

Public Document Pack

CABINET

**Monday, 24th October, 2011
at 5.00 pm**

COMMITTEE ROOMS 1 AND 2 - CIVIC CENTRE

This meeting is open to the public

Members

Councillor Smith, Leader of the Council
Councillor Moulton, Cabinet Member for Children's
Services and Learning
Councillor Baillie, Cabinet Member for Housing
Councillor Fitzhenry, Cabinet Member for
Environment and Transport
Councillor Hannides, Cabinet Member for
Resources, Leisure and Culture
Councillor White, Cabinet Member for Adult Social
Care and Health

(QUORUM – 2)

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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.

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

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

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

Decisions to be discussed or taken that are key

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.

Southampton City Council's Seven Priorities

- More jobs for local people
- More local people who are well educated and skilled
- A better and safer place in which to live and invest
- Better protection for children and young people
- Support for the most vulnerable people and families
- Reducing health inequalities
- Reshaping the Council for the future

Procedure / Public Representations

Reports for decision by the Cabinet (Part A of the agenda) or by individual Cabinet Members (Part B of the agenda). Interested members of the public may, with the consent of the Cabinet Chair or the individual Cabinet Member as appropriate, make representations thereon.

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

Mobile Telephones – Please turn off your mobile telephone whilst in the meeting.

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

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

Municipal Year Dates (Mondays)

2011	2012
6 June	16 January
4 July	6 February
1 August	13 February
5 September	12 March
26 September	16 April
24 October	
21 November	
19 December	

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.

BUSINESS TO BE DISCUSSED

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

RULES OF PROCEDURE

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

QUORUM

The minimum number of appointed Members required to be in attendance to hold the meeting is 2.

DISCLOSURE OF INTERESTS

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

PERSONAL INTERESTS

A Member must regard himself or herself as having a personal interest in any matter:

- (i) if the matter relates to an interest in the Member's register of interests; or
- (ii) if a decision upon a matter might reasonably be regarded as affecting to a greater extent than other Council Tax payers, ratepayers and inhabitants of the District, the wellbeing or financial position of himself or herself, a relative or a friend or:-
 - (a) any employment or business carried on by such person;
 - (b) any person who employs or has appointed such a person, any firm in which such a person is a partner, or any company of which such a person is a director;
 - (c) any corporate body in which such a person has a beneficial interest in a class of securities exceeding the nominal value of £5,000; or
 - (d) any body listed in Article 14(a) to (e) in which such a person holds a position of general control or management.

A Member must disclose a personal interest.

Cont/...

Prejudicial Interests

Having identified a personal interest, a Member must consider whether a member of the public with knowledge of the relevant facts would reasonably think that the interest was so significant and particular that it could prejudice that Member's judgement of the public interest. If that is the case, the interest must be regarded as "prejudicial" and the Member must disclose the interest and withdraw from the meeting room during discussion on the item.

It should be noted that a prejudicial interest may apply to part or the whole of an item.

Where there are a series of inter-related financial or resource matters, with a limited resource available, under consideration a prejudicial interest in one matter relating to that resource may lead to a member being excluded from considering the other matters relating to that same limited resource.

There are some limited exceptions.

Note: Members are encouraged to seek advice from the Monitoring Officer or his staff in Democratic Services if they have any problems or concerns in relation to the above.

Principles of Decision Making

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

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

In exercising discretion, the decision maker must:

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

AGENDA

Agendas and papers are now available via the Council's Website

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PREJUDICIAL INTERESTS

In accordance with the Local Government Act, 2000, and the Council's Code of Conduct adopted on 16th May, 2007, Members to disclose any personal or prejudicial interests in any matter included on the agenda for this meeting.

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

3 STATEMENT FROM THE LEADER

4 RECORD OF THE PREVIOUS DECISION MAKING

Record of the decision making held on 26th September 2011 attached.

5 MATTERS REFERRED BY THE COUNCIL OR BY THE OVERVIEW AND SCRUTINY 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 RESPONSE TO THE SCRUTINY INQUIRY REPORT ON PRIMARY SCHOOL EDUCATIONAL ATTAINMENT FOR CHILDREN WITH SPECIAL NEEDS

Report of the Cabinet Member for Children's Services and Learning detailing the Executive response to the recommendations made by the Scrutiny Inquiry, attached.

9 INTEGRATION OF WESSEX YOUTH OFFENDING TEAM OPERATIONS FOR SOUTHAMPTON WITHIN SOUTHAMPTON CITY COUNCIL FROM APRIL 2012, INCORPORATING THE ANNUAL YOUTH JUSTICES PLAN (

Report of the Cabinet Member for Children's Services and Learning seeking approval for the integration of the service and approval for the annual Youth Justice plan, attached.

10 JOINT WORK WITH THE ISLE OF WIGHT TO PROVIDE SCHOOL IMPROVEMENT AND EDUCATION RELATED SERVICES

Report of the Cabinet Member for Children's Services and Learning detailing the specific support to be provided in joint working with the Isle of Wight, attached.

NOTE: This report is presented as a general exception item in accordance with paragraph 15 of the Access to Information Procedure Rules of Part 4 of the Council's Constitution, as it has not been included in the Council's Forward Plan.

11 HAMPSHIRE MINERALS AND WASTE PLAN: SUBMISSION

Report of the Cabinet Member for Environment seeking approval for the Minerals and Waste Plan, attached.

12 CONFIRMATION OF AN ARTICLE 4(1) DIRECTION

Report of the Cabinet Member for Environment seeking the confirmation of an Article 4(1) Direction, attached.

13 RESPONSE TO THE SCRUTINY INQUIRY REPORT ON INCREASING CRUISE SHIP PASSENGER SPEND IN SOUTHAMPTON

Report of the Cabinet Member for Environment and Transport detailing the Executive response to the recommendations made by the scrutiny inquiry, attached.

14 HOUSING REVENUE ACCOUNT SELF FINANCING: REFORM OF COUNCIL HOUSING FINANCE

Report of the Cabinet Member for Housing, detailing a new funding system for the Housing Revenue Account, seeking approval for a number of schemes in the 2012/13 and recommending an approach on a number of issues, attached.

15 GENERAL FUND REVENUE BUDGET 2012/13 TO 2014/15

Report of the Cabinet Member for Resources, Leisure and Culture detailing proposals for the General Fund Revenue Budget 2012/13 to 2014/15, attached.

16 LAND AT YEOVIL CHASE, HAREFIELD, SOUTHAMPTON

Report of the Cabinet Member of Resources, Leisure and Culture seeking approval for the principle of the disposal of land at Yeovil Chase, attached.

17 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 appendix to Item number 18

Confidential appendix 1 contains information deemed to be exempt from general publication based on Categories 1,3 and 7a of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes details of a proposed transaction which, if disclosed prior to entering into a Legal contract, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to make public the bids received as this could lead to a revision of bids and, in the event of the transaction failing to complete, prejudice re-tendering of the property, therefore reducing the amount receivable by the Council.

18 PROPOSED SHARED PROVISION OF INTERNAL AUDIT SERVICES WITH HAMPSHIRE COUNTY COUNCIL AND WEST SUSSEX COUNTY COUNCIL

Report of the Cabinet Member of Resources, Leisure and Culture seeking approval to enter into a shared service arrangement, attached.

19 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 appendix to Item number 20.

Confidential appendix 2 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes details of a proposed transaction which, if disclosed prior to entering into a Legal contract, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to make public the bids received as this could lead to a revision of bids and, in the event of the transaction failing to complete, prejudice re-tendering of the property, therefore reducing the amount receivable by the Council

20 MILLBROOK TRADING ESTATE - DISPOSAL OF FREEHOLD INVESTMENT

Report of the Cabinet Member of Resources, leisure and Culture seeking approval for the disposal of the freehold investment, attached.

NOTE: This report is presented as a general exception item in accordance with paragraph 15 of the Access to Information Procedure Rules of Part 4 of the Council's Constitution, as it has not been included in the Council's Forward Plan.

21 POTENTIAL ENERGY EFFICIENCY MEASURES

Report of the Cabinet Member for Housing seeking approval for potential energy efficiency measures, attached.

FRIDAY, 14 OCTOBER 2011

HEAD OF LEGAL AND DEMOCRATIC SERVICES

EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 26 SEPTEMBER 2011

Present:

Councillor Smith	-	Leader of the Council
Councillor Moulton	-	Cabinet Member for Children's Services and Learning
Councillor Fitzhenry	-	Cabinet Member for Environment and Transport
Councillor Hannides	-	Cabinet Member for Resources, Leisure and Culture
Councillor White	-	Cabinet Member for Adult Social Care and Health

Apologies: Councillor Baillie

33. SECONDARY SCHOOL ESTATE PROGRAMME 2011/12

DECISION MADE: (Ref: CAB 11/12 7047)

On consideration of the report of the Cabinet Member for Children's Services and Learning Cabinet agreed the following:

In accordance with the Education Acts and having had regard to s2 Local Government Act 2000 and the provisions of the Community Strategy:

- (i) To vire, in accordance with the Financial Procedure Rules, a sum of £4,500,000 from the Secondary School Estate Capital budget to the following schemes:
 - £650,000 Bitterne Park Capital Investment
 - £670,000 Chamberlayne College Capital Investment
 - £650,000 Regents Park Capital Investment
 - £575,000 Sholing Tech. Capital Investment
 - £600,000 St. Anne's Capital Investment
 - £520,000 St. George Capital Investment
 - £485,000 Upper Shirley High Capital Investment
 - £350,000 Secondary Investment Programme Contingency
- (ii) To approve, in accordance with Financial Procedure Rules, capital expenditure of £4,500,000 from the Children's Services & Learning Capital Programme, for investment in the secondary school estate.

34. PARKING STANDARDS SUPPLEMENTARY PLANNING DOCUMENT (SPD)

DECISION MADE: (Ref: CAB 11/12 6685)

On consideration of the report of the Cabinet Member for Environment and Transport, Cabinet agreed to approve and adopt the Parking Standards Supplementary Planning Document.

35. TOWN DEPOT - CAPITAL EXPENDITURE FOR DEMOLITION

DECISION MADE: (Ref:CAB 11/12 7053)

On consideration of report of the Cabinet Member for Resources, Leisure and Culture, Cabinet agreed the following:

To approve in accordance with Financial Procedure Rules capital expenditure of £550,000 phased approx. £250,000 in 2011/12 and approx. £300,000 in 2012/13.

- (i) That the Head of Property and Procurement is granted Delegated Powers to vary the scope and programme of the work following consultation with the Cabinet Member for Resources, Leisure and Culture within the overall budget parameters of the scheme.
- (ii) To delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, Leisure and Culture to approve additional expenditure of £100,000 for the demolition and associated costs, bringing the total scheme up to a maximum of £650,000.

36. DISPOSAL OF THE FORMER EASTPOINT CENTRE FOR TRAINING AND EMPLOYMENT USES

DECISION MADE: (Ref: CAB 11/12 7291)

On consideration of the report of the Leader of the Council, and having complied with paragraph 15 of the Council's Access to Information Procedure Rules Cabinet agreed the following:

- (i) To approve the terms of disposal as set out of this report.
- (ii) To delegate the detailed terms of disposal to the Director of Economic Development after consultation with the Head of Property and Procurement and the Head of Legal and Democratic Services.

