORS

- 17A. Number of Directors
- 17B. Methods of appointing Directors
- 18A. Term of Office
- 18B. Termination of Director's appointment

19. Directors' remuneration
20. Directors' expenses

PART 3

SHARES AND DISTRIBUTIONS

SHARES

- 21A. Shares
21. All shares to be fully paid up
22. Powers to issue different classes of share
23. Company not bound by less than absolute interests
24. Share certificates
25. Replacement share certificates
26. Share transfers
27. Transmission of shares
28. Exercise of transmitters' rights
29. Transmitters bound by prior notices

DIVIDENDS AND OTHER DISTRIBUTIONS

30. Procedure for declaring dividends
31. Payment of dividends and other distributions
32. No interest on distributions
33. Unclaimed distributions
34. Non-cash distributions
35. Waiver of distributions

CAPITALISATION OF PROFITS

36. Authority to capitalise and appropriation of capitalised sums

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

- 37A. Single Shareholder Company
- 37B. Attendance and speaking at general meetings

38. Quorum for general meetings
39. Chairing general meetings
40. Attendance and speaking by Directors and non-shareholders
41. Adjournment

VOTING AT GENERAL MEETINGS

42. Voting: general
43. Errors and disputes
44. Poll votes
45. Content of proxy notices
46. Delivery of proxy notices
47. Amendments to resolutions

PART 5

ADMINISTRATIVE ARRANGEMENTS

48. Means of communication to be used
49. Company seals
50. Right to inspect accounts and other records
51. Not used

DIRECTORS' INDEMNITY AND INSURANCE

52. Indemnity
53. Insurance

Schedule 1

Reserved Matters (Article 4)

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise—

“Advisory Panel” means a panel established under article 5;

“Articles” means these Articles of Association;

“Bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“Business Plan” means the business plan established by the company;

“Chairperson” has the meaning given in article 12;

“Chairperson of the meeting” has the meaning given in article 39;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

“Controlled Company” means a company within the meaning of Regulation 1(4) of the Local Authorities (Companies) Order 1995;

“Director” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“Distribution Recipient” has the meaning given in article 31;

“Document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“Electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“Executive Director” means a Director who is engaged full time in the day to day running and administration of the company and shall for the avoidance of doubt include the managing director of the company from time to time;

“Fully Paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“Hard Copy Form” has the meaning given in section 1168 of the Companies Act 2006;

“Holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

“Instrument” means a document in hard copy form;

“Material Financial Decision” means any decision or resolution of the Directors which in the opinion of the Executive Director holding the position of Service Director Finance and Commercialisation (SCC’s designated s151 Officer) has the potential to have a material adverse effect on the company’s and/or SCC’s financial affairs. In event of change in service title in relation to the Service Director Finance and Commercialisation, it is SCC’ s151 Officer that will assume this responsibility;

“Non-executive Director” means a Director who is not engaged full time in the day to day running and administration of the company;

“Ordinary Resolution” has the meaning given in section 282 of the Companies Act 2006;

“Paid” means paid or credited as paid;

“Participate”, in relation to a Directors’ meeting, has the meaning given in article 10;

“Proxy Notice” has the meaning given in article 45;

“Regulations” means the Public Contracts Regulations 2015;“SCC” means Southampton City Council of Civic Centre, Civic Centre Road, Southampton, SO14 7LY;

“Shareholder” means a person who is the holder of a share;

“Shareholder Representative” means such person or body nominated by the Holder or Holders of the Shares to exercise all rights of the Holder or Holders in relation to the company;

“Shares” means shares in the company;

“Special Resolution” has the meaning given in section 283 of the Companies Act 2006;

“Subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

“Teckal” means the codified rule of EU procurement law as set out within Directive 2014/24/EU and Regulation 12 of the Regulations, deriving from the Teckal case (Teckal Srl v Comune de Viao and Azienda Gas-acqua Consorziale (AGAC) di Reggio Emilia (C-107/98) [1998] ECR I-8121) pursuant to which the requirements for open advertisement and tendering for public contracts in accordance with the Regulations does not apply;

“Transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

“Writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

1A Teckal

- (1) The objects of the company are to execute certain of SCC’s services in a manner which ensures that the company:
 - (a) is and remains controlled (both by way of membership of and strategic influence over the company) by SCC as a wholly owned company of SCC; and
 - (b) carries out the essential part of its activities for SCC and/or legal persons controlled by it (within the meaning of regulation 12 of the Regulations).

2. Liability of members

- (1) The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority

- (1) Subject to the articles, the Directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.
- (2) The Directors shall exercise the powers of the company observing at all times the relevant code of conduct in force at SCC from time to time. For the purpose of this article 3:
 - (a) any Executive Director who is a Member of SCC and any Non Executive Director will observe SCC's Members' Code of Conduct (Part 12 of SCC's Constitution); and
 - (b) Executive Directors that are SCC Officers will observe SCC's Officer Code of Conduct (Part 13 of SCC's Constitution).

as though any reference to Member or Officer as the case may be were a reference to a Director of the company and any references to SCC were a reference to the company.

- (3) The Directors shall exercise the powers of the company ensuring at all times that:
 - (a) for so long as the company is a Controlled Company, the company shall not engage in activities for party political purposes or publish, or arrange for the publication of, any material which, in whole or in part, appears to be designed to affect public support for a political party;
 - (b) for so long as the company is a Controlled Company, the company shall not give financial or other assistance to a person for the publication of material which the company is prohibited by article 3(3)(a) from publishing itself;
 - (c) for so long as the company is a Controlled Company, the company shall have mentioned on all documents the fact that it is a company controlled by SCC.

4. Shareholders' reserve power

- (1) The shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- (2) No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

- (3) The Directors shall not engage in any of the Reserved Matters detailed in Schedule 1 without the prior written consent of the Shareholder Representative as specified therein.

5. Directors may delegate

- (1) Subject to the articles, the Directors may delegate any of the powers which are conferred on them under the articles—
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;

as they think fit.

- (2) If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- (3) The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

6. Committees/Advisory Panels

- (1) Subject to the consent of the Shareholder Representative, the Directors may establish and delegate any of their powers to committees.
- (2) Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by Directors.
- (3) The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.
- (4) The Directors will establish an Advisory Panel to be known as the 'Staff Engagement Panel' and comprising of
 - (a) three employees of the company who act as local trade union representatives in the company, nominated by the trade unions recognised by SCC at that time to act as their collective representatives on the Staff Engagement Panel;
 - (b) two employees of the company, selected by the Directors, who are not Directors but are appointed to the company's management team;

to advise them on matters of an operational nature that may impact on the well-being and employment opportunities of the company's staff.

- (5) The Directors will establish an Advisory Panel to be known as the 'Tenant Engagement Panel' and comprising of
 - (a) [X] tenants and/or leaseholders of Southampton City Council who act as representatives in the company, nominated by [X] to act as their collective representatives on the Tenant Engagement Panel;

- (b) [X] employees of the company, selected by the Directors, who are not Directors but are appointed to the company's management team;

to advise them on matters of an operational nature that may impact on Housing Management and Housing Operations services.

- (6) The Directors may establish other Advisory Panels to advise them on any matter relating to the company's operations.
- (7) The Directors shall not delegate any powers under the provisions of article 5 to any Advisory Panel and for the avoidance of doubt the Directors shall not be bound to comply with any advice which they receive from any Advisory Panel.

DECISION-MAKING BY DIRECTORS

7. Directors to take decisions collectively

- (1) Subject to article 7(2), the general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- (2) No Material Financial Decision will be taken or made by the Directors unless the Executive Director who holds the position of Service Director Finance and Commercialisation of SCC is present at the meeting and votes in favour of that decision or resolution.
- (3) Subject to the aforementioned provision and articles 13 and 14, each Director shall have one vote and for the avoidance of doubt, this applies to both Executive and Non-Executive Directors.

8. Unanimous decisions

- (1) A decision of the Directors is taken in accordance with this article when all eligible Directors indicate to each other by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible Director or to which each eligible Director has otherwise indicated agreement in writing.
- (3) References in this article to eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible Directors would not have formed a quorum at such a meeting.

9. Calling a Directors' meeting

- (1) Any Director may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any Directors' meeting must indicate—
 - (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a Directors' meeting must be given to each Director, but need not be in writing.
- (4) Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

10. Participation in Directors' meetings

- (1) Subject to the articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when—
 - (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- (3) If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

11. Quorum for Directors' meetings

- (1) At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for Directors' meetings shall be four (4).
- (3) If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision—
 - (a) to appoint further Directors as nominated by the Shareholder Representative, or
 - (b) to call a general meeting so as to enable the shareholders to appoint further Directors.

12. Chairing of Directors' meetings

- (1) The Directors shall appoint the Director nominated by the Shareholder Representative to chair their meetings.
- (2) The person so appointed for the time being is known as the Chairperson.
- (3) The Directors acting on instruction of the Shareholder Representative shall terminate the Chairperson's appointment at any time.
- (4) If the Chairperson is not participating in a Directors' meeting within ten minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair it.

13. Casting vote

- (1) If the numbers of votes for and against a proposal are equal, the Chairperson or other Director chairing the meeting has a casting vote.
- (2) But this does not apply if, in accordance with the articles, the Chairperson or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

14. Conflicts of interest

- (1) Subject to article 14A if a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the company in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- (2) But if paragraph (3) applies, a Director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
- (3) This paragraph applies when—
 - (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a Director from being counted as participating in the decision-making process;
 - (b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the Director's conflict of interest arises from a permitted cause.
- (4) For the purposes of this article, the following are permitted causes—
 - (a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
 - (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
 - (c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the

company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.

- (5) For the purposes of this article, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.
- (6) Subject to paragraph (7), if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairperson whose ruling in relation to any Director other than the Chairperson is to be final and conclusive.
- (7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chairperson, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chairperson is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

14A. Directors' power to authorise conflict situations

- (1) For the purposes of section 175 of the Companies Act 2006, the Directors shall have the power to authorise on such terms, (including as regards duration and revocation) and subject to such limits or conditions (if any) as they determine (a **Conflict Authorisation**), any matter proposed to them in accordance with these Articles which would, or might, if not so authorised, constitute or give rise to a situation in which a Director (an **Interested Director**) has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the company (a **Conflict Situation**). Any Conflict Authorisation shall extend to any actual or possible conflict of interest which may reasonably be expected to arise out of the Conflict Situation so authorised.
- (2) Where Directors give a Conflict Authorisation:
 - (a) the terms of the Conflict Authorisation shall be recorded in writing (but the authorization shall be effective whether or not the terms are so recorded);
 - (b) the Directors may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation; and
 - (c) the Interested Director shall be obliged to act in accordance with any terms, limits or conditions to which such Conflict Authorisation is subject.
- (3) Any terms to which a Conflict Authorisation is made subject (**Conflict Authorisation Terms**) may include (without limitation to article 14A(1)) provision that:
 - (a) where the Interested Director obtains (other than in his capacity as a Director of the company or as its employee or agent or if the Directors so decide, in any other capacity that would otherwise oblige him to disclose it to the company) information that is confidential to a third party, he will not be obliged to disclose it to the company or to use it directly or indirectly for the benefit of the company or in performing his duties as a Director of the company in circumstances where to do so

would amount to a breach of a duty of confidence owed to that third party;

- (b) the Interested Director may (but shall be under no obligation to) absent himself from the discussion of, and or the making of decisions relating to, the relevant matter (whether at any meeting of the Directors or otherwise) and be excused from reviewing documents and information prepared by and for the Directors to the extent that they relate to that matter and;
- (c) the Interested Director be excluded from the receipt of documents and information, the participation in discussion and or the making of decisions (whether at Directors' meetings or otherwise) related to the relevant matter;

and anything done (or omitted to be done) by the Interested Director in accordance with any such provision (or otherwise in accordance with any Conflict Authorisation Terms given under article 14A(1)) will not constitute a breach of his duties under sections 172 to 174 of Companies Act 2006.