Agenda Item 8

DECISION-MAKER:	CABINET
SUBJECT:	RESPONSE TO THE SCRUTINY INQUIRY REPORT ON PRIMARY SCHOOL EDUCATIONAL ATTAINMENT FOR CHILDREN WITH SPECIAL NEEDS
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	CABINET MEMBER FOR CHILDREN'S SERVICES AND LEARNING
STATEMENT OF CONFIDENTIALITY	
None.	

BRIEF SUMMARY

Following a scrutiny inquiry on primary school educational attainment for children with special needs during October 2010 and March 2011, Cabinet are required to formally respond to the Inquiry recommendations.

The actions, in line with scrutiny recommendations will be incorporated into a new SEN (Special Educational Needs) Strategy which will be completed during the Autumn term 2011.

Note: since the Scrutiny Inquiry the local authority and NHS Southampton have been accredited as one of three pathfinders in the South East to pilot integrated education, health and care planning. Integrated care planning is in line with the Scrutiny Inquiry's recommendations.

RECOMMENDATIONS:

To approve the response to the Scrutiny Inquiry.

REASONS FOR REPORT RECOMMENDATIONS

1. It is necessary to approve the direction of work to be delivered following the Scrutiny Inquiry (see Appendix One).

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Do nothing – this would be in opposition to Scrutiny and the national changes to be implemented in education and health, alongside the imminent SEN White Paper.

DETAIL (Including consultation carried out)

3. The Inquiry concluded with seven recommendations, six are fully accepted and one is accepted with a modification. The recommendations are:
 - (i) With national changes to be implemented in education and health alongside the imminent SEN White Paper and given existing budget constraints, Southampton City Council (SCC) in partnership with others, should focus on key actions and priorities to ensure that children in primary schools with the most complex needs are given the best life chances. These key actions and priorities are for all partners to:-
 - Ensure the Pupil Premium is used to support the most vulnerable children, recognising the link between SEN and deprivation – fully accepted.

- Continue the increased focus on early intervention and support – fully accepted.
 - Maximise the joint potential of personalised budgets and pupil premium to work most effectively for those children with the most complex needs – fully accepted.
 - Maintain the strengths of the social model for supporting children with SEN within the medical model for joint-working arrangements – fully accepted
 - Ensure the earliest possible update of the Children and Young People’s Plan and SEN Strategy, including consideration of whether a single combined plan is appropriate – fully accepted.
 - Commit to collecting, collating and co-ordinating performance information – fully accepted.
- (ii) Recognise and raise greater awareness of where schools are championing children with SEN and promote an inclusive ethos across the City through the sharing of best practice examples of the achievements of schools and children with SEN – fully accepted.
- (iii) Undertake research into the rise in the attainment gap in Southampton between SEN/Non SEN at Key Stage 2 in 2009 – accepted with modification.
Rather than look at historic data, the proposal is that research is undertaken to identify factors that facilitate improvements in attendance and attainment of children with SEN.
- (iv) Ensure there is a continuum of support to meet each child’s needs at different times and through different services. Consideration should be given to support all children, especially those with the most complex needs, through a multi agency approach with the Learning Disability Partnership Board and to include all key services such as health, education and social care – fully accepted.
- (v) Recognising the transition of the public health role to local authorities, Southampton City Council to consider developing a multi-agency Attention Deficit Hyperactivity Disorder (ADHD) strategy for the city with key partners – fully accepted.
- (vi) Agree a cross-agency protocol for parent and child involvement to enable transparency in the options for an individual child’s educational needs and ensure that communication is maintained between all agencies and families - fully accepted.
- (vii) SCC in partnership with others, to consider a partnership approach to co-ordinate and signpost all SEN information, advice and services with one clear point of contact for – fully accepted.
4. The purpose of the scrutiny inquiry on primary school educational attainment for children with special needs was to understand and consider how children of primary school age with Special Educational Needs, including children with ADHD, are supported by primary schools and the Primary Care Trust to achieve their maximum potential and prepare for secondary education.

5. The main issues raised from the inquiry which lead to the seven recommendations are:
 - The Strategy for Children and Young People and the SEN Strategy needs to be updated.
 - Overall levels of pupils with SEN remain just above average.
 - Recognition of the links between children with SEN and deprivation.
 - A drive to identify significant savings and changes to the way services are provided for PCT and the Council.
 - Agencies were not always sharing best practice; and
 - Parent's feedback showed mixed perceptions and experiences – it can be hard for them to know what is going on, especially in transition stages.
6. In considering the inquiry recommendations consultation has been carried out with the following groups:
 - Primary Head Teachers;
 - Special Head Teachers;
 - Educational Psychologists;
 - Specialist Teacher Advisors;
 - Special Educational Needs team;
 - School Standards;
 - NHS Southampton City and Solent NHS representatives;
 - Parent representatives;
 - Safeguarding managers (including representatives from Our House, Behaviour Resource Service, Fostering, Foster Carers and Independent Reviewing Officers).
7. Those who responded to the consultation welcomed the inquiry and its recommendations. Specifically the special school heads have identified that the inquiry has strengthened understanding within the wider community.

RESOURCE IMPLICATIONS

Capital/Revenue

8. The agreed actions will be carried out from within existing resources.

Property/Other

9. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

10. The duty to provide suitable and sufficient provision for children and young people with Special Education Needs is set out in the Education Act 1996 as amended and extended by the School Standards and Framework Act 1998, the Education and Inspections Act 2006 and in particular, the SEN and Disability Act 2001, together with associated secondary regulations made under those Acts together with statutory guidance issued under Part IV of the Education Act 1996.

Other Legal Implications:

11. The Council must also have regard to the duty not to discriminate against or provide less favourable treatment for disabled pupils as prescribed in the Equalities Act 2010 and to have regard to it's duties under the Human Rights Act 1998.

POLICY FRAMEWORK IMPLICATIONS

12. None.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Scrutiny inquiry action plan
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Documents In Members' Rooms

1.	Scrutiny inquiry final report
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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Other Background Documents

Integrated 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)
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1.	None	
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Agenda Item 9

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	INTEGRATION OF WESSEX YOUTH OFFENDING TEAM (YOT) OPERATIONS FOR SOUTHAMPTON WITHIN SOUTHAMPTON CITY COUNCIL FROM 1 APRIL 2012, INCORPORATING THE ANNUAL YOUTH JUSTICE PLAN
DATE OF DECISION:	24 OCTOBER 2011 16 NOVEMBER 2011
REPORT OF:	CABINET MEMBER FOR CHILDREN S SERVICES AND LEARNING
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

Wessex Youth Offending Team (YOT) was formed in response to the Crime and Disorder Act 1998 with the aim of preventing offending behaviour by children and young people aged 10 to 17 years. It is a multi-disciplinary organisation that works across Children's Services and the Criminal Justice System.

Up until April 2011, Wessex YOT served the four Local Authorities of Hampshire, Isle of Wight, Portsmouth and Southampton. The Isle of Wight withdrew from this arrangement in April 2011, and the remaining partners intend to disaggregate from April 2012.

This report provides:

- an overview of the arrangements for disaggregation of Wessex YOT and integration of all YOT operational activity into Children's Services and Learning, moving into the Families and Communities Directorate from April 2012;
- performance information for 2010/11; and
- the 2011/12 Wessex YOT Youth Justice Plan (available in full in the Members Room or on request) which is part of the Council's Policy Framework.

RECOMMENDATIONS:

CABINET:

- (i) To recommend the Wessex Youth Justice Plan 2011/12 to Council for approval as part of the Policy Framework.
- (ii) To delegate authority to the Executive Director of Children's Services and Learning to do anything necessary to support, plan and implement the discontinuance of the Wessex YOT partnership and the integration of YOT operations into the City Council from 2012/13 within approved budgets.

COUNCIL:

- (i) To approve the Wessex Youth Justice Plan 2011/12 to Council for approval as part of the Policy Framework (document in Members rooms).

- (ii) To delegate authority to the Executive Director of Children's Services and Learning to make any consequential amendments necessary to the Wessex Youth Justice Plan 2011/12 to reflect shadow or operational arrangements for the Southampton YOT prior to the approval of a Southampton Youth Justice Plan in 2012/13.

REASONS FOR REPORT RECOMMENDATIONS

1. Wessex YOT is the largest in England, originally serving four Local Authority areas. The Isle of Wight decided to leave the arrangement in April 2011 and to integrate provision within its broader council services. Southampton, Portsmouth and Hampshire Councils have now mutually agreed that youth offending services would be best delivered as part of their own Children's Service arrangements and that Wessex YOT should be fully disaggregated.
2. It is a requirement for every local authority to approve an annual youth justice plan, with the strategic aim of reducing offending and re-offending, ensuring the effective use of custody and increasing victim and public confidence. The Wessex YOT Annual Youth Justice Plan will be its last because of disaggregation. Future annual plans will focus on Southampton.
3. The 2011/12 Wessex YOT Annual Youth Justice Plan and the disaggregation of Wessex YOT from 2012/13, has been agreed by the current Wessex YOT Board, which includes Southampton officer representation. The Wessex YOT Plan has been placed in the Members rooms

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. To continue the existing partnership of three Local Authorities. This approach is considered to accrue less overall financial and operational benefit than integrating the service into Children's Services and Learning.
5. The 2011/12 plan is a statutory policy framework plan and therefore it is not an option to not report it to Cabinet and Council.

DETAIL (Including consultation carried out)

6. In late 2010, officers undertook a review of current arrangements for the YOT and took a decision to disaggregate from the existing Wessex YOT partnership. The integration of the YOT operational management into Children's Services and Learning would ensure:
 - improved local co-ordination to address performance against key indicators, including re-offending rates and access to education, employment and training;
 - greater identification and accountability to Southampton elected members;
 - reduced central overheads;
 - shared management functions within the existing Children's Services and Learning (Families and Communities) functions;
 - greater integration within Southampton Children's Services and Learning; and
 - more coherent, complimentary supervision and care plans for Children Looked After.

7. In May 2011 Wessex YOT was subject to a Core Case inspection. The Inspection report was published on the 24 August 11 and is available via the following link: www.justice.gov.uk/publications/inspectorate-reports/hmi-probation/inspection-reports---youth/core-case The Inspection looked at 115 cases and the ratings are set out in Table 1 below. Southampton performance is not available separately but it broadly followed the Wessex profile. Overall, the results for Wessex YOT were lower than the national average.

Table 1, Wessex YOT Inspection, May 2011

	National average score	Wessex score
'Safeguarding' work (action to protect the young person)	68%	55%
'Risk of Harm to others' work (action to protect the public)	63%	56%
'Likelihood of Reoffending' work	71%	64%

8. The new YOT operations service design will incorporate the results and action plan from this inspection. A copy of the Southampton YOT Improvement Plan following the inspection has been placed in the Members room.
9. Nationally, YOTs are measured against four key indicators:
- The rate of young people re-offending.
 - The proportion of offences receiving a custodial sentence.
 - The percentage of young offenders accessing education, training and employment.
 - The number of first time entrants to the Youth Justice System.
- Southampton performance in relation to these indicators is given at Appendix A. Further performance information is given within the Wessex YOT Annual Youth Justice Plan, which is available in the Members' room
10. A sub-group of the existing Wessex YOT Board is operating to oversee operational matters relating to disaggregation including: information technology, Human Resources, TUPE, legal and contractual arrangements, procurement, premises and finance. An internal Southampton task and finish group is overseeing integration. Arrangements for a local YOT Board are in place as statutorily required.

RESOURCE IMPLICATIONS

Capital/Revenue

11. There are no capital implications.

12. Wessex Youth Offending Team operations for Southampton 2011/12 are funded by a number of partner organisations including: the City Council, Police, Probation and the Primary Care Trust. The Youth Justice Board also makes an additional grant contribution. 2011/12 income is summarised in Table 2 below.

Table 2. Wessex YOT Funding 2011/12.

Allocation by Partner	Local Authority	Health	Police	Probation	Youth Justice Board	Total
	£617,036	£19,697	£93,514	£103,882	£415,089	£1,249,218

13. YOT operations in 2012/13 would continue to benefit from similar partner funding. The savings made from disaggregation of the service form part of the city council's budget proposals for 2012-13.
14. One-off costs associated with disaggregation will be funded by Wessex YOT. Any residual funds will be shared amongst the three remaining Local Authorities in a proportional way.

Property/Other

16. Plans are being developed to move the YOT operational team from its current location, Selborne Avenue, Harefield, to the ITeC building in St Mary Street Southampton. They will share the site with the city's Pathways team for Care Leavers. The Selborne Avenue premises will be released by the Local Authority as a capital asset. It should be noted that the latest condition survey identified maintenance and repair issues totalling £180,000.
17. The cost of the current lease of Wheatsheaf House on behalf of Wessex YOT will be met by Wessex disaggregation budget until the lease expires in September 2012.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

18. Section 40 of the Crime and Disorder Act 1998 requires the Council and its partners to determine an Annual Youth Justice Plan. The Plan is a Policy Framework Document by virtue of the Local Government Act 2000 and supporting regulations.

Other Legal Implications:

19. The Annual Youth Justice Plan is produced having regard to Section 17 of the Crime and Disorder Act 1998, the Human Rights Act 1998 and equalities legislation.
20. There are currently 22 posts attached to Southampton YOT operations, 14 of which are already Southampton City Council employees. The remaining eight are under secondment from Police, Probation and Health and these secondments, where continuing, will transfer from Hampshire to Southampton. Therefore, TUPE will not apply for YOT employees. However, a current contract commissioned by Wessex YOT will be coming to an end from April 2012 and may have a TUPE implication to Southampton for up to two posts.

POLICY FRAMEWORK IMPLICATIONS

21. The Youth Justice Plan is part of the Council’s Policy Framework.

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	E-mail:	Alison.alexander@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	all
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members’ Rooms and can be accessed on-line

Appendices

1.	Southampton Performance 2010/11
2.	Wessex Youth Justice Plan 2011/12
3.	Post-Inspection, Southampton YOT Improvement Plan

Documents In Members’ Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated 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)
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1.	None	
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DECISION-MAKER:	CABINET
SUBJECT:	JOINT WORK WITH THE ISLE OF WIGHT TO PROVIDE SCHOOL IMPROVEMENT AND EDUCATION RELATED SERVICES
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	CABINET MEMBER FOR CHILDREN'S SERVICES AND LEARNING
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

This report provides information on the developing partnership with the Isle of Wight Council, and gives detail on the specific support to be provided in the area of school improvement support and challenge, the provision of statutory responsibilities in relation to those pupils with special educational needs and potentially other areas of children's services related activity including co-ordination of the early years support function and advice and support to school leavers with few or no qualifications.

RECOMMENDATIONS:

Having complied with paragraph 15 of the Council's Access to Information Procedure Rules:

- (i) To agree to the development of a working relationship with the Isle of Wight Council to provide school improvement and related education functions for an initial period covering the academic year 2011/12
- (ii) To delegate authority to the Executive Director of Children's Services and Learning following consultation with the Interim Head of Legal and Democratic Services to do anything necessary to support, plan and implement the collaborative working arrangements.

REASONS FOR REPORT RECOMMENDATIONS

1. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of Overview and Scrutiny Management Committee and the Public. In order to progress the joint working arrangements, a decision is required as soon as possible and before the publication of the next forward plan.
2. Both the Isle of Wight and Southampton City councils are seeking greater efficiencies in their delivery. Through this joint working relationship, both authorities will be able to rationalise delivery whilst maintaining a focus on statutory duties and outcomes for children, young people and families. .
3. The Isle of Wight Council has a number of statutory responsibilities which it is currently relying upon contractors to fulfil. This limits continuity or confidence amongst the school community. A traded services arrangement with Southampton City Council would provide immediate access to a broader range of expertise than the council currently is able to secure. It would give some Southampton City Council staff the opportunity to work on a broader scale and will ease the sharing of expertise across the head teacher groups in both local authorities.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. Not to work in partnership with the Isle of Wight Council to deliver school improvement and related services. This would reduce the ability of both authorities to gain efficiencies in the management and delivery of services.

DETAIL (Including consultation carried out)

5. By the two authorities working together, sharing expertise and combining resources and purchasing power; the level and quality of services being delivered to residents and visitors will be sustained more efficiently and at less cost to the council taxpayer. The only changes our customers should see are improved services.
6. The Isle of Wight's schools and learning function has recently been reviewed as part of a council restructure and, following internal recruitment, only one post has been filled on a permanent basis. The result is that the council does not have ongoing access to the range and breadth of skills and experience required to meet its statutory responsibilities.
7. Southampton City Council has retained an experienced school improvement service and has been seeking ways to sustain the delivery through trading services. The role and responsibilities of local authorities with regard to school improvement is changing and the Education Bill, currently before Parliament, gives greater autonomy to schools. Further changes are planned, including consideration of a national formula for school funding. This is likely to further reduce the budgets that the councils will have for this area of activity. Standards on the Isle of Wight, particularly at primary school age 11, are low and the council is committed to working with schools, especially in the first few years of the new two tier school organisational structure, to address the standards issue.
8. With regard to the provision of the statutory educational psychology service on the Isle of Wight, there have been several attempts to recruit qualified staff in recent years and this process has been unsuccessful and there are, currently, no qualified staff in post.
9. The Isle of Wight Council has rejected the option to seek a range of short term contracts with specialists from within the private sector. The council has already used this approach to provide the educational psychology service and the feedback is that while some contractors are valued the lack of continuity is an issue.
10. Therefore, The Isle of Wight Council is recommending entering into an initial explorative arrangement with Southampton City Council to provide a range of staff with the relevant qualifications and expertise, while at the same time providing Southampton access to staff from the Isle of Wight who have expertise and experience that they are able to utilise and would value.
11. This agreement has the potential to provide longer term sustainability as this enables Southampton to retain some key staff. Initially, proposals are being developed for initial spot purchased services for school standards, educational psychology, specialist teachers, National Leader in Education support for failing a school on the Island, and strategic and operational management.
12. The work, detailed in this paper, dovetails with wider authority collaboration across other Directorates e.g. Environment, Economic Development

13. The recent programme of changes to terms and conditions will be maintained, unions will be consulted about any differences in working practices, and that any additional staff employed to deliver contracted work will be employed on fixed term contracts.

RESOURCE IMPLICATIONS

Capital/Revenue

14. There are no capital implications.
15. A consistent schedule of charges will be agreed with Finance to ensure that the full cost of services provided is charged. Any efficiencies made will contribute to the Council's savings proposals.

Property/Other

16. There are no property/other implications.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

17. Each upper tier local authority must have a mechanism to monitor the performance of its schools (in particular, standards and finance) and the ability to provide advice to schools that are identified as failing or at risk of failing. Each Authority will maintain this duty through their statutory Directors of Children's Services. Those responsibilities cannot be delegated and will continue to be provided as per current arrangements.
18. Local authorities also have responsibilities with regard to distribution of the dedicated schools grant, school admissions, home to education transport and safeguarding, sufficiency of school places and health and safety. These areas are not affected by this proposal and will remain the responsibility of designated chief and senior officers within the Council.

Other Legal Implications:

19. The exact mechanism for the delivery of services together with Human Resources, contractual, insurance and indemnity and other operational requirements will be determined and subject to appropriate partnership / memorandum of understanding / contractual agreements as the proposals are developed and implemented with the benefit of ongoing legal and other professional advice.
20. All services delivered under the joint working arrangements will be subject to compliance with all relevant pervasive legislation including the Equalities Act 2010 and the Human Rights Act 1998.

POLICY FRAMEWORK IMPLICATIONS

21. The proposals have implications for the Children and Young People's Plan, the City Council Plan and the 14-19 Strategy.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1	None
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Documents In Members' Rooms

1	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	N/A
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at: N/A

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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DECISION-MAKER:	CABINET
SUBJECT:	HAMPSHIRE MINERALS AND WASTE PLAN: SUBMISSION
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

The Minerals and Waste Plan (including Proposals Map) will guide the determination of planning applications for such facilities across Hampshire, including Southampton.

RECOMMENDATIONS:

- (i) To approve the Hampshire Minerals and Waste Plan, as Appendix 1, for public consultation and submission to the Secretary of State.
- (ii) To delegate to the Head of Planning and Sustainability, following consultation with the Cabinet Member for Environment and Transport, to make changes to the Plan prior to its submission; or to recommend changes to the examination inspector; provided these are minor changes or changes which do not affect Southampton.

REASONS FOR REPORT RECOMMENDATIONS

1. To enable formal consultation on the Plan and for its submission to the Secretary of State.
2. To enable minor changes to be made either prior to consultation on the Plan; in response to comments made during the consultation period; or in response to issues that arise during the examination. The Council will help prepare evidence statements for the examination.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. It is a statutory requirement to produce the Plan.

DETAIL (Including consultation carried out)

4. The Plan is being prepared jointly by the Council with Hampshire County Council, Portsmouth City Council, and both the New Forest and South Downs National Park Authorities. The Plan looks forward to 2030.
5. The process for preparing the Plan is as follows:
 - February / March 2011 – informal public consultation was undertaken. A brief summary of responses is provided at Appendix 2.
 - November – December 2011 – formal written representations on the Plan.
 - Early 2012 – submit plan to the Secretary of State for public examination.
 - Spring 2012 – public examination to consider the representations. Chaired by an independent Inspector, whose recommendations are binding.
 - Summer 2012 – adoption of Plan (requires approval by full Council).

6. This report focuses on the key issues for Southampton. A copy of the Plan is attached as Appendix 1.

Minerals

7. The Plan aims for a supply of aggregates, totalling 5.56 million tonnes per annum (mtpa), to provide building materials to support Hampshire's economy. It seeks a steady supply and prioritises where possible, the use of recycled or marine dredged aggregates over land won aggregates. It sets a target that sufficient wharf capacity is retained to supply 2 mtpa of marine dredged aggregates, which allows for an increase over the current supply.
8. Marine dredged aggregates are landed at wharves in South Hampshire. Southampton's River Itchen wharves supply approximately half of the sand and gravel needed to support development in South Hampshire.
9. The Plan safeguards these wharves from redevelopment and incompatible nearby development. It seeks to maximise the use of the wharves, supporting appropriate extensions. However, the Plan recognises the strong potential these sites have for waterside regeneration. It supports the redevelopment of a wharf if there are strong reasons to do so, or if the wharf is no longer needed or can be relocated. This reflects the aims set out in Southampton's strategic planning document, the Core Strategy.
10. The Plan explains that the existing wharves provide sufficient capacity at present to meet needs through the plan period. However, it explains that this will be monitored to test whether wharves continue to meet the needs of the marine aggregates industry, or whether alternative more modern wharves are needed.
11. The Plan sets out issues for the long term. It recognises that opportunities might arise in Southampton Water, on land identified by the Port of Southampton Master Plan or on military port land, to provide a new wharf. Consequently, such land is safeguarded so that its use for a minerals and / or waste wharf can be considered, should it become available.
12. The Plan makes provision for land won sand and gravel extraction based on maintaining the past rate of sales and a 7 year land bank of sites. It identifies sites to meet most of this need through to 2030. The nearest site to Southampton is Hamble Airfield.
13. The Plan also safeguards mineral resource areas from sterilisation. Development would not be permitted unless prior extraction of the mineral takes place, or it can be demonstrated that the mineral should not be extracted. Small parts of the City are covered by these areas at Stoneham / Mansbridge and the eastern edge of the city.
14. The Plan also includes policies for other minerals (clay, chalk, oil and gas).