15. Records of decisions to be kept

- (1) The Directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

16. Directors' discretion to make further rules

- (1) Subject to the articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

APPOINTMENT OF DIRECTORS

17A. Number of Directors

- (1) Unless otherwise determined by Ordinary Resolution, the number of Directors shall not be subject to a maximum but shall not be less than six (6) comprising of a minimum of four (4) Executive Directors and a minimum of two (2) Non Executive Directors.
- (2) The four Executive Directors shall include:
 - (a) the Chief Operating Officer (or equivalent) of SCC, who will hold the office of Managing Director of the company;
 - (b) the Service Director Finance and Commercialisation of SCC, who will hold the office of Chief Financial Officer of the company;
 - (c) one elected SCC Council Member; and
 - (d) one employee of the company who is appointed to the company's senior management team.
- (3) The Non Executive Directors will not be officers or Elected Members of SCC.

(4) A Director may not appoint any other person to be an alternate Director.

17B. Methods of appointing Directors

- (1) Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director—
- (a) by ordinary resolution, or
 - (b) by a decision of the Directors, provided that such person is nominated by the Shareholder Representative.

18A. Term of Office

- (1) Subject to articles 18A(2) and article 18B:
- (a) The term of office for Executive Directors who are also officers of SCC shall continue for as long as the said individuals hold office in SCC as specified in article 17A(2);
 - (b) The Executive Director who is also an elected SCC Council Member shall be appointed for a term of one (1) year. The appointment shall be determined at SCC's Annual General Meeting and the same Member can be re-appointed to the role year after year;
 - (c) Subject to article 18A(1)(d) Non-Executive Directors shall be appointed for an initial fixed term of four (4) years. A Non-Executive may only serve a maximum of two terms; and
 - (d) The initial fixed term for one of the first two Non-Executive Directors appointed shall be two (2) years rather than four (4) years.
- (2) SCC may remove any Director that is appointed before the expiry of his term of office notwithstanding anything in these Articles or in any agreement between the company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of services between him and the company.

18B. Termination of Director's appointment

- (1) A person ceases to be a Director as soon as—
- (a) that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a Director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;

- (e) notification is received by the company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms.

19. Directors' remuneration

- (1) Directors may undertake any services for the company that are permitted by the Articles.
- (2) For so long as the company is a Controlled Company, the company shall not pay a Director who is also an officer of SCC or an elected SCC Council Member remuneration in respect of the carrying out of any duty on behalf of the company or otherwise acting in their capacity as a Director.
- (3) Subject to article 19(2), Non-Executive Directors shall be entitled to remuneration as determined from time to time by the Shareholder Representative.

20. Directors' expenses

- (1) The company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at—
 - (a) meetings of Directors or committees of Directors,
 - (b) general meetings, or
 - (c) otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.
- (2) For so long as the company is a Controlled Company, the company shall not pay a Director who is also an officer of SCC or an elected SCC Council Member expenses in respect of the carrying out of any duty on behalf of the company in excess of the greatest amount which would for the time being be payable by SCC if the relevant duty were an approved duty for the purposes of section 174 of the Local Government Act 1972.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

21A. Shares

- (1) No Shares shall or may be held by, or allotted, issued, granted, transferred or pledged to, nor may any right to subscribe for or to convert any security into any Shares be granted to, any person which would or could cause the company to lose its status as a Teckal compliant company such that the company could no longer contract directly with any of the Shareholders and/or legal persons controlled by them (within the meaning of regulation 12 of the Regulations) without first having to comply with the Regulations.

21. All shares to be fully paid up

- (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

22. Powers to issue different classes of share

- (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- (2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

23. Company not bound by less than absolute interests

- (1) Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

24. Share certificates

- (1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- (2) Every certificate must specify—
 - (a) in respect of how many shares, of what class, it is issued;
 - (b) the nominal value of those shares;
 - (c) that the shares are fully paid; and

- (d) any distinguishing numbers assigned to them.
- (3) No certificate may be issued in respect of shares of more than one class.
- (4) If more than one person holds a share, only one certificate may be issued in respect of it.
- (5) Certificates must—
 - (a) have affixed to them the company's common seal, or
 - (b) be otherwise executed in accordance with the Companies Acts.

25. Replacement share certificates

- (1) If a certificate issued in respect of a shareholder's shares is—
 - (a) damaged or defaced, or
 - (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- (2) A shareholder exercising the right to be issued with such a replacement certificate—
 - (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
 - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

26. Share transfers

- (1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- (3) The company may retain any instrument of transfer which is registered.
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- (5) The Directors may, subject to the consent of the Shareholder Representative, refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

27. Transmission of shares

- (1) If title to a share passes to a transferee, the company may only recognise the transferee as having any title to that share.
- (2) A transferee who produces such evidence of entitlement to shares as the Directors may properly require—

- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

28. Exercise of transmittees' rights

- (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

29. Transmittees bound by prior notices

- (1) If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

30. Procedure for declaring dividends

- (1) The company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

- (7) If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

31. Payment of dividends and other distributions

- (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the Directors may otherwise decide;
 - (b) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.
- (2) In the articles, “the distribution recipient” means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

32. No interest on distributions

- (1) The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the holder of that share and the company.

33. Unclaimed distributions

- (1) All dividends or other sums which are—
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the company until claimed.
- (2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.
- (3) If—
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

34. Non-cash distributions

- (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
- (2) For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
 - (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

35. Waiver of distributions

- (1) Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—
 - (a) the share has more than one holder, or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

36. Authority to capitalise and appropriation of capitalised sums

- (1) Subject to the articles, the Directors may, if they are so authorised by an ordinary resolution—
 - (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
 - (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.
- (2) Capitalised sums must be applied—

- (a) on behalf of the persons entitled, and
 - (b) in the same proportions as a dividend would have been distributed to them.
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (5) Subject to the articles the Directors may—
- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
 - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
 - (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

37A. Single Shareholder Company

- (1) If at any time and for so long as, the company has a single shareholder, all provisions of these articles shall apply with such modifications as may be necessary in relation to a company with a single shareholder.

37B. Attendance and speaking at general meetings

- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (2) A person is able to exercise the right to vote at a general meeting when—
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

- (3) The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

38. Quorum for general meetings

- (1) No business other than the appointment of the Chairperson of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

39. Chairing general meetings

- (1) If the Directors have appointed a Chairperson, the Chairperson shall chair general meetings if present and willing to do so.
- (2) If the Directors have not appointed a Chairperson, or if the Chairperson is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the Directors present, or

(b) (if no Directors are present), the meeting,

must appoint a Director or shareholder to chair the meeting, and the appointment of the Chairperson of the meeting must be the first business of the meeting.

- (3) The person chairing a meeting in accordance with this article is referred to as “the Chairperson of the meeting”.
- (4) The Chairperson of the meeting shall cause minutes to be kept of all general meetings of the company.
- (5) For as long the company is a Controlled Company, the company shall make the minutes of any general meeting of the company available for inspection by any member of the public requesting such opportunity to inspect for a period of four (4) years beginning with the date of the general meeting, but the company shall not be obliged to make copies of such minutes available nor shall it be obliged to provide such information where such provision would constitute a breach of any enactment or any obligation owed to any person.

40. Attendance and speaking by Directors and non-shareholders

- (1) Directors may attend and speak at general meetings, whether or not they are shareholders.
- (2) The Chairperson of the meeting may permit other persons who are not—
 - (a) shareholders of the company, or
 - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

41. Adjournment

- (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairperson of the meeting must adjourn it.
- (2) The Chairperson of the meeting may adjourn a general meeting at which a quorum is present if—
 - (a) the meeting consents to an adjournment, or
 - (b) it appears to the Chairperson of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The Chairperson of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the Chairperson of the meeting must—
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
 - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

42. Voting: general

- (1) A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

43. Errors and disputes

- (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

- (2) Any such objection must be referred to the Chairperson of the meeting, whose decision is final.

44. Poll votes

- (1) A poll on a resolution may be demanded—
 - (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by—
 - (a) the Chairperson of the meeting;
 - (b) the Directors;
 - (c) two or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if—
 - (a) the poll has not yet been taken, and
 - (b) the Chairperson of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the Chairperson of the meeting directs.

45. Content of proxy notices

- (1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which—
 - (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—

- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

46. Delivery of proxy notices

- (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

47. Amendments to resolutions

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—
 - (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairperson of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the Chairperson of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
 - (a) the Chairperson of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the Chairperson of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairperson's error does not invalidate the vote on that resolution.

PART 5

ADMINISTRATIVE ARRANGEMENTS

48. Means of communication to be used

- (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A Director may agree with the company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

49. Company seals

- (1) Any common seal may only be used by the authority of the Directors.
- (2) The Directors may decide by what means and in what form any common seal is to be used.
- (3) Unless otherwise decided by the Directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is—
 - (a) any Director of the company;
 - (b) the company secretary (if any); or
 - (c) any person authorised by the Directors for the purpose of signing documents to which the common seal is applied.

50. Right to inspect accounts and other records

- (1) SCC, through its authorised representative as nominated by the Shareholder Representative, shall have the right, on giving to the company reasonable advance notice, during normal business hours, to inspect the books and records of the company and to be supplied with such other information about the business and affairs of the company as it or they may reasonably require and shall have the right to take copies thereof.

51. Not Used

DIRECTORS' INDEMNITY AND INSURANCE

52. Indemnity

- (1) Subject to paragraph (2), a relevant Director of the company or an associated company may be indemnified out of the company's assets against—
 - (a) any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
 - (b) any liability incurred by that Director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
 - (c) any other liability incurred by that Director as an officer of the company or an associated company.
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- (3) In this article—
 - (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
 - (b) a "relevant Director" means any Director or former Director of the company or an associated company.

53. Insurance

- (1) The Directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant Director in respect of any relevant loss.
- (2) In this article—
 - (a) a "relevant Director" means any Director or former Director of the company or an associated company,
 - (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
 - (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

Schedule 1

RESERVED MATTERS (Article 4)

The company shall only be permitted to give authorisation to the following activities with the prior consent of the Shareholder Representative.

1. Acquisition and Disposal of Assets

- (a) Acquire an asset in whole or part of any existing company or set up a new company or subsidiary;
- (b) Acquire or dispose of shares in any company;
- (c) Acquire or dispose of a fixed asset that:
 - (i) is not included in the business plan; or
 - (ii) the purchase or sale price of which exceeds £200,000;

2. Entering into Contracts

- (a) Enter into a contract for the supply of services, supplies or works that incurs revenue expenditure which is not required in the normal course of business and not included in the business plan.
- (b) Enter into contracts requiring capital expenditure which is not included in the business plan.
- (c) Enter into any concession arrangement which is not required in the normal course of business and not included in the business plan.
- (d) Enter into any formal joint venture or partnership or profit sharing agreement.
- (e) Tender for contracts for the supply of services, supplies or works by the company to a third party with a total annual contract value in excess of 10% of the annual company turnover.

3. Loans and Financing Arrangements

- (a) Create any fixed or floating charge or other encumbrance of the whole or part of the company, its property or assets;
- (b) Borrow any sum whatsoever on the company's behalf;
- (c) Make a loan or advance of any amount or give credit to any person other than
 - (i) normal commercial trade credit up to £200,000 per counterparty; and
 - (ii) subject to a maximum total credit across all counterparties of such sum as may be agreed by SCC from time to time.