Waste Management

15. The overall aim, where possible, is to manage waste in the following order of priority: reduce; re-use; recycle; recovery; and only landfill as a last resort. The target is to achieve a 60% recycling rate and divert 95% of waste from landfill by 2020. This involves providing for at least 250,000 tonnes per annum of additional recycling and 400,000 tonnes per annum of additional recovery capacity. The aim is to provide sufficient facilities for Hampshire to

achieve net self sufficiency in the management of waste; to focus facilities, where possible, close to the source of waste (eg urban areas); and where possible to co-locate new facilities next to existing waste sites.

16. The Plan supports appropriate low carbon energy from waste plants. It also includes policies to control specialist forms of waste (eg construction waste; landfill [non hazardous and hazardous / low level radioactive] and liquid waste). The Plan does not make provision for London's waste.
17. The types of new waste management uses that might be needed across Hampshire include for example: enclosed transfer stations and material recycling facilities, scrap metal yards, anaerobic digestion plants, facilities for the dis-assembly of electrical equipment, and energy from waste plants.
18. The Plan does not allocate specific sites for waste management use (except for 2 landfill sites). However, it sets out the types of location where waste management uses will generally be supported. This includes suitable industrial areas or similar previously developed land. The indicative spatial diagrams indicate the Southampton area as being suitable for waste management, including waste transfer, recycling and recovery.
19. Publically available background documents do identify sites which are potentially suitable. These documents do not have 'plan status', and specific proposals (on these or other sites) will be assessed further at the planning application stage to test their acceptability. The sites identified in Southampton as potentially suitable are as follows:- (we require some additions to the background documents prior to submission to ensure they fully reflect the approach set out below. It is understood the County Council agree with these amendments).

Port – Western Docks (New site). Map ref: 1 (Appendix 3)

Suitable for an appropriate renewable energy plant using a suitable technology and fuel, to generate electricity and heat. A facility should be of a scale and design which respects the surrounding area; receive fuel (eg biomass) predominately by ship; and meet environmental and pollution standards. The site is the subject of a proposal from Helius, which will be considered by the Infrastructure Planning Commission. The site is potentially suitable for a wide range of other waste management uses, but in practice these will be limited by the requirement that they are related to the Port.

Additions required to emphasise: in principle support only for "appropriate" energy plants; the nearby air quality management area; an appropriate relationship between a proposal and the surrounding area.

Princes Wharf (existing site). Map ref: 2 (Appendix 4)

Safeguard the metal recycling wharf. This lies in the wider Drivers Wharf area which has the potential for waterfront redevelopment. However the metal recycling facility is unlikely to move in the short to medium term. The facility makes a major contribution to the recycling and sustainable transport of waste by ship. The Plan recognises the importance of the wharves, but also of regeneration opportunities. It promotes some flexibility, recognising wharves can be redeveloped if they are no longer needed, or are relocated.

Redbridge Lane (greenfield site). Map ref: 3 (Appendix 3)
Millbrook (existing industrial area). Map ref: 4 (Appendix 3)
Empress Road (existing industrial area). Map ref: 5 (Appendix 4)
Central Trading Estate (existing industrial area). Map ref: 6 (Appendix 4)
Willments ship yard / Hazel Road (existing industrial area). Map ref: 7 (Appendix 4)
Ashley Crescent (existing industrial area). Map ref: 8 (Appendix 5)

In general these sites are identified as suitable for enclosed facilities. Some sites are also likely to be suitable for more open uses which already operate in parts of the city, such as aggregate and metal recycling, or a household waste recycling centre; or for an appropriate energy from waste facility. Individual proposals will be assessed on their merits. Whilst the Plan will support waste management facilities on existing industrial areas if they are proposed, this will not prevent their continued use for general industry.

Woolston Waste Water Treatment Works (existing). Map ref: 9 (Appendix 5)

Southern Water is currently assessing the options for this site: to upgrade in situ or relocate (to Peel Common near Fareham, with a connecting pipeline). The background studies explain that odours from the current facility constrain the ability to fully develop the adjacent Centenary Quay site, and that any on site upgrade should meet higher standards to enable Centenary Quay to be fully developed.

Additions required to emphasise: that any on site upgrade should enable Centenary Quay to be full developed.

20. The Plan safeguards existing major waste management facilities from redevelopment and incompatible nearby development, including household waste recycling centres, major waste transfer, aggregate recycling, sites with potential for expansion or good transport links, specialist or other major facilities handling 50,000 tonnes per annum. However redevelopment will be supported where there is a strong justification, or the facility is no longer needed or is relocated. The Plan's Appendix recognises that Southampton's household waste recycling centre is being relocated from Town Depot to Dock Gate 20.

Development Management policies

21. The Plan includes policies to manage and control minerals and waste development. Proposals should:-
- (a) Promote high quality design, and not cause undue adverse visual impact;
 - (b) Avoid generating inappropriate pollution, including particulates, noise, dust, light, or odours; and include appropriate restoration where necessary;
 - (c) Have satisfactory road access (and where appropriate, support movements by rail or sea);
 - (d) Mitigate and adapt to the effects of climate change, including flood risk;

- (e) Protect habitats and wildlife;
- (f) Protect landscapes, the countryside, the best agricultural land and heritage;
- (g) Where necessary make contributions to mitigate impacts (eg transport infrastructure, habitat protection, etc); and
- (h) Promote community involvement.

RESOURCE IMPLICATIONS

Capital/Revenue

22. Southampton City Council contributes 14% of the cost of producing the Plan, £66,200 in 2011/12. This is covered by the existing Planning Policy budget.

Property/Other

23. The Council has land interests on the following sites and areas: Millbrook; Central Trading Estate; Town Depot; Stoneham.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

24. The report is prepared in accordance with sections 16, 17 and 19 of the Planning and Compulsory Purchase Act, 2004

Other Legal Implications:

25. None.

POLICY FRAMEWORK IMPLICATIONS

26. The Hampshire Minerals and Waste Plan will form part of the Council's policy framework and development plan. Planning applications have to be determined in accordance with the Plan unless material considerations indicate otherwise.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Hampshire Minerals and Waste Plan: Submission (including Proposals Map)
2.	Summary of responses to "Have Your Say Consultation", Feb 2011
3.	Proposed Minerals and Waste Sites (West) Plan
4.	Proposed Minerals and Waste Sites – Central Plan
5.	Proposed Mineral and Waste Sites (East) Plan

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at: Please contact report author.

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	A wide range of background studies have informed the preparation of the Plan. These include studies of the overall need for minerals and waste facilities; of the suitability of sites and industrial areas for waste management uses; of the need for wharves; for specialist facilities; and a full summary of representations. For more information contact the report author or see http://consult.hants.gov.uk/portal
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DECISION-MAKER:	CABINET
SUBJECT:	CONFIRMATION OF AN ARTICLE 4(1) DIRECTION
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
STATEMENT OF CONFIDENTIALITY	
N/A	

BRIEF SUMMARY

On 1st October, two changes affecting the planning system's control of Houses in Multiple Occupation (HMO) became effective. The first explains that a change of use from a C3 (dwellinghouse) to a C4 (HMO), where between 3 and 6 unrelated people live together, is now 'permitted development' (pd) not requiring planning permission. The second seeks to reduce the Council's liability to pay compensation where they make an article 4(1) direction to remove this permitted change.

The Council gave notice, with justification, of its intention to adopt an Article 4(1) across the City of Southampton administrative boundary, to remove this permitted change at its Cabinet meeting on 14th March 2011. An extended period for public comment was given from 23rd March 2011 to 31st May 2011.

A copy of the press notice inviting comments on the Council's intentions to adopt an Article 4(1) Direction is attached to this report at Appendix 1.

A summary of the responses received during the extended consultation period is attached to this report at Appendix 2.

This report seeks authority to confirm the Article 4(1) Direction. If confirmed, the Direction shall come into force on 23rd March 2012 and permission will then be required to convert a dwellinghouse into a C4 HMO.

RECOMMENDATIONS:

- (i) To note and consider the consultation responses received during the extended consultation period.
- (ii) To confirm that the introduction of an Article 4(1) on a City wide basis to withdraw the permitted development rights to convert a dwellinghouse (C3) to a House in Multiple Occupation (C4) is appropriate from the effective date of 23rd March 2012.
- (iii) To delegate authority to the Head of Legal and Democratic Services to notify the Secretary of State in accordance with statutory requirements and to take all other action considered necessary or expedient to give effect to the matters set out in this report.

REASONS FOR REPORT RECOMMENDATIONS

1. It is considered that the permitted change from C3 to C4 (as explained above) and the subsequent loss of planning control, will harm the amenity of neighbourhoods within Southampton for the reasons set out in the report to Cabinet on 14th March 2011. While HMOs are often associated with problems, particularly in the media, they also provide a valuable source of

housing for students and young professionals and other groups. Such accommodation can be particularly important for new arrivals to the City, those requiring short term accommodation or those who simply cannot afford independent accommodation.

2. Circular 08/2010 ('Changes to Planning Regulations for Dwellinghouses and Houses in Multiple Occupation') states that
"a high concentration of shared homes can sometimes cause problems, especially if too many properties in one area are let to short term tenants with little stake in the local community. So changes to legislation will give councils the freedom to choose areas where landlords must submit a planning application to rent their properties to unrelated tenants (ie. houses in multiple occupation)".
3. It is recommended that Southampton's Article 4(1) should be applied on a City-wide basis. HMOs are distributed throughout the City and arise in response to a range of housing need in the City. They can cause localised amenity issues wherever they arise. There is a risk that landlords wishing to develop further HMOs would look to properties on the outer edge of any defined boundary, and the issues associated with concentrations of HMOs would not be resolved.
4. Following the Council's agreement to make an Article 4(1) Direction in March of this year, it is now necessary to consider the comments received during the consultation period and, if appropriate, confirm the Direction will become effective from 23rd March 2012.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. Option 1 – Do nothing
This option is not recommended as the City Council would be unable to manage and monitor the growth and distribution of the HMO sector at the expense of its existing family housing stock.
6. Option 2 – Article 4(1) Pockets
To draw a tighter boundary based on an evidence base of existing HMO supply and demand in connection with the universities and hospitals. This is not regarded as a solution as evidence demonstrates this is a City-wide issue in Southampton and may simply move concentrations into different areas of the City. It could also be difficult to provide reasonable justification to property owners in the City for the inclusion of some streets and the exclusion of others. Further consultation would be required before confirming this approach.