4. Litigation and Arbitration
 - (a) Initiate, discontinue or settle any actual or threatened litigation or arbitration or compromise agreements other than
 - (i) recovery of commercial trade debts in the ordinary course of business; and/or
 - (ii) initiating litigation or arbitration where the Directors reasonably believe that the delay involved in acquiring prior consent of the Shareholder's Representative would be detrimental to the Company.
5. Altering or ceasing the business of the company or winding up the company.
6. Guarantees and Indemnities
 - (a) Give any company guarantee or indemnity
 - (i) in excess of £200,000 per counterparty; and
 - (ii) subject to a maximum total across all counterparties as agreed by SCC from time to time.
 - (b) Give any guarantee or indemnity where SCC is named as the parent, company or guarantor
7. Open or close any bank accounts
8. Shareholdings
 - (a) Alter the authorized share capital of the company;
 - (b) Issue or allot any Shares in the company;
 - (c) Make changes relating to the company's capital structure including increases to or reduction of capital and share buy backs.
9. Appointment and Remuneration of Directors and Senior Management
 - (a) Make changes to the company's senior management and board structure.
 - (b) Appoint a person to the office of Managing Director of the company.
 - (c) Agree a remuneration package for any Director entitled to such remuneration.
10. Terms of Employment for Employees
 - (a) Agree a remuneration package (including pension entitlements) and conditions of employment for any employee of the company on terms that are not consistent with the provisions of the Staffing Agreement (for this purpose Staffing Agreement means those terms and conditions of employment for company employees as agreed between SCC and the recognized trade unions from time to time)
11. Business Plan
 - (a) Vary the business plan

- (b) Introduce or vary any fees or charges in relation to any services or activities where the company is acting as collection agent for SCC, other than as agreed in the business plan.

12. Branding/Intellectual Property

- (a) Changing the branding of the company or the services it provides for SCC.
- (b) Grant any licence of intellectual property.

13. Corporate Matters

- (a) Appoint or remove the company's external auditor.
- (b) Change the company's accounting reference date, and/or accounting policies.
- (c) Approve the financial regulations of the company.
- (d) Change any business name of and/or used by the company.
- (e) Change the company's registered office.

Appendix 3 – Proposed Functional Structure for the LATCo

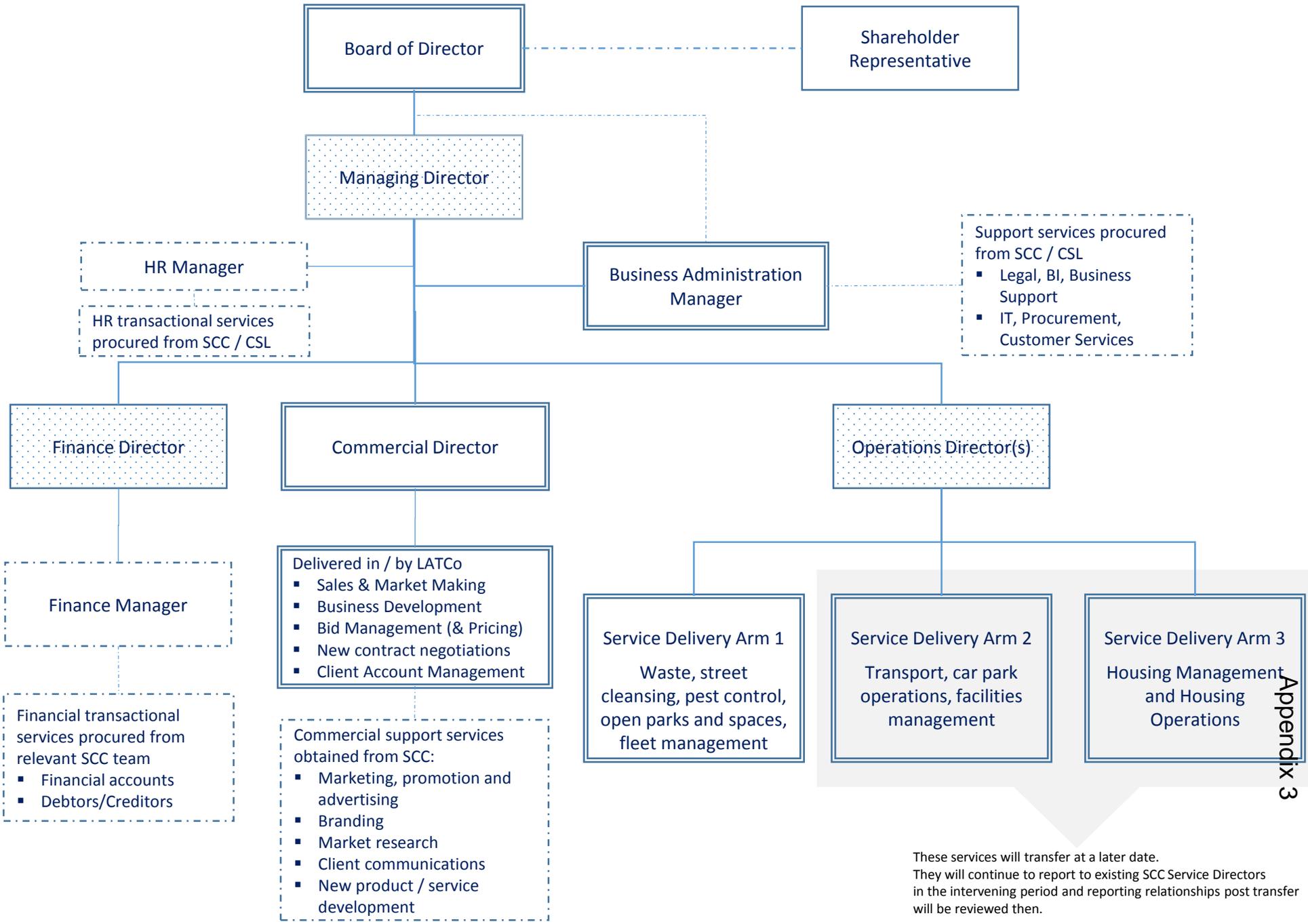
Legend:

Roles or functions wholly employed by LATCo

Roles shared with SCC

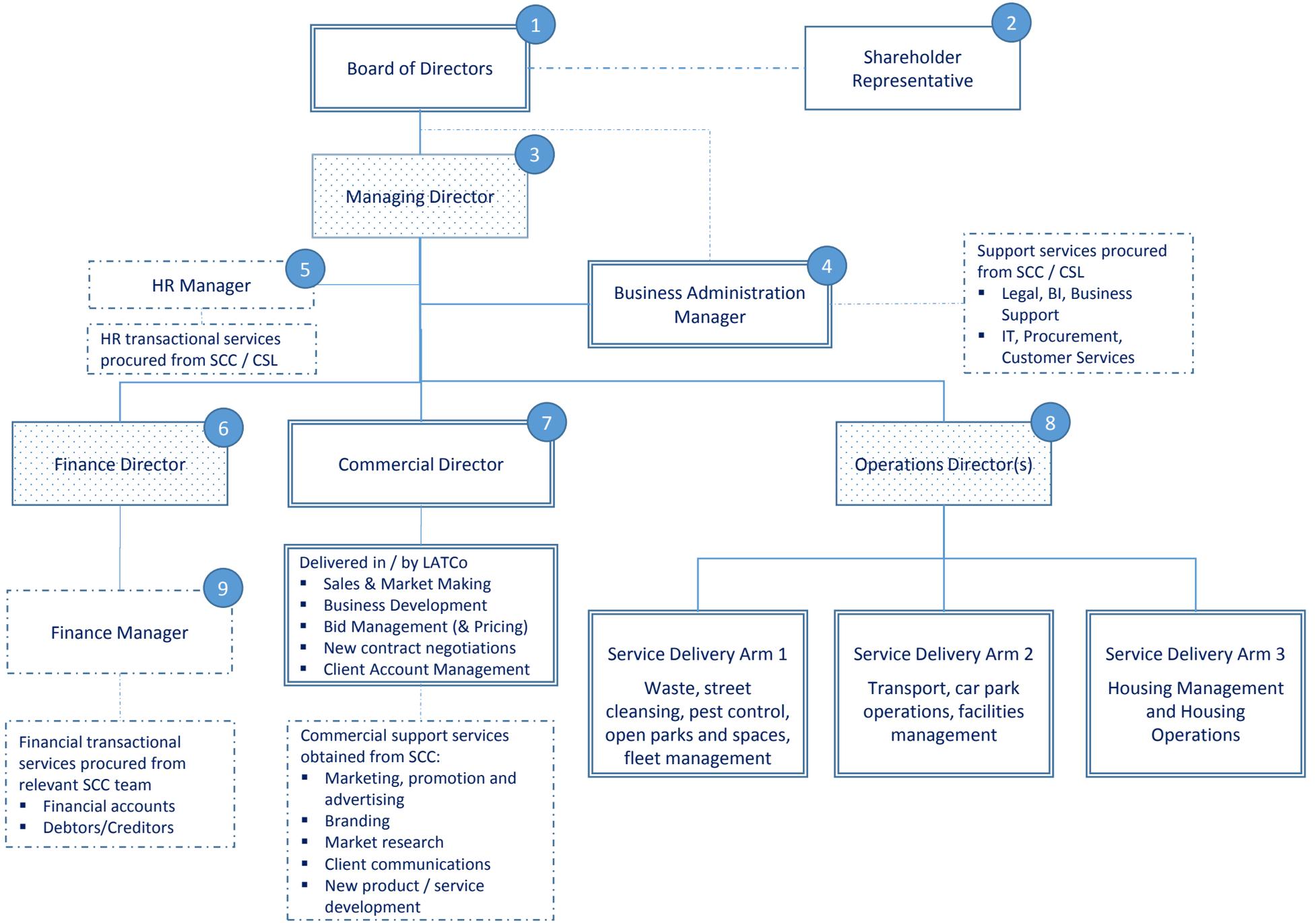
Roles or services procured from SCC

SCC role



These services will transfer at a later date. They will continue to report to existing SCC Service Directors in the intervening period and reporting relationships post transfer will be reviewed then.

- 1 4 Executive Directors
2 Non-Executive Directors
- 2 SCC function carried out by one of the following depending on matter to be consulted on
 - SCC officer in consultation with relevant Cabinet Member
 - Shareholder Group
 - Council
- 3 Role occupied by SCC Chief Operating Officer
- 4 Role covers two functions:
 1. Company Secretary
 2. Co-ordination and management of support service provision from SCC
- 5 Role to be filled by an SCC HR Business Partner wholly assigned and designated to the LATCo. To cover strategic HR, with HR transactions procured from SCC
- 6 Role occupied by Service Director Finance & Commercialisation
- 7 New role with a focus on market making.
- 8 Role occupied by SCC Service Director Transactions & Universal Services
- 9 Role to be filled by an SCC Finance Business Partner wholly assigned and designated to the LATCo. Role to cover:
 - Financial management
 - Financial modelling
 - Performance monitoring and management
 - Financial support to bid management



Document is Confidential

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Document is Confidential

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Introduction

1. The initial consultation on the establishment of a Local Authority Trading Company sought views from staff, residents, stakeholders and partner organisations it ran from 15 June 2017 to 13 July 2017. Following on from this more detailed consultation can take place. Under S3(2) Local Government Act 1999 the Council is under a duty to consult service users/tax payers and those with "an interest in the services" before deciding to transfer services or make a Best Value Arrangement.
2. Over the last few years, Southampton City Council has developed an approach to consultation that includes the use of more integrated information, themed information sheets, frequently asked questions and consultation questionnaires that include highlights of the relevant information.
3. This phase of the LATCo consultation will build the approach used in the earlier round of consultation. There will be extensive staff briefings throughout the period leading up to the consultation. This consultation will focus on the individual services which are proposed to move into the LATCo, the outline business assessments, governance and structure for the LATCo and the proposed phasing of services into the LATCo.