DETAIL (Including consultation carried out)

7. Introduction
Under the Town & Country Planning (General Permitted Development) (Amendment) (No.2) (England) Order 2010, a change of use from a C3 (dwellinghouse) to a C4 (HMO) is now 'permitted development' (pd) not requiring planning permission.
8. A C4 (HMO) is defined as housing where between 3 and 6 unrelated people reside and share amenities.

9. The Town & Country Planning (Compensation) (No.3) (England) Regulations 2010 seek to reduce the Council's liability to pay compensation where they make an Article 4(1) direction to remove this permitted change.
10. In order to manage the growth and distribution of HMOs it is necessary for the City Council to regain its planning control of this permitted change. The Government suggests that the simplest way to achieve this is to make an Article 4(1) Direction that removes this permitted change. Once effective, planning permission would be required to convert a dwelling to a C4 HMO and the City will be able to manage the growth of this sector.
11. The Government expects Councils to make Article 4(1) directions only in those exceptional circumstances where evidence suggests that the exercise of permitted development rights would harm local amenity or the proper planning of the area.
12. In deciding whether an Article 4(1) Direction might be appropriate local planning authorities are advised to consider whether the exercise of permitted development rights would affect certain key considerations. Those most applicable in relation to Southampton are:-
 - Undermining the visual amenity of the area or damage the historic environment.
 - Undermining local objectives to create or maintain mixed communities.
13. At the 14th March 2011 Cabinet meeting, it was agreed that the Council would make an Article 4(1) Direction and delegated authority to officers to undertake the necessary public consultation.
14. Consultation Response

A copy of the notice, as published in the Daily Echo and erected at the City's libraries and 'Gateway', is attached to this briefing paper at Appendix 1. The Council received 21 representations, of which 17 were opposed and raised concerns to the introduction of the Article 4(1) Direction as proposed. A summary of the consultation comments received to the notice, and an officer response, is attached at Appendix 2.
15. The main concerns raised were regarding the introduction of additional bureaucracy during these difficult economic times, and the uncertainty as to how the Council will determine planning applications for a change of use to an HMO. Little objection was made to the Council's evidence base (as presented to the Cabinet on 14th March 2011) on which the introduction of a city-wide Article 4(1) is justified.
16. In response to these main criticisms, officers accept that the timing of the changes are unfortunate but the evidence base suggests the Council needs to implement these changes to enable it to manage the number and distribution of HMOs across the City. Similarly, it is recognised that further clarity is needed with regards to the Council's existing planning policies as they relate to a change of use to a C4 HMO. Work is currently underway on supplementing Local Plan 'saved' Policy H4 and LDF Core Strategy Policy CS16, and it is currently intended to adopt a Supplementary Planning Document to coincide with the effective date of the Article 4(1) Direction (23rd

March 2012). This will require further public consultation and the agreement of Cabinet before doing so and work is currently in progress.

17. Despite the objection to doing so presented at Appendix 2 it is recommended that the Council confirms the Article 4(1) Direction unchanged.

RESOURCE IMPLICATIONS

Capital/Revenue

18. The resources required to introduce the Article 4(1) direction will be borne by existing budgets and staffing.
19. One criticism of imposing an Article 4(1) Direction on an area is that the removal of permitted development rights can lead to compensation claims by affected property owners. The recent amendments to legislation set out the procedures for avoiding such claims and require that a minimum of 12 months (and no more than 24 months) is given between the date when the notice of making the Direction is published and its "effective" date. The Council is following this requirement and the Article 4(1) Direction will not become effective until 23rd March 2012 (ie. more than 12 months from the date that Cabinet agreed to make it).
20. There is a potential loss of income for property owners within the boundary of the Article 4(1) Direction, if they are not able to gain planning permission to rent out properties as Houses in Multiple Occupation.
21. Finally, applicants for works that would have been permitted development had an Article 4(1) not been imposed, are normally exempt from a planning fee. A fee of £335 would not therefore, currently apply to such change of use applications.

Property/Other

22. There are no implications that arise for the Corporate Property Strategy as confirmed by the Property Asset Manager.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

23. The Town & Country Planning (General Permitted Development) Order 1995 as amended by the Town & Country Planning (General Permitted Development) (Amendment)(England) Order 2010 and the Town & Country Planning (Compensation) (England) Orders 2010 (No2 and No 3) apply.
24. Regard must also be had to the Department for Communities and Local Government Replacement Appendix D to the Department of the Environment Circular 9/95: General Development Consolidation Order 1995 (978 0117531024) issued in November 2010.
25. An Article 4 direction may only be made in exceptional circumstances where the Council is satisfied that clear evidence suggests that the exercise of the permitted development rights it is proposing to withdraw, would harm local amenity or the proper planning of the area. The potential harm that the direction is intended to address must be clearly identified and, where such a withdrawal is proposed to cover a wide area (such as the whole of the City) there must be particularly strong justification for the withdrawal at the time of making the Order (as set out in the report to Cabinet in March of this year).

Other Legal Implications:

- 26. The Council’s existing Article 4(1) Directions that affect the rights to extend and alter existing dwelling houses within some of the City’s designated conservation areas (namely Oakmount Triangle, Portswood Gardens, Uplands Estate and Ethelbert Avenue) will be unaffected by these proposals.
- 27. In making the proposals set out in this report the Council MUST have regard to the provisions of the Equality Act 2010 (including carrying out integrated impact assessments as appropriate), the duty under s.17 of the Crime & Disorder Act 1998 to carry out its functions having regard to the need to reduce or eliminate crime and disorder and the provisions of the Human Rights Act 1998 , in particular Article 8 (right to respect for private and family life) and Article 1 of the First Protocol (the protection of property). Any interference with the rights protected under the Act must be necessary and proportionate in the interests of a democratic society.

POLICY FRAMEWORK IMPLICATIONS

- 28. The proposed recommendations support the policies of the Council’s current Development Framework.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Article 4(1) Direction Press Notice
2.	Article 4(1) Direction Summary of Responses

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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Other Background Documents

Integrated 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)
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1.	The Town & Country Planning (General Permitted Development) (Amendment) (No.2) (England) Order 2010
2.	The Town & Country Planning (Compensation) (No.3) (England) Regulations 2010
3.	The Town and Country Planning (General Permitted Development) (Amendment) (No.2) (England) Order 2008
4.	Circular 09/95 (General Development Order Consolidation).
5.	DCLG – Replacement Appendix D to Department of the Environment Circular 9/95: General Development Consolidation Order 1995 (November 2010)
6.	Circular 08/10 (Changes to Planning Regulations for Dwellinghouses and Houses in Multiple Occupation)
7.	DCLG/EcoTec “Evidence Gathering – Housing in Multiple Occupation and possible planning responses” (September 2008)
8.	PPS3 (Housing) (2011)
9.	CPC’s Houses in Multiple Occupation (HMO) Survey (December 2008)
10.	SCC Cabinet Report (14.03.2011)

DECISION-MAKER:	CABINET
SUBJECT:	RESPONSE TO THE SCRUTINY ENQUIRY INTO THE CRUISE INDUSTRY
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	LEADER OF THE COUNCIL
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

A report into Cruise Industry in Southampton, produced by the Scrutiny Panel, was presented to Cabinet in March 2011. This report sets out Cabinet's response to the recommendations contained within the report.

RECOMMENDATIONS:

- (i) That Cabinet approve the responses to the recommendations as detailed in Appendix 1.
- (ii) That the role of co-ordinating actions of various relevant departments within the Council and securing participation of external organisations and the private sector be delegated to the Director of Economic Development.
- (ii) To delegate authority to the Director of Economic Development to negotiate and look to other departments for supporting resources with regard to prioritising and implementing these recommendations.

REASONS FOR REPORT RECOMMENDATIONS

- 1 The actions set out in the Appendix to this report reflect the direction of work currently being carried out by the Directorate of Economic Development and others. It must be recognised that the structures and arrangements for delivering economic development and tourism initiatives are currently in flux and the responses set out in the Appendix reflects this.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 2 Do nothing – does not meet the aspirations of the City Council, does not contribute to economic growth and the creation of jobs and fails to contribute to the objectives of the South Hampshire Economic Development Strategy.
- 3 Increase activity beyond the level outlined in the Appendix. This was rejected due to current financial pressures.

DETAIL (Including consultation carried out)

- 4 The 10 recommendations of the Scrutiny Panel have been responded to in detail in Appendix 1 where comment is made on the action taken. It should be recognised that the City Council is in the process of re-structuring and that its relationship with public and private sector partners is currently in a state of flux and the response to the recommendations set out in the Appendix reflects this situation. This report and its Appendix have been consulted on with those organisations that presented evidence to the Scrutiny Panel with responses being received from the Southampton Hackney Association emphasising the benefit of the taxi trade to cruise passengers. A response was also received from Sarah Davis who runs a company providing advice to the visitor sector.

RESOURCE IMPLICATIONS

Capital/Revenue

- 5 Capital: None
- 6 Revenue: The actions set out in the attached Appendix will be resourced where possible by prioritising action within the programme of work carried out within the existing Economic Development budgets. Some actions require the input and contributions of other partners in order to be delivered. These cannot be guaranteed.

Property/Other

- 7 None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 8 Section 2 of the Local Government Act 2000.

Other Legal Implications:

- 9 None.

POLICY FRAMEWORK IMPLICATIONS

- 10 The proposals contained within the appended report are in accordance with the Council's Policy Framework.
- Community Strategy – meets with objective 3 – A Dynamic Business Environment
 - Corporate Improvement Plan – meets with Sec 5. Economic Development Portfolio – part of Southampton Economic Development and Regeneration Plan

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KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	N/A
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Draft Response to Cruise Enquiry – Summary of Recommendations –
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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Other Background Documents

Integrated 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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DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	HOUSING REVENUE ACCOUNT SELF-FINANCING: REFORM OF COUNCIL HOUSING FINANCE
DATE OF DECISION:	24 OCTOBER 2011 16 NOVEMBER 2011
REPORT OF:	CABINET MEMBER FOR HOUSING

STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY

This paper provides information on the new national regime for council housing finance, (Housing Revenue Account Self Financing), the impact on Southampton and the work that is underway to prepare for the new system to start from April 2012. It is the first of three reports that will be presented on this matter. The others will be the budget report in February 2012, which will be the main report containing the financial detail and the outturn report in July 2012, which will include information on the final implementation actions at the end of 2011/12.

This report is therefore the first stage in the development of the full 30 year business plan as required under the new arrangements. It presents the best information currently available for the period to 2015/16 so that a cautious provisional assessment can be made of the capital spending that could be undertaken in that period. This will enable work to commence on the design and procurement of some of the capital schemes for that period. The capital programme for 2011/12 to 2015/16 is attached at Appendix 1. The full 30 year plan will be presented in February 2012.

The report also seeks approval to

- Some key principles that will underpin the business plan;
- Some delegations that are necessary to ensure the smooth implementation of the new regime.