Aims

4. Southampton City Council is in a challenging financial position with significant reductions in its funding from central government, at a time when demand for certain services such as adult and children's social care continues to increase. Therefore the aim of this consultation is to:
 - a. Communicate clearly and make residents aware of the financial pressures the council is facing
 - b. Ensure residents understand what is being proposed for the future direction of a Local Authority Trading Company and are aware of what this will mean for them
 - c. Enable any resident, business or stakeholder who wishes to comment on the proposed company the opportunity to do so, allowing them to raise any impacts the proposals may have
 - d. Ensure that the results are analysed in a meaningful, timely fashion, so that feedback is taken into account when final decisions are made
 - e. Provide feedback on the results to the consultation and how these results have influenced the final decision.

Principles

5. Southampton City Council seeks to conduct every consultation in line with the following principles:
 - a. Inclusive: so that everyone in the City (or involved in the consultation) has the opportunity to express their views
 - b. Informative: so that people have adequate information about the proposals, what different options mean, and a balanced and fair explanation of the potential impacts, particularly the equality and safety impacts
 - c. Appropriate: by targeting people who are more likely to be affected and using a more tailored approach to get their feedback, complemented by a general approach to all residents, staff, businesses and partners
 - d. Meaningful: by ensuring decision makers have the full consultation feedback information so that they can make informed decisions

- e. Understandable: by ensuring that the language we use to communicate is simple and clear and that efforts are made to reach all stakeholders, for example people who are non-English speakers or disabled people
 - f. Length: where possible the overall period of consultation should be for at least 12 weeks as there is a compact with the voluntary sector
 - g. Reported: by letting consultees know the results and what we did with their feedback.
6. Southampton City Council is committed to consultations of the highest standard, which are meaningful, and comply with the following legal standards:
- a. Consultation must take place when the proposal is still at a formative stage
 - b. Sufficient reasons must be put forward for the proposal to allow for intelligent consideration and response
 - c. Adequate time must be given for consideration and response
 - d. The product of consultation must be carefully taken into account.

Approach

7. The initial consultation on the establishment of a Local Authority Trading Company sought views from staff, residents, stakeholders and partner organisations it ran from 15 June 2017 to 13 July 2017. Following on from this as proposals have developed and have become more detailed further consultation is now going to be undertaken. While the first consultation focused on the concept of creating a LATCo and whether or not any LATCo should have improvement partners the next phase focuses on the individual services which are proposed to move into the LATCo. This phase of consultation will run from 17 January 2018 to 3 April 2018.

Process

8. Southampton City Council will consult on the individual services which are proposed to move into the LATCo, the outline business assessments, governance and structure for the LATCo and the proposed phasing of services into the LATCo with: Elected Members, staff and Trade Unions, residents, stakeholders, partners, contractors and affected service users.
9. The consultation will involve a range of activities to ensure all relevant groups are engaged with, including but not limited to:
- a. Internal consultation with Trade Unions through formal meetings
 - b. Staff consultation:
 - i. Face to face briefings on the direction of travel
 - ii. On the proposals as a whole through the main questionnaire
 - iii. Awareness flyers will also be produced for staff directly affected by the proposals
 - c. Resident and stakeholder consultation:
 - i. Online information and consultation questionnaire
 - ii. Printed consultation questionnaire with integrated information available on request and in libraries, Civic Centre reception and Gateway.
 - iii. Digital information sheets and frequently asked questions produced to support the consultation
 - d. Throughout the consultation there will be regular communications via a range of channels to ensure a wide range of respondents.

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DECISION-MAKER:	CABINET		
SUBJECT:	PROCUREMENT STRATEGY		
DATE OF DECISION:	16 JANUARY 2018		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Paul Paskins, Service Lead - Supplier Experience	Tel: 023 8083 4353
	E-mail:	paul.paskins@southampton.gov.uk	
Director	Name:	James Strachan, Service Director, Digital and Business Operations	Tel: 023 8083 3436
	E-mail:	james.strachan@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
The Procurement Strategy has been developed to reflect the priorities and scope of the procurement service and sets out how procurement will contribute to the achievement of the Council Strategy outcomes for 2016-20. It will replace the Procurement Strategy which was approved by Cabinet in March 2009.	
RECOMMENDATIONS:	
	(i) To approve the Procurement Strategy attached as Appendix 1.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The current Procurement Strategy no longer reflects the council's approach to procurement.
2.	The Strategy has been streamlined to ensure a clear and concise summary of the council's vision and approach to procurement.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	The alternative option is to not review and develop the Strategy approved in 2005. This is not recommended as it is important for the council to provide a clear and accessible statement of intent about its approach to procurement to meet council needs.
DETAIL (Including consultation carried out)	
	Scope
4.	This strategy sets out the city's vision for procuring (or buying) supplies, services and works in accordance with the council's Contract Procedure Rules (CPRs) and other relevant council policies. It encompasses the whole procurement and contract management cycle from identifying a genuine requirement to procure goods, services or works through to the management

	of the contracts arising from such procurements. It is designed to support the council's developing approach to supplier management, social value through procurement and providing opportunities for Small and Medium Sized Enterprises (SMEs) and the voluntary sector. This is to ensure that priorities can be delivered in a compliant and timely manner to support the provision of quality goods, services and works at value-for-money prices.
5.	The Procurement Strategy also applies to contracts where the council does not make payments in return for goods, services or works and/or when revenue is produced from contracts (including Concession Agreements) to achieve best value and consideration from all third party contracting relationships.
Priorities and outcomes	
6.	The vision contained within the Procurement Strategy is to be a modern, sustainable council with a forward-thinking procurement approach that remains easily accessible to all sections of the market, consistently provides value for money, is compliant with relevant legislation, ensures risks are managed and results in excellent services and outcomes for our customers.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
7.	There are no direct financial implications arising from the adoption of the revised Procurement Strategy. Any indirect financial implications will need to be contained within existing budgets. The Procurement Strategy is a key base on which the council will achieve its Medium Term Financial Strategy.
<u>Property/Other</u>	
8.	No direct impact, but the Procurement Strategy forms the basis of all property-related procurement activities.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
9.	s.111 Local Government Act 1972 and s.1 Localism Act 2011 permit the Council to do anything calculated to facilitate the delivery of its primary functions or that a private individual or organisation may do subject to any statutory limitations. The adoption of a Procurement Strategy falls within these powers. All procurement activity must comply with applicable public procurement law, specifically the requirements of the Public Contracts Regulations 2015.
<u>Other Legal Implications:</u>	
10.	The proposed Procurement Strategy fully accords with current procurement legislation. Individual procurements undertaken under the Strategy will be required to comply with United Kingdom's Public Contracts Regulations 2015 and the Equality Act 2010 together with any other relevant legislation that applies by virtue of the nature of the supplies, services or works being procured.
RISK MANAGEMENT IMPLICATIONS	

11.	Risks arising from the approval of the Procurement Strategy would be managed at project level. Corporate risks are managed through an existing framework of the Corporate Risk Register, the Contract Procedure Rules and the Financial Procedure Rules and public procurement law. Risks will continue to be managed through this framework.
POLICY FRAMEWORK IMPLICATIONS	
12.	The Procurement Strategy supports the delivery of the Council Strategy 2016-2020 and the council's statutory Policy Framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Procurement Strategy

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
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	None

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Southampton City Council Procurement Strategy (January 2018)

Our vision: To be a modern, sustainable council with a forward-thinking procurement approach that is easily accessible to suppliers, consistently provides value for money, is compliant with relevant legislation, ensures risks are managed and results in excellent services and outcomes for our customers.

This Procurement Strategy sets out the council's approach to **procuring** (or buying) goods, services and works; from identifying a genuine **need to buy** through to the **management of the contracts** arising from requirements. Subject to legislation, and in accordance with council policy, once a requirement is determined, we first consider whether value for money can be achieved by using our in-house teams, by considering financial and non-financial factors. Our approach to this is set out in the SCC First policy. This Procurement Strategy is supported by our **procurement policies** which set out our approach to procuring ethically and sustainably and are underpinned by the council's Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs).

All buying activity undertaken by the council must adhere to the **public procurement principles** of equality of treatment for all suppliers, non-discrimination, transparency, mutual recognition and proportionality whilst also delivering **value for money** for the council and its residents and supporting the local economy. This strategy sets out our approach to achieving these and other legislative requirements including the Public Services (Social Value) Act 2012.

When procuring new or renegotiating current contracts, as well as achieving our own objectives on behalf of our customers, we also aim to achieve **benefit** for our suppliers and the city as a whole. Where possible, rather than specifying how a supplier should meet our needs, we enter into contracts which describe the required **outcomes**, which can incentivise suppliers to share risks and benefits with us. Our procurement approach promotes fair employment practices (including the payment of the Living Wage) and, where legislation permits, requires employment/training opportunities and work placements/apprenticeships to be provided and advertised through local agencies. We undertake joint commissioning with partners such as the clinical commissioning group where appropriate.

This strategy applies to all **buying activities** undertaken by the council, which also often referred to as procuring, purchasing, contracting, outsourcing or other service delivery models. To ensure we achieve best value and income (where appropriate) from all our third party contracting relationships, this strategy also applies to contracts where the council does not make payment in return for goods, services or works and/or when **council revenue** is produced from contracts (including Concession Agreements).

What are we already doing?

The council's contract management and procurement services are **aligned** to allow us to effectively plan procurement requirements, support the management of council contracts and ensure that needs are fully considered and assessed before new procurements and re-procurements commence. This **end-to-end** approach helps us to continue to avoid legal challenges, meet ethical procurement and transparency publishing commitments and achieve value for money. Through this, a number of current initiatives support the delivery of the **council outcomes**:

Priority Outcome	Supporting initiatives	Cross cutting initiatives
 <p>Southampton is a city with strong and sustainable economic growth</p>	<ul style="list-style-type: none"> Suppliers bringing added benefit to the city by securing sponsorship and income. Profit sharing arrangements allowing our suppliers to receive modest benefits from good performance and/or generating revenue. Undertaking joint procurement with other councils and public bodies. 	<ul style="list-style-type: none"> Suppliers linking with the council's return to work plans to engage with deprived communities. Suppliers sharing, embracing and supporting the council's digital working. Suppliers introducing improved ways of working to streamline processes, save money and provide effective services to customers. Support, guidance and simple procurement processes
 <p>Children and young people in Southampton get a good start in life</p>	<ul style="list-style-type: none"> Apprenticeships provided by suppliers to equip young people with the skills they need to successfully enter the work place, develop their skills and contribute to the local economy and communities. Working with other authorities to strengthen residential care for children and young people. 	
 <p>People in Southampton live safe, healthy, independent lives</p>	<ul style="list-style-type: none"> Provision of a cohesive and effective sport, recreation and health offer which is consistent with the Health and Wellbeing Strategy. Providing a range of activities and initiatives across the city designed to engage customers of all ages and abilities in sport and physical exercise. Delivery of a new "ActiveAbility Programme Southampton" to engage disabled people in a range of free sports and activities including sailing, skiing, swimming, and kayaking. Implementation of a new approach for the provision of day care for older people which promotes independence, health and well-being. Improving access to better information and support through a self-help advice, information and guidance service. 	
 <p>Southampton is a modern, attractive city where people are proud to live and work</p>	<ul style="list-style-type: none"> Strong performance monitoring to ensure the city's highways, public places and street lighting are well maintained. Investment by our suppliers in council-owned sites and facilities to ensure they are safe, attractive, modern and improve residents' and visitors' perceptions of the city. 	

This will be achieved by delivering the following outcomes:

Outcome	Why is this important?	What are we going to do?	What does success look like?
 <p>SIMPLE: Delivering a joined-up approach to procurement and contract management</p>	<p>A simplified, joined up approach will:</p> <ul style="list-style-type: none"> Allow greater oversight and transparency of contractual relationships, including performance and compliance monitoring. Improve best value through procurement. 	<ul style="list-style-type: none"> Review all procurement processes to identify opportunities for simplification and ease of use. Centralise all buying activity in excess of £1,000. Develop a central Supplier Management Database (SMD) which will contain key details of all council contracts held with external suppliers. Ensuring that our processes are as simple as possible to allow Small and Medium Sized Enterprises (SMEs) to effectively bid for work. 	<ul style="list-style-type: none"> Details of all contracts will be held and managed centrally. Better information to allow us to combine procurements. Zero challenges in respect of procurement activities. The council will take all available opportunities to reduce spending with external suppliers.
 <p>ACCESSIBLE: Delivering a simple, effective procurement service that is accessible to staff and suppliers</p>	<p>Ensuring that our staff and suppliers can understand and access our services will ensure compliance with our processes and promote equality of opportunity for suppliers to bid to increase the numbers of suppliers from SMEs and the voluntary sector.</p>	<ul style="list-style-type: none"> Streamline 'buying activity' for our staff. Review and improve procurement processes, roles and responsibilities and associated documents and make more these more prominent and accessible on our intranet site. Simplify terminology relating to procurement and promote the service to staff, partners and suppliers. Set up user-friendly frameworks and guides to help staff and suppliers. Introduce a supplier portal which will allow suppliers to check their details online and view their purchase orders. Ensure that local businesses have the opportunity to bid for our contract opportunities. 	<ul style="list-style-type: none"> The experiences of customers, suppliers and staff will be improved. Consistent compliance with our processes. Improved management information to help us to monitor our spending with suppliers. Contracting will be with a greater mixture of suppliers, inclusive of SMEs and the voluntary sector as well as larger suppliers.
 <p>FORWARD THINKING: Delivering a flexible approach to procurement that adapts to our future requirements</p>	<p>In a time of fast-paced change, we will take a results-driven approach to meeting our requirements and ensure that contracts are flexible to allow for the changing needs of our customers and to take advantage of new opportunities.</p>	<ul style="list-style-type: none"> Adopt an outcome based approach to meeting the needs of our customers including taking part in collaborative procurements with other local authorities and public bodies. Utilise strong evidence to inform contract requirements, and predict future needs, trends, risks and opportunities. Embed future procurement into our budget and business planning processes, to ensure visibility of future procurement needs and opportunities. Ensure that 'added value' opportunities from contracts are reviewed at the point of procurement, to identify wider opportunities for suppliers to support the achievement of the council's priority outcomes. Ensure that our contracts and specifications are clear, fair and represent our social value requirements. Build in flexible terms and conditions to contracts to allow the council to benefit from changing markets. Develop our Procurement Service to become 'best in class'. 	<ul style="list-style-type: none"> We will have flexible contracts which are adaptable as technology and our requirements change, without need for complex renegotiations. Our contracts will contribute to improving the quality of life of our customers and the environment within which they live. Procurement will be joined up with our other functions and decision making processes. Suppliers deliver the outcomes the council and our customers need in a manner consistent with our social values.

Success measures:

- Increase in the number of staff engaging with the Procurement Service as soon as a need to purchase is identified.
- Improvement in results obtained from surveys set out in the 'Our Feedback' section below by April 2019.
- Reduction in multiple contracts for the same or similar council requirements.

Our feedback:

55% of our residents are satisfied with the way the council runs things*

43% of our residents think that the council provides value for money*

46% of staff agree that the council delivers a good standard of service to our customers**

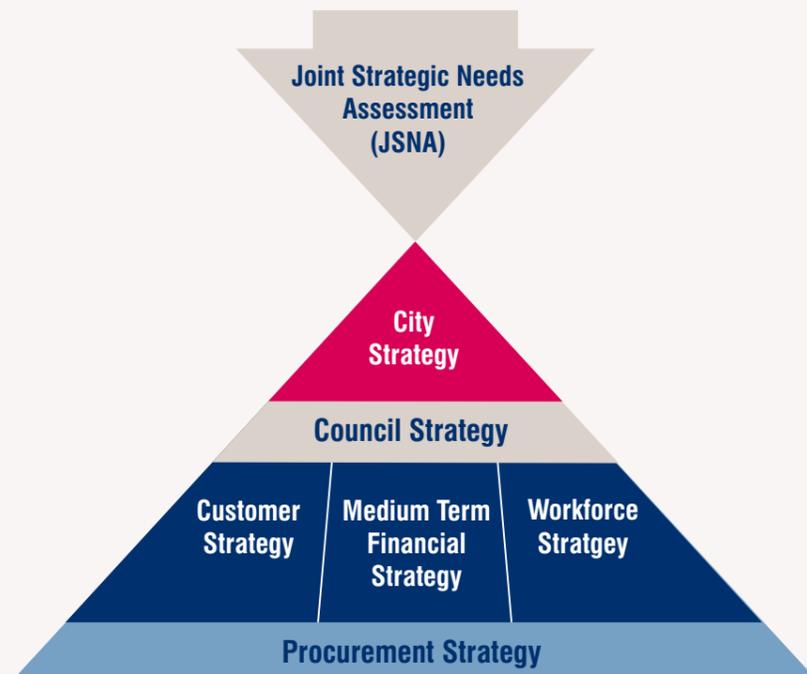
12% of staff agree that the information on the intranet relating to the procurement process is easy to follow**

59% of staff understand their roles and responsibilities in respect of the procurement process**

73% of staff agree that it is easy to make contact with the Procurement Service**

* City Survey 2016 ** Staff survey May 2017

Links to other strategies:



DECISION-MAKER:		CABINET	
SUBJECT:		SCC FIRST POLICY	
DATE OF DECISION:		16 JANUARY 2018	
REPORT OF:		CABINET MEMBER FOR SUSTAINABLE LIVING	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Paul Paskins – Service Lead Supplier Experience	Tel: 023 8083 4353
	E-mail:	paul.paskins@southampton.gov.uk	
Director	Name:	James Strachan -Service Director, Digital and Business Operations	Tel: 023 8083 3436
	E-mail:	james.strachan@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
The Southampton City Council (SCC) First policy has been developed to provide a framework for considering and appointing in-house services to deliver Council requirements before commencing a procurement process.	
RECOMMENDATIONS:	
(i)	That Cabinet approves the SCC First policy attached as Appendix 1.
(ii)	Subject to (i), that Cabinet delegates authority to the Service Director – Digital and Business Operations (following consultation with the Cabinet Member for Sustainable Living and the Cabinet Member for Finance) the power to scope and deliver a pilot of the SCC First policy (using established in-house services).
(iii)	Subject to (i) and (ii), that Cabinet delegates authority to the Service Director – Digital and Business Operations (following consultation with the Cabinet Member for Sustainable Living and the Cabinet Member for Finance) to amend the SCC First Policy (if required to address outcomes of the pilot) and to undertake a full roll out of the SCC First policy.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The implementation of SCC First will demonstrate a firm Council-wide commitment to utilise in-house services to meet Council requirements where such capability exists and where best value can be demonstrated in accordance with the policy.
2.	The pilot period will provide the opportunity to develop and test the most appropriate benchmarking process, identify options for improvement to the SCC First policy and processes, assess challenges and measure impacts, benefits and costs whilst allowing immediate benefits to be realised.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3.	<p>The following models were considered and rejected as part of establishing the preferred SCC First model:</p> <p>Comparing in-house service offering with the market offering on a case-by-case basis: this model involves treating the in-house service as a normal bidder as part of the procurement processes set out in the Contract Procedure Rules (CPRs). Once a need is identified, the process to identify a supplier is managed by the Procurement Service and the in-house service must demonstrate that it is the Most Economically Advantageous Tender (MEAT) when compared with external bidders in order to be awarded the work.</p>
4.	<p>Directly awarding to in-house services up to an agreed value and benchmarking against the market place in excess of this value: this model assumes that the in-house service provides the Council best value for requirements up to a certain value threshold. Above the value threshold, the in-house team would provide a quote and this would be compared with the price obtained from an external Quantity Surveyor (QS) or other specialist, depending on the type of works or services concerned. If the in-house price is within a specified and agreed parameter then the work or service would be awarded in-house. If the in-house price is outside these parameters then the market would be asked to quote in accordance with the Council' Constitution Part 4 - Contract Procedure Rules (CPRs) and compared with the price provided by the in-house team.</p>
5.	<p>Both the models outlined in points 3 and 4 were rejected because the proposed model is deemed to incorporate the benefits of each by making best use of Council resources where best value can be demonstrated and encouraging the Council to become more commercially-focused in preparation for alternative service delivery models, in the first instance the proposed LATCo.</p>

DETAIL (Including consultation carried out)

	Scope and purpose
6.	<p>SCC First is a commitment by the Council to increase the level of services provided by its in-house teams, where such capability exists and where 'SCC best value' can be demonstrated when considering both financial and non-financial benefits to the Council, our customers and the city of Southampton. 'In-house services' may include the Council's strategic partners where the services in question are within scope of existing contracts and subject to relevant legislation.</p>
7.	<p>The key objectives of the SCC First policy are to enable the Council to reduce costs by providing in-house services at a market-competitive price whilst making best use of Council resources. It will also assist the Council in becoming more commercially-focused and driven in preparation for its Local Authority Trading Company ('LATCo') through more effective, efficient and economic management and operation of the in-house services as well as upskilling in-house teams to bid and secure work outside of the core Council services.</p>
8.	<p>Currently, in-house services can miss out on opportunities or are informed of them too late to enable them to properly plan, mobilise, respond and deliver. In addition, it is not always possible to demonstrate or be assured of best value.</p>
9.	<p>The SCC First model set out in the policy in Appendix 1 considers whether the</p>

	in-house service can reasonably meet the need prior to commencing a procurement process.
10.	On an annual basis, the cost of all identified in-house services are compared with the cost of obtaining those services from external suppliers via a benchmarking exercise which will produce average market prices for each in-house service. The “SCC Best Value Parameters” are then applied to the average market prices.
11.	The SCC Best Value Parameters (which will vary from service to service) are set annually to reflect changes to Council overheads and services and are used to reflect the financial and non-financial value of meeting Council needs using in-house services (including, but not limited to, quality and flexibility of cross Council service offerings and avoiding procurement-related costs). When applied in accordance with the SCC First Policy, the SCC Best Value Parameters may permit the in-house service cost to be higher in price alone than the average market cost, yet still demonstrate SCC Best Value.
12.	An in-house service will demonstrate SCC Best Value if their costs for services quoted meets or is less than the average market cost of the service, plus the SCC Best Value Parameters.
13.	An in-house service will not demonstrate SCC Best Value if their costs for services exceeds the average market cost of the service, plus the SCC Best Value Parameters.
14.	Any service which can be delivered in-house, within the required timescale and can demonstrate SCC Best Value will be offered to in-house services to deliver in the first instance.
	Key benefits
15.	<p>The key benefits are:</p> <ul style="list-style-type: none"> • Keeps the assessment of the in-house offering separate to the procurement process which means that external suppliers are only being approached when the in-house option cannot demonstrate SCC Best Value (i.e. there is genuine opportunity to win work through a competitive process). • Full visibility of Council requirements and spending (both cross-Council and internal) held and managed centrally by the Procurement Service. • There is no automatic obligation to use in-house resource if the in-house service cannot meet reasonably assessed timescales, or other reasonable client requirements. • It will provide the in-house services with time to ‘ramp up’ to potentially increasing workloads and provide Council clients with confidence that they can obtain their requirements from external contractors if SCC Best Value is not demonstrated by the in-house service.
16.	Initial engagement with Trade Unions has been undertaken as part of identifying the SCC First model in Appendix 1. Cabinet are requested to note that Trade Unions have indicated that their preferred model for the SCC First policy is that set out in point 4. The Unions have been offered an active role in scoping the pilot (and full roll out of the SCC First policy) to ensure that wherever possible, internal services which can SCC Best Value and with the capacity and capability are offered the opportunity to deliver Council requirements.
17.	A project team incorporating representatives from potential service area