RECOMMENDATIONS:

CABINET

- (i) To consider and agree the recommendations to Council

COUNCIL

1. It is recommended that the following principles are agreed to underpin the development of the full 30 year Housing Revenue Account (HRA) business plan;

- (i) For rents

- Rent increases will follow Government rent policy (rent restructuring) so as not to disadvantage the business plan.
- From 2 April 2012, all new tenants will be charged the full target rent for the property they move into
- From 2 April 2012, the target rent for houses be increased by

5% and the target rent for flats reduced by 2.9% so that there is no change in the average target rent for the HRA as a whole subject to a full financial assessment of the impact on tenants and the business plan being considered as part of the budget report in February 2012.

- (ii) For service charges, from 2 April 2012:
- All existing service charges will be recalculated to ensure that the charge is linked directly to the cost of the service provided.
 - The charge will endeavour to meet the principle of full cost recovery, with any exceptions being agreed as part of the budget report in February 2012.
 - Charges will then go up (or down) each year based on the actual cost of the service giving residents greater transparency and control over what they pay for a service.
 - That delegated authority is given to the Senior Manager for Housing Services, following consultation with the Cabinet Member for Housing, to approve the annual revision to service charges within the policy parameters agreed by Council.
- (iii) For garages and parking spaces, from 2 April 2012:
- Garages and car park spaces charges will increase each year by RPI + ½% i.e. in line with target rents.
 - These charges will be reviewed every 2 years to ensure they are comparable with other landlords.
 - A reduced rent incentive of 50% for 6 months will be introduced on garages where there is a need to increase usage.
 - That delegated authority is given to the Senior Manager for Housing Services, following consultation with the Cabinet Member for Housing, to decide where to apply the rent incentive and also to approve the annual revision to charges for garages and parking spaces within the policy parameters agreed by Council.
 - Plans will be implemented to remove the lockable posts from parking spaces in Housing ownership in the City centre.
- (iv) For the borrowing headroom:
- A proportion of the headroom will be retained as a reserve / contingency for any unforeseen or high risk / short term issues that need to be supported.
 - Some funding will be allocated on an “invest to save” basis so that there is a payback of capital over a period.
 - Some funding is allocated to “cash flow” estate regeneration initiatives where expenditure on relocating tenants and preparing for redevelopment takes place before the capital

receipts are received from the sale of the sites.

(v) For treasury management:

- The Council adopts the two loans pool approach for long term debt.
 - Existing long term debt (at 16 November 2011) is split between the HRA and General Fund (GF), with this split ensuring there is no adverse impact on the GF.
 - All long term loans raised after 16 November 2011 are allocated into either the HRA or GF pool.
 - That delegated authority is given to the Chief Financial Officer “To increase the limits set in the annual treasury management strategy by the sum notified to the Council that it needs to pay to CLG under HRA reform and to take all decisions needed to borrow this sum before 26 March 2012”.
 - For the purposes of preparing the current business plan, the maximum average debt per property should be set by reference to the projected HRA debt outstanding at 31 March 2012 and stock level used in the final debt settlement (currently estimated at £10,400). Average debt levels per property over the life of the business plan should not exceed this level.
 - The full 30 year business plan should aim to make provision for the repayment of all HRA debt by the end of the plan.
2. It is recommended that the capital programme for 2011/12 to 2015/16 as set out in Appendix 1 is approved
3. To note that the implementation of the new system will require the HRA to borrow an estimated £70M in order to make the payment to CLG in March 2012.

REASONS FOR REPORT RECOMMENDATIONS

1. To enable preparation of the 30 year Housing Revenue Account (HRA) business plan and to ensure proper arrangements are in place for the implementation of the new financial regime for Council housing,

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The introduction of the new financial regime is a legislative requirement. It will start on 1 April 2012 assuming that the Localism Bill receives Royal Assent in time. The capital spending plans set out for 2011/12 to 2015/16 are consistent with the priorities approved in the HRA outline business plan approved by Council in July 2011. The recommendations for the key principles that underpin the detailed business plan could be varied but the ones recommended are considered best for the long term viability of the HRA and also to protect the General Fund (GF) from any adverse financial impact from the borrowing that needs to take place.

DETAIL (Including consultation carried out)

Background

3. In the budget report in February 2011 it was noted that it may be necessary to make a special report on the implications of the new system during the summer and to further update capital spending plans for 2012/13 and subsequent years at that time. This report provides this information.
4. The Housing Revenue Account records all income and expenditure in relation to the provision and management of Council owned homes in the City.
5. A key feature of HRA finances is the HRA Subsidy system, the legal basis for which can be found in the Local Government and Housing Act 1989. Whilst there have been changes to the system over the years, the main principle is that every year the Government assesses:
 - The rental income we should receive;
 - The money we should spend on managing and maintaining the stock; and
 - The interest we pay on the debt it thinks we have.

These assessments are not finally notified to us until late December / early January and take effect from April each year. The actual income and expenditure will be different from the national assessments but the subsidy payments are based on the national assessments.
6. Where the Government's assessment of income exceeds the assessment of expenditure councils have to pay money to the Department for Communities and Local Government (CLG) (often referred to as negative subsidy) the reverse also applies. In 2011/12, we are budgeting to pay £7.6M to CLG (or 12% of our turnover) in negative subsidy. If the subsidy system remained in place the negative subsidy payments would have continued to rise in future years.
7. Over the years there has been a steady decline in the number of councils receiving money from CLG and an increase in those paying money to CLG to the extent that nationally, CLG receive more than they pay out. This has often been referred to as the "hidden tax on tenants". As a result many councils and tenants have long been seeking a change to the system.
8. The Government therefore started a review of HRA finances back in 2008. The aim of the review was to *"develop a sustainable, long term system for financing council housing that is consistent with wider housing policy and fair to both tenant and taxpayer"*. There were 4 workstreams for the review:
 - Costs and standards of social housing;
 - Rents and service charges;
 - Rules governing the HRA and capital receipts; and
 - HRA subsidy.

Latest position

9. The latest proposals for reform were published in February 2011. The main thrust of the proposals is that councils who currently pay money each year to CLG will make a single payment to CLG to buy their way out of the subsidy system. The few councils currently receiving annual payments from CLG will receive a single payment to end CLG's support to them. The aim is that the new system starts from April 2012, subject to the Localism Bill receiving

Royal Assent in time. ***It is not an optional scheme.***

10. The February paper from CLG advised us that we would need to make a single payment of £64M to CLG. Our latest assessment, using the methodology set by CLG, is that the payment will be circa £70M. This is because the Retail Price Index (RPI) is higher than expected when the forecasts were prepared by CLG in February. More information on the sum due will be available in November, with the final number notified to us in January 2012. ***The HRA will therefore need to borrow in the region of £70M in order to make the payment to CLG.***
11. Other key features of the new system are:
 - There will be a cash cap on total HRA borrowing. It is currently estimated that we can borrow up to £21.7M more before we reach our debt cap. This is an absolute level of debt cap.
 - 75% of all Right-To-Buy sales proceeds will continue to be paid to CLG, but the Council will be able to retain 100% of all other HRA disposals, subject to them being used for affordable housing or regeneration.
 - Current national rent policy will continue, which means that rents will increase by at least RPI plus 0.5% pa (and more in the short term as council rents are increased up to housing association levels by 2015/16).
 - There will be a limit on the maximum average rent level that the Council can set in any year if it wants the costs of housing benefit for Council tenants to be met in full by Government.
 - The Council's current borrowing needs to be split between the HRA and General Fund, with all new borrowing being allocated to one account or the other. This is essential to avoid any initial adverse impact on the General Fund and to facilitate different approaches to treasury management in the future.
 - The Council will be required to establish an outline 30 year business plan with a more detailed 5 year business plan (investment plans) to manage the income and investment in Council stock. The decent homes standard will be retained as the minimum standard that Council homes should be maintained to.
 - Within the HRA, the introduction of a depreciation calculation will place restrictions on the use of some of the HRA's capital resources.
 - Demolitions approved by 31 August 2011 will be excluded from the debt calculation, but consideration of any disposals after that will need to recognise that the average debt level per dwelling will be circa £10,400.
 - ***The HRA ring-fence is retained unchanged and will continue to be subject to audit.*** The rules that govern the operation of the ring-fence were outlined in the Local Government and Housing Act 1989 and in circular 8/95. Expenditure from the HRA is determined to be linked directly to the landlord function provided by the Council to its tenants. The ring-fence gives scope for support to spending that 'benefits' Council tenants providing the justification for the spend is clear and is not expenditure which would ordinarily be met from the

General Fund.

- The new system is more transparent, enabling improved accountability to tenants and giving the opportunity for more meaningful involvement in decision making. Indeed the regulatory code from the Tenants Services Authority outlines the role that tenants should play in scrutiny of a landlord's services.

Advantages and risks

12. The new system will bring a number of advantages as well as some new risks.
13. A major benefit of the new system is the ability for councils to now undertake long term planning for their business without being subjected to the vagaries and uncertainties of the annual subsidy settlement. This will give a framework for more active housing investment strategies, securing procurement opportunities, generating new income streams and the potential for the Council to develop new dwellings for itself. It will also be seen by tenants as a much 'fairer' system as they will see the rents they pay in Southampton spent in Southampton.
14. There are new risks that need to be managed. By far the biggest risk is the exposure to changes in interest rates which can be mitigated by treasury management strategies linked to prudent business planning. In addition, CLG has the ability to reopen the settlement and there remain risks from fundamental changes in national housing policy rendering business plans unviable.
15. A major feature of the new system is the requirement for long term business planning. Long term business planning (5 years and 30 years) is not only possible but is essential to the successful long term implementation of the new financial regime. It will therefore be essential that short term considerations do not undermine the long term financial viability of the HRA as the Council will retain responsibility for the management of the HRA to ensure its homes can continue to be maintained for current and future tenants.

Key principles for use in developing the business plan

16. In order to develop the business plan it is important to establish some key principles that can be used to underpin the plan. These principles will be used to develop the detailed business plan that will be presented to Cabinet and Council in February 2012. There should be regarded as firm commitments for the foreseeable future to protect the integrity of the business plan.
17. The principles cover a range of matters set out below.

Rents

18. In calculating the debt settlement CLG have assumed that current Government policy for setting rents continues. This is known as rent restructuring, which means that rents for all council owned dwellings will gradually increase to match the current social rent levels currently charged by Housing Associations. The Council is not required to increase rents to the proposed new affordable rent levels which can be set at up to 80% of

market rents.

19. Under this formula, the inflationary increase is determined by the Retail Price Index for September. The formula requires the addition of a further 0.5% plus an element for converging with Housing Association rent levels. The date for this convergence is 2015/16. The rules also require that the rent convergence component of the increase for each dwelling should not exceed £2.00 per week. The Council has followed this rent policy since it started in April 2003.
20. **It is recommended that rent increases will follow Government rent policy so as not to disadvantage the business plan.**
21. There are also other features of the national rent restructuring framework that have previously been discounted but now need to be reconsidered under self-financing.
22. The arrangements set out in paragraphs 18 to 19 above, do not need to be applied when a new tenant occupies a property (a transfer or mutual exchange is not treated as a new tenant). In these circumstances it is open to the Council to decide whether the new tenant should be immediately charged the full target rent. On average, target rents are £5.47 above current rent levels so adopting a policy of charging all new tenants the target rent would increase income to the HRA in the short term and result in more properties reaching the target rent by 2015/16. There is no long term benefit as all properties will eventually reach the target rent. There is also the risk that the overall average HRA rent level might exceed the maximum average rent level that the Council can set in any year if it wants the costs of housing benefit for Council tenants to be met in full by Government. The initial assessments show that this is very unlikely to occur, but it will need to be kept under review each year.
23. Under the subsidy regime, there was no advantage in adopting this policy because any additional funding raised would have increased the subsidy payment to CLG. Under self-financing the extra revenue would be retained in the HRA. The additional revenue in 2012/13 is provisionally estimated at £100,000, which can be used to support further investments in tenants' homes and the services we provide. This has not been included in the current business plan. It is proposed that the final sum will be confirmed and included in the February 2012 budget report.
24. **It is recommended that from 2 April 2012, all new tenants will be charged the target rent for the property they move into.**
25. The rent restructuring policy also allows for individual target rents to be increased or reduced up to 5% as long as the overall average rent does not change. When the Council adopted rent restructuring in 2003 it was decided, following consultation with tenants at that time, not to make any such adjustment. Over the years since then however, there has been a growing view that the differential between flats and houses is not large enough, particularly when the service charges for flats are taken into account.
26. To respond to these issues, the Council intends to utilise the 5% 'tolerance' to uplift the rent for houses in the City to recognise their 'value' to residents.