	clients and in-house services, Unions and the Procurement Service is being set up to define, implement and monitor the pilot.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
18.	There are a number of financial advantages of applying the SCC First policy, including utilising internal services to deliver projects and works, thereby potentially increasing income and reducing third party spend. Any associated savings can be used towards other Council savings targets set for commercial initiatives such as LATCo.
19.	The impact of SCC First upon the guarantees contained within the SSP contract will need to be considered, and any financial implications will need to be addressed without causing pressure on the revenue budget
20.	The financial implications of SCC First cannot at this stage be determined however as the pilot progresses, such implications will be considered and reviewed prior to a full roll out of the SCC First policy
<u>Property/Other</u>	
21.	There are no specific implications, but requirements relating to our properties will be subject to the SCC First policy unless the terms of leases or other contracts with third party occupiers require otherwise.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
22.	The adoption of the SCC First policy is permitted under s.111 Local Government Act 1972 and s.1 Localism Act 2011. All services delivered by the Council are authorised by a variety of statutory powers which must be complied with in relation to the specific services under consideration together with any pervasive legislation that applies to all services such as the Procurement Regulations set out below and the Equalities Act 2010 that requires functions to be delivered having regard to the need to assess the impact on and to eliminate discrimination across protected characteristics (such as age and disability etc).
<u>Other Legal Implications:</u>	
23.	The Public Contract Regulations 2015 (which apply to public sector procurement activity and with which the CPRs comply) do not apply to in-house delivery therefore there are no legal implications of setting this policy.
RISK MANAGEMENT IMPLICATIONS	
24.	Strategic risks are managed through an existing framework of the Corporate Risk Register, the Contract Procedure Rules and the Financial Procedure Rules and Public Procurement Law. As part of the development of the SCC First policy the commercial and operational risks associated with in-house deliver of Council requirements have been considered. Appendix 2 contains the High Level Risk Register which sets out initially identified risks and methods of managing them. This document will be further developed as part of the pilot and full implementation phase.
POLICY FRAMEWORK IMPLICATIONS	
25.	This policy aligns with and compliments the defined Policy Framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	SCC First policy
2.	High Level Risk Register
Documents In Members' Rooms	
1.	Equality and Safety Impact Assessment (ESIA)
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	

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Southampton City Council

SCC First Policy



Southampton City Council

SCC First Policy

Contents

1. Purpose	1
2. Scope	2
3. Policy Commitments	3
4. Appendix.....	4

SCC First Policy			
Version	1.0	Approved by	Tbc
Date last amended	December 2017	Approval date	Tbc
Lead officer	Paul Paskins, Service Lead - Supplier Management	Review date	Tbc
Contact	Paul.Paskins@southampton.gov.uk	Effective date	Tbc

Purpose and Aims

What is SCC First?

1. SCC First is a commitment by Southampton City Council (SCC) to utilise in-house services to meet SCC requirements where such capability exists and where “SCC Best Value” can be demonstrated.
2. The SCC First policy provides a framework for considering and where appropriate, appointing in-house services to deliver SCC requirements before commencing a procurement process. A procurement process is only undertaken if and when in-house service delivery cannot demonstrate SCC Best Value and/or the in-house service cannot meet the required timescales/specification for a requirement.

Key objectives

3. SCC First will:
 - Enable SCC to reduce spend with third parties by providing in-house services at a market-competitive price whilst making best use of SCC resources.
 - Enable SCC to become more commercially focussed and efficient in operation of the in-house services.
 - Upskill in-house teams to successfully bid and secure work outside of the core SCC services.
 - Ensure SCC needs are effectively planned, resourced and delivered by in-house teams in accordance with this policy.

Scope

4. This policy applies to all SCC officers who have identified a requirement to spend SCC funds in accordance with SCC’s mandatory spending requirements and relates to all in-house services which SCC has the capacity and capability to directly deliver using in-house resources.
5. For the purpose of this policy in-house services also include services provided by SCC’s strategic partners (e.g. Capita Business Services Ltd and Balfour Beatty Living Places Ltd) where the requirements in question are within the scope of those existing contracts (and subject always to relevant legislation). In the event that there is any duplication of service capability between SCC and any of its strategic partners, the requirement shall be offered to SCC in-house services as a priority.

Legislative context

6. The Public Contract Regulations 2015 (which apply to public sector procurement activity and with which SCC’s Contract Procedure Rules (CPRs) comply) do not apply to in-house delivery.
7. As demonstrated by this policy, even though in-house delivery falls outside the requirements of public procurement law it is nevertheless appropriate to ensure that “best value” will be achieved in respect of the use of in-house services.

POLICY STATEMENT

8. SCC will always seek to utilise in-house services to meet its needs before commencing a procurement process. The following criteria will be considered to establish whether an in-house service will be used to deliver a council requirement:
 - a) Does an in-house service exist?
 - b) Does the in-house service demonstrate 'SCC Best Value'?
 - c) Can the service or works be delivered using in-house resource, within the required timescale for delivery and to the required specification and quality?

What is SCC Best Value?

9. SCC Best Value:
 - is a mechanism for reflecting the financial and non-financial value to SCC and the city of using in-house resources to meet SCC needs and
 - must be demonstrated in order for services to be offered for delivery by in-house resources.
10. The cost of a service itself is not the only consideration when determining SCC Best Value. Capacity and quality of service must also be evidenced to ensure that the in-house service can meet SCC's needs.
11. SCC Best Value also appreciates that utilising resource already employed by SCC brings benefits associated with staff retention, quality of SCC-delivered activity, flexibility of service offering arising from council-to-council arrangements and avoiding procurement-related costs.

How is SCC Best Value demonstrated?

12. SCC Best Value is demonstrated once a year through the application of "SCC Best Value Parameters" to the average market price for each in-house service which, by incorporating the above considerations, enables SCC to compare the benefits of utilising in-house services with obtaining services or works from third party suppliers. The SCC Best Value Parameters may therefore permit the in-house service cost to be higher in price than the average market cost, yet still demonstrate SCC Best Value.
13. The SCC Best Value Parameters (which vary from service to service) are set annually to reflect changes to SCC overheads and services. The SCC Best Value Parameters will be developed for each in-house service by the council's Procurement Service and agreed by the relevant Service Director.
14. On an annual basis, the Procurement Service will obtain from the market the cost of a range of example services and works deliverable by the identified in-house services ("the Benchmarked Activities"). This exercise will produce average market prices for certain elements of each service. The Benchmarked Activities are used to determine whether the in-house service demonstrates SCC Best Value for the full range of services provided by the in-house service.
15. The cost of the same range of example services and works are also provided to the Procurement Service by each of the in-house services.
16. The SCC Best Value Parameters are applied to the average market prices.

17. An in-house service **will have** demonstrated SCC Best Value if its costs for the range of example services and works meet or are less than the average market price of the service/works, plus the SCC Best Value Parameters.
18. An in-house service **will not** have demonstrated SCC Best Value if its costs for services and works exceed the average market price of the service and works, plus the SCC Best Value Parameters.
19. If an in-house service demonstrates SCC Best Value it will be offered all services and works within the scope of its direct service offering, providing it can meet specific timescales and quality criteria for each requirement.

Process

20. When an SCC requirement is identified and approved in accordance with SCC's mandatory spending restrictions, the Requesting Officer (RO) must produce and provide a clear specification of the requirement to Procurement Services.
21. Procurement Services will determine whether the requirement is within the scope of an in-house service which has demonstrated SCC Best Value (as determined by the most recent benchmarking exercise) and if so, a fixed price for delivering the requirement (against mandatory timescales and quality criteria) will be requested from the in-house service within a timescale to be agreed (depending on the circumstances of the specific requirement). The in-house service is under no obligation to provide a price.
22. If a fixed price is not provided by the in-house service within the agreed time frame (and/or the in-house service is unable to meet all mandatory timescale and quality requirements), engagement with the market and a procurement exercise will be undertaken by the Procurement Service in accordance with the CPRs.
23. When a fixed price is provided by the in-house service within the agreed timescales (and providing the in-house service can meet all mandatory timescale and quality requirements), the in-house service must deliver the requirement in accordance with the specification and at the fixed price quoted.

Performance Monitoring

24. The performance monitoring of in-house services will be carried out using a project review form completed by the RO which will assess whether the requirement was delivered within budget, timescales and met any other pre-agreed criteria.
25. An audit of a sample of in-house activity will also form part of the SCC audit plan.

Governance

26. SCC's Service Director – Digital and Business Operations is the lead officer accountable for ensuring that this policy is adhered to.
27. The level of cross-SCC spend arising following implementation of this policy shall be monitored by the Procurement Service and reported to the Procurement and Contract Management Board (PCMB) on a quarterly basis.

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Appendix 2 – High Level Risk Register

Risk	Inherent Risk		Remedial actions	Residual Risk	
	Likelihood	Impact		Likelihood	Impact
1. In-house services not 'ready' to provide quotations for benchmarking and/or services as envisaged by the policy	H	M	<ul style="list-style-type: none"> Support and business transformation for internal services provided through the LATCo project and service development initiatives. Undertake procurement activity with external suppliers if internal services do not have sufficient capacity and/or capability. 	M	L
2. Pilot demonstrates fundamental failures with the SCC First concept and policy	M	H	<ul style="list-style-type: none"> The pilot will be used to refine the concept and define business processes. 	L	L
3. Benchmarking demonstrates in-house services consistently fail to demonstrate SCC Best Value	M	H	<ul style="list-style-type: none"> Support and business transformation for internal services provided through the LATCo project and service development initiatives. Upskill in-house services where need is identified. Place services and works with external suppliers if internal services do not have sufficient capacity and/or capability. 	L	M
4. Challenges in	M	H	<ul style="list-style-type: none"> Focused approach to assessing cost base and 	L	M

Risk	Inherent Risk		Remedial actions	Residual Risk	
	Likelihood	Impact		Likelihood	Impact
establishing an effective SCC Best Value parameter			current spend of pilot services • Lessons learnt from pilot will streamline the approach for the rollout phase		
5. Market does not respond to benchmarking exercises in the manner envisaged	H	H	• Engage in an open manner • Ensure there are incentives to provide quotes (e.g. genuine opportunities to win work and/or join frameworks)	M	M

DECISION-MAKER:	CABINET MEMBER FOR COMMUNITIES, CULTURE AND LEISURE		
SUBJECT:	COMMUNITY CHEST GRANTS 2017/18		
DATE OF DECISION:	16 JANUARY 2018		
REPORT OF:	DIRECTOR OF QUALITY AND INTEGRATION		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Joanne Hughes	Tel: 023 8083 4067
	E-mail:	Joanne.hughes@southampton.gov.uk	
Director	Name:	Stephanie Ramsey	Tel: 023 8029 6941
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
<p>Community Chest is the council's small grant scheme and currently awards grants of up to £2,500 to community groups in the city. Grants are awarded twice a year under delegated authority to the Cabinet Member for Communities, Culture and Leisure, following recommendations from the cross-party Community Chest Grant Advisory Panel. The budget for the year is £100,000, which is divided approximately equally between the two rounds.</p> <p>Applications are accepted from local community groups and small voluntary organisations for a wide range of projects which contribute at least one to the council's four priority outcomes.</p>	
RECOMMENDATIONS:	
	(i) To agree the recommendations made by the cross-party Community Chest Grant Advisory Panel
REASONS FOR REPORT RECOMMENDATIONS	
1.	All the applications have been considered by the cross-party Community Chest Grant Advisory Panel, which has made recommendations on which should receive funding.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	None
DETAIL (Including consultation carried out)	
3.	Community Chest is the council's small grants scheme and has been running for more than 30 years. It is periodically reviewed to ensure it continues to meet the needs of local community groups. The grant has two rounds each year, six months apart, with the budget split roughly equally between both rounds. In 2017/18 the overall budget available is £100,000. The decision maker for the grants is the Cabinet Member for Communities, Culture and Leisure, following recommendations by the cross-party Community Chest

	Grant Advisory Panel.
4.	Each application is first checked by a technical appraiser to ensure both the project and the applicant meet the Community Chest criteria and minimum standards for grant funding. Further information or clarification is requested where necessary. All applications are then submitted to the cross-party Community Chest Grant Advisory Panel for consideration.
5.	Applications for round two of the 2017/18 Community Chest grant scheme were submitted by 31 October 2017. We received 33 applications totalling £62,270. One application was withdrawn by the applicant as the group had folded shortly after the application was submitted. The Community Chest Advisory Panel met on 6 December 2017 to consider the remaining 32 applications, totalling £59,420. KRP
6.	The Grant Advisory Panel has recommend full or partial funding for 29 groups totalling £51,414. These applications contribute to three of the council's priority outcomes: <ul style="list-style-type: none"> • Children and young people get a good start in life – 11 applications, totalling £21,167 • People in Southampton live safe, healthy, independent lives – 9 applications, totalling £16,083 • Southampton is an attractive and modern city where people are proud to live and work – 9 applications, totalling £14,164 • No applications were received where 'Southampton has a strong and sustainable economic growth' was the primary priority outcome.
7.	Of the three applications that are not being recommended for funding: <ul style="list-style-type: none"> • Two are being deferred to the next round at give the applicants more time to refine their projects and provide additional information • One did not supply the requested supporting documentation, despite an additional reminder to do so
8.	A full list of the recommendations is attached at Appendix 1.
9.	The first round of Community Chest grants 2018/19 will open in early March 2018, with a deadline for applications of 30 April 2018.

RESOURCE IMPLICATIONS

Capital/Revenue

10.

Cost Centre	Account code	Budget £
MM520	4164	100,000

The total Community Chest budget for the year is £100,000, split approximately equally between two rounds. The total spent in the first round was £47,229, leaving £52,771 for the second round of grants. However, one organisation declined their grant of £1,343. This increased the total available for round 2 to £54,114. The recommendations in this report of £51,414 are within the allocated budget. KRP

11.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	The legal power for the Council to establish, administer and make awards from the Community Chest grant fund is provided by the Localism Act 2011. Subject to certain statutory restrictions, none of which apply in this case, Section 1 gives the Council “power to do anything that individuals may do”.
<u>Other Legal Implications:</u>	
13.	None
RISK MANAGEMENT IMPLICATIONS	
14.	The risks of fully funding, part funding or not funding each application were considered as part of the Grant Advisory Panel’s discussions. One applicant, the Art House CIC, was identified as a potential medium risk as it made a loss in the previous two financial years. Advice was sought from Finance and this was discussed with the Cabinet Member for Communities, Culture and Leisure prior to the Grant Advisory Panel meeting and with the whole panel at the meeting. The Grant Advisory Panel felt that the benefits of awarding a small grant to this organisation outweigh the potential risks and have therefore recommended it for funding. Additional measures will be put in place to ensure the grant is spent as requested. All other recommendations listed in Appendix 1 are considered to be low risk.
POLICY FRAMEWORK IMPLICATIONS	
15.	The recommendations in this paper support the delivery of the Sustainable Community Strategy (City Strategy), the Council Strategy 2016-2020, key partnership strategies such as the Safe City Strategy and the Health and Wellbeing Strategy as well as Level 1 strategies of the Council.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	List of recommendations for Community Chest grant 2017/18 Round 2
2.	

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
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		
2.		

List of recommendations for Community Chest grant 2017/18 Round 2

No.	Organisation	Towards	Requested	Nbr beneficiaries	% beneficiaries who are Soton residents	Ward	Aims and objectives of organisation (from application form)	Priority outcomes	Panel Comments	Panel Recommended Amount	Suggested Conditions (where applicable)
Children and young people get a good start in life											
4	Friends of Lordswood Park	Towards the costs of a community event to celebrate the opening of their new play park (inc. decorations, bouncy castle, entertainment, t-shirts for committee members, and a Friendship Tree)	£1,025	Over 2000	100%	Coxford	We are a Constituted "Friends of" Group based in Lordswood, Southampton. We have been successful in applying for funding in order to purchase a much needed new play park. Our objective is to unite the community and make a difference to young peoples lives for this and future generations.	2. Children and young people get a good start in life	Recommendation: Part fund The panel were happy to support most of this application, however, they felt it was not appropriate to fund £165 for gifts for volunteers.	£860	The panel requests that the t-shirts are generic for the group rather than tied specifically to the celebration event, to enable them to be re-used at other events.
28	Aspergers Support/Social Group	Towards the costs of hall hire for one year.	£1,628	65	90%	City Wide	We provide a safe place to meet for vulnerable adults, on the autistic spectrum, where they may meet others like themselves, without fear of ridicule or bullying. On alternate weeks children, with parents and siblings, take part in activities, improve their social skills, self-esteem and confidence. Parents can share information and experiences and borrow library books. We also organise outings and social occasions.	2. Children and young people get a good start in life	Recommendation: Fully fund The panel is happy to support this time, but notes that this will be the third grant for the group for hall hire and it is not bidding to other funders. Community Chest is not designed for ongoing support.	£1,628	This is the third grant the group has received for hall hire costs. The group must bid to other sources of funding before the council will consider any further funding applications.
34	Rising Stars Productions	Towards the costs of materials and replacement tools to enable to group to make sets, props and improvements to the stage at URC Peartree Church Hall.	£2,375	60	100%	City Wide	Rising Stars supports young people in the community from the age of five upwards by providing near professional facilities to learn singing, dance, performance and back stage techniques to put on full scale musicals and shows throughout the year. Our community choir is open to all ages and abilities.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£2,375	
35	Jesuit Chapel St Mary Extra (Peartree Church)	Towards the costs of a new floor cleaner/polisher, dishwasher and folding tables for the community hall.	£2,500	500+	100%	Peartree	Provide the local community with a facility for a variety of activities such as Guides, Slimming World, Parent Toddler Group, Judo classes, Theatre groups, Fitness clubs and Crafty Coffee (10 groups have weekly events). The hall can also be booked for private parties and charity events.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£2,500	
38	Simon Says	Towards the costs of making a set of puppets and performance materials for work with junior school children around loss and bereavement (40 performances).	£2,500	6,000	100%	City Wide	Simon Says is child bereavement charity, supporting children and young people up to the age of 18, living in the County of Hampshire, who have someone significant in their lives who has died or is dying.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£2,500	
40	Royal Southampton Yacht Club Trust	Towards sailing taster sessions for 48 young carers and a further dinghy sailing course for 6 of the young carers (project in partnership with SVS Young Carers)	£1,306	48	100%	City Wide	Our overriding objective is to provide as many opportunities as possible to people in the South of England to go sailing and participate in water activities. The Trust's current focus is towards young people in Hampshire and particularly young carers. We provide structured introductions to sailing through taster sessions followed up with opportunities for more regular sessions and instruction.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£1,306	

List of recommendations for Community Chest grant 2017/18 Round 2

No.	Organisation	Towards	Requested	Nbr beneficiaries	% beneficiaries who are Soton residents	Ward	Aims and objectives of organisation (from application form)	Priority outcomes	Panel Comments	Panel Recommended Amount	Suggested Conditions (where applicable)
46	Pukhtoon Welfare Association	Towards the costs of inviting an Astronaut to speak to children and the community.	£1,200	?	?	City Wide	We organize different get together parties for our community on different festivals, in addition we help any member of the community if any assistance required in organizing his/her event, last year we organized a tour of the British Museum with the help of Big Lottery Fund.	2. Children and young people get a good start in life	Recommendation: Defer to next round The panel liked the idea in principle, but the project has not been fully planned out. They would like to see more detail and a timescale for the project. The group is invited to revise their application for the next round.	Defer	
47	Hampshire Puja and Cultural Association	Contribution towards the costs of two fundraising cultural events.	£2,000	5,000	90%	City Wide	Over the last 10 years, we have been actively promoting cultural awareness and cohesion within the local community through a number of collaborative events between ethnic Indian and British Artists as well as by local children. We promote local talents through our cultural events and also donate to charities from these events.	2. Children and young people get a good start in life	Recommendation: Defer to next round The panel were unclear how the events would benefit attendees, particularly children and young people. They would like to see more detail about the events rather than the fundraising. The group is invited to revise their application for the next round.	Defer	
49	Theatre for Life CIC	Towards venue hire for two projects: 1. a weekly Youth Theatre (14-19 yr olds) 2. A community outreach drama project to raise awareness of mental health (18-25 yr olds)	£2,442	Youth Theatre 325 Outreach, 175	100%	City Wide	The youth company is for 14-19 year olds; reaching out to those from disadvantaged backgrounds. Our Community project is to help young people from 18-25 years of age in a wellbeing programme in Drama & Music Therapy, creating theatre to raise awareness on Mental Health.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£2,442	
50	Burgess Road Library Management Team	Towards the costs of display equipment (such as book stands and holders), library furniture and stationery materials for repairing books.	£2,440	28,000	100%	Central	We are responsible for the operation of the library service at Burgess Road Library. We train and supervise a team of volunteers to run this service for 26 hours per week. We also run several community activities (including for children, such as Rhyme Time & Story Time) within the library.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£2,440	
54	Hamble Club Youth FC	Towards the costs of equipment to help this new club get established. (Note: despite the name, players and matches are based in the city)	£2,488	156	100%	East	We provide voluntary grassroots football training and coaching for youths starting at Tots up to age 16 in the Southampton area. This will include a PAN disability team and youth girls teams.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£2,488	
56	Wellington Road Parent and Toddler Group (Little Wellies Toddler Group)	Towards the costs of materials for arts/crafts, picture books and first aid kit.	£228	50+	98%	Blittene Park	Little Wellies Toddler Group runs in Wellington Road church hall from 10:00 to 11:30 Mondays in term time. It is aimed at under 5's supervised by a parent/carer. We ask for a contribution of £1.50 per family per week. We have a snack and a story. We end with singing time.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£228	Suggest they develop a safeguarding policy/statement, proportionate to the group. Although parents and carers are always with their children, it is good practice for all children's groups to have one.