Rents for flats would therefore be decreased to achieve the same overall average rent. This will ensure there is a suitable variation between the rent for a flat and a house of the same size. This does not generate the Council any additional income as the overall average rent we charge cannot vary.

27. **It is recommended that from 2 April 2012, the target rent for houses be increased by 5% and the target rent for flats reduced by 2.9% so that there is no change in the average target rent for the HRA as a whole, subject to a full financial assessment of the impact on tenants and the business plan being considered as part of the budget report in February 2012.**

Service Charges

28. Over recent years the link between costs and income for individual service charges has been eroded. This position needs to be corrected so that service charges levied are linked to budgeted costs each year.
29. **It is recommended that from 2 April 2012:**
- **All existing service charges will be recalculated to ensure that the charge is linked directly to the cost of the service provided.**
 - **The charge will endeavour to meet the principle of full cost recovery, with any exceptions being agreed as part of the budget report in February 2012.**
 - **Charges will then go up (or down) each year based on the actual cost of the service giving residents greater transparency and control over what they pay for a service.**
 - **That authority is given to the Senior Manager for Housing Services, following consultation with the Cabinet Member for Housing, to approve the annual revision to service charges.**
30. This report does not propose the introduction of any new service charges. This will be considered as part of the budget report in February. There are two approaches to implementing new service charges. Where the charge relates to a new service then it is possible to add the full cost of the new service to the rent. If the service charge relates to an existing service then the dwelling rent for those tenants affected by the new charge is reduced by the same value as the new service charge. This means affected tenants will not pay any more in the first year. Once implemented, the annual review of these charges would follow the same arrangements set out above.

Other charges

31. The other charges relate to the charges for garages and parking spaces. In the past different approaches have been adopted to setting these charges. Plans are also being developed in partnership with Highways to remove parking spaces from Housing ownership as it is not cost efficient for Housing to continue to manage these spaces and the lockable posts currently used are considered an eyesore in the City centre.
32. **It is recommended that from 2 April 2012:**
- **Garages and car park spaces will increase each year by RPI + ½% i.e., in line with target rents**
 - **These charges will be reviewed every 2 years to ensure they are**

comparable with other landlords.

- **A reduced rent incentive of 50% for 6 months will be introduced on garages where there is a need to increase usage.**
- **That authority is given to the Senior Manager for Housing Services, following consultation with the Cabinet Member for Housing, to decide where to apply the rent incentive and also to approve the annual revision to charges for garages and parking spaces.**
- **Plans will be implemented to remove the lockable posts from parking spaces in Housing ownership in the city centre.**

Borrowing Headroom

33. The new financial regime will replace the current prudential borrowing arrangements for the HRA with an absolute cap on the level of debt that the HRA is allowed to have outstanding. The current assessment of the level of the cap is that the HRA would be able to borrow up to £21.7M more than the projected debt level at 1 April 2012.
34. Careful consideration needs to be given to the use of this headroom. Three potential uses of the headroom are envisaged, although at this stage the £21.7M has not been divided between them.
- 35 **It is recommended that:**
- **A proportion of the headroom will be retained as a reserve / contingency for any unforeseen or high risk / short term issues that need to be supported.**
 - **Some funding will be allocated on an “invest to save” basis so that there is a payback of capital over a period – for example on installing PV cells to blocks of flats to benefit from feed in tariffs or other similar initiatives.**
 - **Some funding may be allocated to “cash flow” estate regeneration initiatives where expenditure on relocating tenants and preparing for development takes place before the capital receipts are received from the sale of the sites.**

Treasury Management / Debt Management

36. As noted in paragraph 14, treasury management becomes a major issue for the HRA under the new regime. Under the current subsidy system the HRA is insulated from changes in interest rates as any increase or reduction in interest costs was fully compensated for in the subsidy system. In the future, increases or reductions in costs will directly impact on the HRA. It will therefore be necessary to develop a specific treasury management strategy for the HRA and also to make prudent provision for interest costs in the business plan.
37. It is also necessary to reconsider some technical aspects of the Council's current treasury and debt management arrangements. Currently all long term loans raised by the Council are placed in a single “pool” with the HRA and GF charged an average interest rate of all the borrowings. This approach is common amongst local authorities and it has long been recognised that if this

arrangement was maintained after April 2012 then:

- The average interest rate would rise in 2012/13 as the new borrowings that are specifically for the HRA will be at higher rates than current borrowings; and
 - There will be different business considerations in the future as the HRA will be required to plan its business over a 30 year period.
38. This issue has been the subject of review at a national level and the new preferred approach is for councils to adopt a “two pool” approach, one for the HRA and one for the GF. All new borrowings would be charged to one of these pools and decisions on the type and period of the borrowing can be made in the context of their respective business needs. The costs of the estimated £70M that the HRA will need to borrow will be therefore be fully charged to the “HRA pool”.
39. The other issue this raises is how best to split the existing debt between the two new pools. A key principle is that there should be no detriment to the GF. It is considered that the best approach would be to split all existing long term borrowing as at 16 November 2011 between the HRA and GF, with all borrowing after this date being allocated to either the HRA or the GF. The Council’s treasury advisors have been asked to recommend how best to make the split of the existing loans to ensure there is no detriment to the GF.
40. No changes are proposed to the short term cash management arrangements and it is not necessary to consider matters like separate bank accounts etc. The Council will also retain a single firm as treasury advisors.
41. **It is therefore recommended that:**
- **The Council adopts the two loans pool approach for long term debt;**
 - **Existing long term debt (at 16 November 2011) is split between the HRA and GF, with this split ensuring there is no adverse impact on the GF; and**
 - **All long term loans raised after 16 November 2011 are allocated into either the HRA or GF pools.**
42. The Council’s long term borrowing strategy is set out each year in the “Annual Treasury Management Strategy and Prudential Limits report”. The authority to make decisions on long term borrowing is provided for in delegated power 7.1.12, which enables the Chief Financial Officer *“To take all and any decisions necessary or required to be taken by an officer of the Council in relation to the Council’s Treasury Management activities and to authorise all officers within the Finance Division to undertake operational Treasury Management activity consistent with those decisions and the Annual Treasury Management Strategy”*
43. The “Annual Treasury Management Strategy and Prudential Limits report” was last presented to Council in February 2011. That report specifically noted that no allowance had been made for the additional borrowing that would arise from HRA reform, due to the uncertainty over the timing and amounts to be borrowed.

44. The HRA will need to borrow substantial sums (currently estimated at £70M) no later than 26 March 2012. Most of the Council's borrowings are from the Public Works Loans Board (PWLB). It has been announced that special lower PWLB rates will be available between a date yet to be specified in January and 26 March. In order to secure the best treasury management arrangement for this borrowing it is essential to ensure that the delegated power above can be utilised to decide the best borrowing arrangements for this payment.
45. **It is therefore recommended that delegated authority is given to the Chief Financial Officer "To increase the limits set in the annual treasury management strategy by the sum notified to the Council that it needs to pay to CLG under HRA reform and to take all decisions needed to borrow this sum before 26 March 2012".**
46. In the future, one of the key measures of debt management will be to ensure that the average debt per property does not increase unless there is a positive decision to this effect and the HRA business plan demonstrates that this is affordable. This would mean that as dwellings are sold or demolished, provision needs to be made to repay the debt associated with those properties. This average debt level would be established each year as part of the treasury management strategy. CLG also expect that the HRA business plan will provide for the repayment of all HRA debt over the life of the plan.
47. **For the purposes of preparing the current business plan, it is recommended that the maximum average debt per property should be set by reference to the projected HRA debt outstanding at 31 March 2012 and the stock level used in the final debt settlement. Average debt levels per property over the life of the business plan should not exceed this level (currently estimated at £10,400). The full 30 year business plan should aim to make provision for the repayment of all HRA debt by the end of the plan**

Capital Programme 2011/12 to 2015/16

48. The capital programme for 2011/12 to 2015/16 is attached at Appendix 1. This now utilises the main priority headings approved by Council when it approved the outline HRA business plan in July 2011. The sums available for spending in each year have been assessed on a cautious basis, as it is important that an affordable spending programme is agreed at this time so that design work and procurement can proceed in order to avoid a slow down in spending in the early part of 2012/13. The spending shown is at outturn prices i.e. allowing for inflation.
49. A final assessment of spending levels will be included in the report to Cabinet and Council in February 2012, when the spending plans can be updated to reflect the revised level of resources. Key features of the new programme are set out below.
- Safe, wind and weather tight
50. Spending has been prioritised to ensure that the properties that the Council are responsible for are maintained to ensure they are safe for residents to live in and the overall structural integrity is maintained. This programme ensures

that roofs are replaced as needed, all properties in the City have double glazed windows, electrical systems are safe and can accommodate modern demands, and properties are structurally sound. This programme specifically includes provision to replace walkways to supported housing schemes such as the scheme recently completed at Bassett Green Court.

Warm and energy efficient

51. The Council recognises that with increasing utility bills it is vitally important to support our tenants by undertaking improvements to their homes that helps them save money on the basics of heating and lighting. A warm and comfortable home also contributes significantly to the wider health of our residents in the City. This programme provides insulation to some of our most needed properties such as tower blocks, some blocks of flats and our Pre-cast Reinforced Concrete (PRC) houses. We are also developing a programme to install more energy efficient lighting and controls for communal areas in our flats to help drive down electricity bills for tenants. This programme also specifically provides for the removal of over 5,000 tenants from the current landlord heating system to give the control and choice over heating their home back into the hands of our tenants.
52. This section of the programme will also be enhanced by the use of some of the borrowing headroom in order to facilitate further energy efficiency measures, particularly those that enable the Council to access matched funding through schemes such as green deal and FIT.

Modern Facilities within the home

53. We want our tenants to be able to live in good quality modern homes with facilities that are up to modern standards. This programme supports the installation of new kitchens and bathrooms across the City based on the current assessment of need. We will also be ensuring that all homes with gas central heating have modern boilers by removing all back boilers and upgrading systems as necessary. We will also ensure that our homes can continue to meet the needs of our older residents by continuing to provide disabled adaptations as required, as well as updating bathrooms in some of our supported schemes with modern shower facilities.