List of recommendations for Community Chest grant 2017/18 Round 2

No.	Organisation	Towards	Requested	Nbr beneficiaries	% beneficiaries who are Soton residents	Ward	Aims and objectives of organisation (from application form)	Priority outcomes	Panel Comments	Panel Recommended Amount	Suggested Conditions (where applicable)
59	The Parochial Church Council of the Ecclesiastical Parish of Swaythling	Towards the costs of replacing the fire doors in the community hall.	£2,400	250	100%	Swaythling	The hall is run as a community facility used by different groups, including Beavers, Cubs, Scouts, Brownies, theatre, exercise classes, toddler/baby groups as well as activity days and a holiday club. We aim to provide a safe, welcoming space used to benefit as many in our local community as possible.	2. Children and young people get a good start in life	Recommendation: Fully fund Good application.	£2,400	
		Requested sub-total	£24,532						Recommended sub-total	£21,167	
People in Southampton live safe, healthy, independent lives											
30	Pound for Pound Show Ground	Towards improving both mens and women's shower/locker room facilities at their Melbourne Street site.	£2,500	up to 1,000	95%	City Wide	We utilise Boxing to improve the lives of others, we engage schools, colleges and universities in the local area. Boxing improves physical and mental well being and has a positive social impact on the surrounding area. Boxing encourages discipline, self esteem, self worth and a positive mind set.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Fully fund Good application.	£2,500	
31	Romsey Arthritis Hydrotherapy Group	Towards the costs of additional pool equipment (buoyancy aids, weights) to enable the group to expand their hydrotherapy classes from two to three per week at Red Lodge Pool.	£1,723	Over 70	20%	City Wide	Romsey Arthritis Hydrotherapy Group provides hydrotherapy exercise classes every week. We have over 70 members in the Southampton, Romsey area who all suffer from some form of arthritis. The exercise group helps with pain relief, muscle tone, flexibility and social interaction.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Part fund The panel recommends part funding to reflect that not all the beneficiaries are from Southampton.	£1,500	
33	Let's Communicate Help of Hearing Club	Towards the costs of a laptop and printer to enable the club to better communicate with its members and to promote its services.	£300	25-30	100%	City Wide	We offer support to the residents of Southampton who suffer with a hearing loss, irrespective of the level of hearing loss. We help with communication and family support and help them to live in a hearing community and try to live an independent life.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Fully fund Good application.	£300	
41	South Central Ambulance Charity (Bitterne Community Responders)	Towards additional medical response bags for Bitterne Community Responders	£2,500	approx. 600 per year	100%	East	We are volunteers who are trained to attend certain types of 999 emergency calls in within an 8 minute radius of the area where we live or work. We aim to help stabilise the patient and provide critical medical care until the ambulance crew arrives to take over the treatment. Our scheme (Bitterne) covers the Bitterne, Merryoak, Woolston, Harefield, Townhill, West End and Cobden areas of Southampton.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Fully fund Good application.	£2,500	
44	The Good Mental Health Cooperative	Towards the costs of 'Mental Wealth Dialogue' group sessions in Southampton (inc room hire, facilitator costs, volunteer expenses and training).	£2,250	125+	100%	City Wide	Our vision as an organisation, is to contribute to a society which values our mental and emotional health, just as we do our physical health. We challenge stigma and exclusion, and make the best possible use of community potential to educate, support and promote good mental health.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Part fund The panel felt some of the admin costs were high and recommend part funding.	£2,000	
45	Mayfield Park Bowling Club	Towards the costs of new bowls gathers and replacement bowling mats (club will pay delivery costs).	£480	400+	95%	East	Mayfield Park Bowling Club is a Lawn Bowling Club in Southampton. It is run by its members who pay an annual subscription. Members man the Club seven days a week and manage two rinks which are used for public bowling. Equipment is provided to this group of players when required.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Fully fund Good application.	£480	

List of recommendations for Community Chest grant 2017/18 Round 2

No.	Organisation	Towards	Requested	Nbr beneficiaries	% beneficiaries who are Soton residents	Ward	Aims and objectives of organisation (from application form)	Priority outcomes	Panel Comments	Panel Recommended Amount	Suggested Conditions (where applicable)
52	Friends of the Field (Freemantle and Shirley Community Association)	A contribution towards the costs of a Spring Festival with a focus on sports participation (inc. publicity, insurance, equipment hire, gazebos, portaloos and SCC event fee).	£2,367	1,200	100%	Freemantle	We represent the interests of residents living in the streets surrounding the field, promoting community access and usage for sporting and other activities, as well as campaigning for improved facilities.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Fully fund Good application.	£2,367	
55	Park Life Café CIC	Towards the costs of an art group (materials, equipment, tutor and room hire), an art exhibition, production of a calendar of the group's work, creative holiday activities for children and families.	£2,500			Shirley	The cafe is a community based organisation set within the grounds of St James Park. We aim to provide new activities for the community and are offering various art and craft related activities and groups for all ages, abilities and backgrounds.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Part fund The panel felt some of the costs were unclear and therefore recommend part funding.	£2,000	
37	The Art House CIC	Towards the costs of CCTV cameras and networking, secondary alarm system and a back up system.	£2,436	85 crew & vols, 13,000 customers	90%	City Wide	We nurture & showcase local emerging artists, makers & musicians funded by our organic vegetarian cafe & provide training & voluntary work experience in a safe & friendly environment to a broad section of society, including many with learning disabilities & mental health issues, with opportunities to make friends & rediscover community.	3. People in Southampton live safe, healthy, independent lives	Recommendation: Fully fund Good application, however, the group's annual accounts (to March 2016, the latest available as of 6 December 2017) are showing a loss. The panel discussed the possible financial risk and the assessments of both Finance and the appraiser. The panel felt that the break-ins, vandalism and thefts are contributing to the group's losses and therefore supporting the improved security will enable the group to improve its financial position.	£2,436	While the panel is confident the grant will be spent as requested, additional measures will be put in place to ensure it is not used to pay down existing debt. This is standard practice in such cases.
43	Community Sharing Project CIC (The Project)	Towards the costs of a porta cabin to be placed at The Wickham Centre to use as a base and storage for the organisation.	£2,500	Many, many people	20%	City Wide	We are bringing a whole new community together through food and other items intercepted from supermarkets and local retailers. Everyone is welcome and everything is available on a contribution based 'payments'. Free hot drinks all afternoon	3. People in Southampton live safe, healthy, independent lives	Recommendation: Decline It was not clear what the benefit would be for Southampton residents and the applicant did not provide the requested evidence that the landlord had given permission for the porta cabin to be placed on site.	£0	
Requested sub-total			£19,556						Recommended sub-total	£16,083	
Southampton is an attractive and modern city where people are proud to live and work											
29	St James Gardners	Towards the costs of plants and materials to improve the area around the close and bring people together.	£851	All residents in the close	100%	Shirley	We are a small (5 residents) community group at St. James Close, Shirley, Southampton and for the past few years we are planting small shrubs and flowers in our neighbourhood, trying to make our area a good place to live.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Fully fund Good application.	£851	To liaise with the SCC Housing team.

Page 296

List of recommendations for Community Chest grant 2017/18 Round 2

No.	Organisation	Towards	Requested	Nbr beneficiaries	% beneficiaries who are Soton residents	Ward	Aims and objectives of organisation (from application form)	Priority outcomes	Panel Comments	Panel Recommended Amount	Suggested Conditions (where applicable)
36	Friends of Cobbett Road Library	Towards the costs of plants and materials for the library gardens to improve the appearance and air quality.	£915	2,000 library users per month	100%	East	We are an informal voluntary group of mixed ages and backgrounds, originally formed in 2007 to save the library from closure. We support leaseholders SCA by running regular events and activities to promote and enhance this much loved community centre.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Fully fund Good application.	£915	
39	Southampton Operatic Society	Towards the costs of a portable PA system to use for community events (part of their sustainability plan).	£1,396	25 members	100%	City Wide	SOS produces 2 staged musicals a year. We now have a new subgroup, SOS Entertainers, to do concerts and gigs in the community to 1) help other groups with their fundraising and 2) raise money to keep SOS going (SOS was founded 1924 and the Mayor of Southampton is its President)	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Fully fund Good application.	£1,396	
42	Words Stages Now	Towards the costs of Refugee Week 2018 performances at six community venues in the Bevois area.	£2,345	450	100%	Bevois	We are a voluntary performing arts community group of refugees and asylum seekers. We meet regularly for workshops creating performances to share with local communities. Our process supports the health and well-being of participants developing self-esteem and acquiring new skills in communication and expression.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Fully fund Good application.	£2,345	
48	Southampton Gay Men's Chorus	Towards the costs of singing workshops with the aim of expanding to a larger LGBT choral group (inc. hall hire, accompanist, facilitator and publicity)	£1,290	100	80%	City Wide	Southampton Gay Men's Chorus (SGMC) is a community choir for Gay, Bisexual and Transgender men who want to sing together to benefit the local community, raise funds for LGBT charities, promote positive images of the LGBT community and break down barriers for LGBT people.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Fully fund Good application.	£1,290	
51	Southampton Common Forum	Towards the costs of regular meetings, volunteering days (insurance, tools, safety equipment) and publicity/communication costs.	£2,473	10,000	95%	City Wide	Aim To be a focal point for issues affecting The Common for everyone who uses, enjoys or appreciates it. Inform of any issues affecting The Common. Give interested parties a means of influencing and contributing to those issues. Work to contribute towards the positive management of The Common. Raise awareness of The Common and its benefits.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Part fund Good application. However, the applicant requested funding for 2 years of insurance and Community Chest grants are only for 1 year. The panel recommends part funding to exclude the second year of insurance.	£2,305	
53	Friends of Portswood Rec	Towards the costs of a notice board at the Kitchener Rd entrance, plants/shrubs to enhance that entrance and insurance.	£1,062	1,500	100%	Portswood	The Friends group is a voluntary community organisation, that works with Southampton Council, to maintain and improve the physical, social and natural environment of Portswood Rec. We fundraise for improvements, organise events, gardening and litter working parties to build community spirit and encourage participation in recreation, sport and conservation activities.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Fully fund Good application.	£1,062	

List of recommendations for Community Chest grant 2017/18 Round 2

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57	Wyndham Court Leaseholders Association	Towards the costs of a photography project with residents of Wyndham Court to mark the 50th anniversary of the Grade II listed building (in 2019).	£2,500	200+	100%	Bargate	The group endeavours to work on behalf of leaseholders of properties within Wyndham Court, Commercial Road, Southampton. To promote leaseholder rights. To work for the interests of all leaseholders.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Fully fund Good application.	£2,500	The group is requested to keep the council's housing team informed as the project progresses to the exhibition stage, as the housing team are responsible for the building and grounds.
58	Ghana Association of Southampton (GHASSO)	Towards the costs of regular meetings, social events, insurance, publicity and stationery.	£2,500	200	100%	City Wide	We promote and teach Ghanaian culture by organising social event to bring Ghanaians together on regularly bases. Our main aim is to educate people living in Southampton about the rich Ghanaian culture for a better social integration within the community.	4. Southampton is an attractive and modern city where people are proud to live and work	Recommendation: Part fund While the panel was generally supportive of this application, it was not clear what the benefit would be for all aspects of it, in particular the purchase of art/sculpture. Therefore the panel recommends part funding.	£1,500	The grant is not provided for art/sculptures.
Requested sub-total			£15,332						Recommended sub-total	£14,164	

Priority	Requested	Panel Recommendation
1	£0	£0
2	£24,532	£21,167
3	£19,556	£16,083
4	£15,332	£14,164
	£59,420	£51,414