Well maintained communal facilities

54. We will also continue with our programmes for investment in the areas outside our tenants' front doors. This will include refurbishing our lifts in our tower blocks and supported schemes as needed, upgrading door entry systems and improving the communal hallways and common areas of our supported schemes and blocks of flats. We will specifically maintain our commitment to the ongoing programme of Decent Neighbourhoods improvements to improve the open spaces around our homes.

Estate Regeneration

55. The programme includes provision for all approved schemes, including the master planning for Townhill Park. It is important that the future HRA capital programme makes provision for estate regeneration in Townhill Park as well as other areas of the City. The best financial model for doing this is being considered as part of the current master planning for Townhill Park. The

consultants brief includes the following requirement:

There will be a detailed investment cashflow model which sets out very clearly a viable decant, disposal, redevelopment and refurbishment programme. Cashflows will be produced which show anticipated Council income and expenditure in phases, and a viable cashflow developed which ensures that the Council enabling costs are kept to a minimum at the early stages of the project, with capital receipts paying for the latter stages of Council enabling expenditure. It is anticipated that the investment model and development approach will be rolled out to other priority regeneration areas.

56. It is anticipated that the final report will be submitted to Cabinet in March 2012. However, the draft financial model will be available in December 2011 to assist with informing the February budget report. This will be crucial in determining the financial impact on the HRA of future schemes, as these will now need to be assessed over the 30 year life of the plan
57. The value of HRA land for redevelopment as part of Estate Regeneration is fundamental to the HRA Business Plan for the purposes of future planning for estate regeneration. Housing density is an important element which informs the value of land for residential use. There is also the need to unlock value through better use of space and good urban design. The aim of estate regeneration is to transform neighbourhoods as part of a wider commitment of delivering sustained economic growth and tackling deprivation on Southampton's Council estates and this includes maximising the number of new homes, including family homes, as part of the re-development. In other words demolishing low density schemes and redeveloping at a higher density. The ability to move to develop at high density on estate regeneration sites (incorporating high quality design and recognising site conditions) would have a significant impact on the value of HRA land and contribute positively to HRA Business Plan.
58. With such significant issues under consideration a sum of £2.5M per annum for 4 years (£10M in total) has been included in the current capital programme. This will be updated for the next report in February 2012. This represents a significant contribution from the HRA but estate regeneration is not limited to HRA and dwellings but involves the comprehensive regeneration of a neighbourhood. The General Fund will also therefore need to consider how it can contribute to this important corporate initiative.
59. **It is recommended that the capital programme for 2011/12 to 2015/16 as set out in Appendix 1 is approved.**

Social Housing Reform

60. Alongside the changes to Council Housing Finance, the Council is currently considering the implications of Social Housing Reform proposals which are currently part of the Localism Bill passing through Parliament. The most significant impact of the reform will be that from April 2012, councils will be able to offer fixed term tenancies as well as full secure tenancies (sometimes referred to as tenancies for life). This will allow the Council in certain circumstances, to grant a five year tenancy that will be subject to review. In order to introduce such tenancies, the Council will be required to set out a strategic policy for tenancies and it will also necessitate changes to the

current allocations policy. Work is now underway to consider the implications and the opportunities of the reform with a view to bringing recommendations concerning changes to tenancy and allocation policies to Cabinet in early 2012. In principle, the Council will be seeking to utilise the changes to enable it to make the best use of its housing stock in the future, provide flexibility to support residents into training and employment, and support ongoing work to ensure that tenants look after their home. It is anticipated that the changes will have some impact on the overall HRA business plan and these will be assessed and reported in future reports to Cabinet.

Consultation

61. In May 2011, the Council held a workshop attended by over 50 already involved residents. As part of this workshop detailed discussions were held and views sought on what type and level of investment tenants were looking to see as part of the new self funding proposals. In general terms, residents were very keen to see:
- Funding provided to ensure their homes are maintained to a good standard;
 - Significant priority was attached to work that would improve the energy efficiency of their homes;
 - Tenants wanted to continue to receive new kitchens and bathrooms at a reasonable frequency;
 - Continued investment in the neighbourhood areas; and
 - A commitment to building new homes.
62. Over the summer period consultation was undertaken with tenants in Townhill Park about the potential opportunities for regenerating the area and building new homes. This consultation received very positive support from the whole community.
63. In October, the Tenants' Resources Group received a presentation on the outline business plan and had the opportunity to raise comments and questions. This dialogue will continue over the next few months as the arrangements for self-financing are finalised.
64. The proposals in this paper have been discussed at the Management Board of Directors and various officers have been involved in the preparation of this report. Briefings have also been arranged with the Group Leaders and Housing Spokespersons as well as the Chair of Overview and Scrutiny Management Committee. All members of the Council have also been invited to a similar briefing before this report is considered at Cabinet.

RESOURCE IMPLICATIONS

Capital/Revenue

65. This is the first of three reports that will be presented on the new financial regime for the HRA. The others will be the budget report in February 2012, which will be the main report containing the financial detail; and the outturn report in July 2012, which will include information on the final implementation actions at the end of 2011/12.

66. This report does not therefore seek to present a full 30 year business plan. This will be included in the budget report in February 2012. It does however, present the best information currently available for the capital funding plan for the period to 2015/16 so that a cautious provisional assessment can be made of the capital spending that can be undertaken in that period. This will enable work to commence on the design and procurement of some of the capital schemes for that period.
67. The proposed capital programme is attached at Appendix 1. This shows annual spending for the period 2012/13 to 2015/16 averaging over £30 pa. This is substantially greater than the programmes that might have been possible if the subsidy system had continued, where programmes in the region of £20M pa would have been likely.
68. A capital funding plan for the period to 2015/16 is attached at Appendix 2. Although the programme is potentially short of resources in 2014/15, there are adequate resources available the following year to mean that the proposed capital spend is affordable over this period. Importantly, the funding plans for this programme do not assume any use of the borrowing headroom so some short term borrowing could be used to fund this shortfall if needed.
69. In developing the full business plan, careful consideration needs to be given to how to manage risk in the new regime. Reserving some borrowing headroom is one option and taking a prudent view of interest rate increases is another. However, there will always be unforeseen events that arise and it is considered that it would also be prudent to establish a “risk fund” that could be drawn on to help mitigate the effect of these events on other spending commitments, at least in the short term. The size of this fund will be considered as part of the work later this year and a recommendation included in the budget report for February 2012.

Property/Other

70. The business plan outlines the investment needs identified to maintain the current Council owned homes in a good and modern condition and also provides for additional investment to improve the performance of the Council's homes and improve the neighbourhoods in which they sit. It also makes provision to support the regeneration of Townhill Park and future estate regeneration schemes. It reflects a detailed assessment of current stock condition and what investment level is needed to maintain the homes over a 30 year period. Therefore, the Capital Programme attached to this report identifies the first stage in the full 30 year assessment of financial demands of the stock. The investment principles established within this report reflect a long term commitment on behalf of the Council to ensure that its homes best meet the needs of our tenants, whilst balancing the financial demands on the Council over 30 years. The ability to plan for the medium to long term allows the Council to provide greater clarity and certainty to its tenants as well as seek efficiencies in delivering significant improvement projects. It is therefore important to recognise that short term adjustments to the priorities have potentially long term impacts on the viability of the overall business plan.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

71. The legislative framework for the new regime for council housing finance is set out in the Localism Bill. All the preparations are being made on the basis that this Bill will have received Royal Assent in time to enable the new system to start from April 2012. Should the Bill be delayed, it will be for CLG to decide what arrangements will be put in place for housing finance in 2012/13.
72. The changes to the proportion of capital receipts from non Right-To-Buy sales that need to be paid to CLG do not depend on the Localism Bill. These can be done by a statutory instrument approved by the Secretary of State. The Government has indicated that it intends for these changes to be made at the same time as the new financial regime starts.
73. The draft directions published by CLG that will be provided to the Housing Regulator (to replace the Tenant Services Authority from April 2012) outline the requirements for the minimum standard that homes should be maintained to and the expectations for the involvement of tenants in shaping the plans of their landlord.

Other Legal Implications:

74. The principles outlined within this report can be introduced to tenants without the requirement to change the standard tenancy agreement. Regard will be given to statutory consultation requirements as necessary.

POLICY FRAMEWORK IMPLICATIONS

75. The HRA estimates form part of the Council's budget and are therefore key elements of the Council's overall budget and policy framework. The proposed estimates also reflect the priorities set out in the approved stock options report and HRA Business Plan.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	HRA Capital Programme 2011/12 to 2015/16
2.	Capital funding plan for the period to 2015/16
3.	Glossary of Terms

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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Other Background Documents

Integrated 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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+DECISION-MAKER:	CABINET
SUBJECT:	GENERAL FUND REVENUE BUDGET 2012/13 TO 2014/15
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE
STATEMENT OF CONFIDENTIALITY	
N/A	

BRIEF SUMMARY

This report summarises the current budget position and outlines the draft proposals of the Executive for 2012/13 which will be used as the basis for extensive consultation with a range of stakeholders over the coming months.

It also sets the draft budget and council tax proposals in the context of the Executive's policy priorities and highlights key services that the Executive wish to protect as part of the 2012/13 budget setting process.

The results of the consultation exercise will be reported alongside the Executive's final budget proposals that will be presented to Cabinet in early February and recommended to Council on 15 February 2012.

The report deals with general fund revenue services only and there is a separate timetable and consultation process for the Housing Revenue Account which deals with services to council tenants. Proposals for capital expenditure will be presented early in the new year.

RECOMMENDATIONS:

It is recommended that Cabinet:

- (i) Note the Executive's Policy Priorities contained in Appendix 1.
- (ii) Approve the consultation proposals and methodology set out in Paragraphs 4 and 5 and Appendix 2 of this report and that delegated authority be given to the Senior Manager – Communications, following consultation with the Cabinet Member for Leisure, Culture & Resources to fine tune and implement the consultation proposals and methodology.
- (iii) Note the high level forecast for the General Fund for 2012/13 and the underlying assumptions contained in Appendix 3.
- (iv) Note that the Executive's budget proposals for consultation are based on the assumption that they will recommend a Council Tax freeze to Full Council.
- (v) Note the Executive's proposals put forward for consultation in Appendix 4.
- (vi) Delegate authority to the Chief Executive as Head of Paid Service in consultation with the Chief Financial Officer (CFO) and the Solicitor to the Council to explore the proposed changes to the current Discretionary Severance Policy (i.e. redundancy policy) in consultation

with staff and the Trade Unions in the light of the financial position of the Council and the priority being placed on protecting jobs and services.

- (vii) Note the medium term financial forecast for 2012/13 to 2014/15 contained in Appendix 5.
- (viii) Approve the updated budget setting timetable contained in Appendix 6.
- (ix) Delegate authority to the CFO, following consultation with the Cabinet Member for Leisure, Culture & Resources to do anything necessary to give effect to the proposals contained in this report.
- (x) Confirm an ongoing external recruitment freeze to all non essential posts.
- (xi) Agree to put in place a moratorium on all non essential expenditure for the remainder of the financial year.

REASONS FOR REPORT RECOMMENDATIONS

1. The production of a financial forecast and an outline timetable are a requirement of the Council's Budget and Policy Framework Procedure Rules.
2. This year the Executive is presenting a statement on its policy priorities, together with a draft budget that will be used as the basis for consultation for stakeholders within the City.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The proposals presented in this report represent the Executive's draft budget for 2012/13 that is being published for consultation. Clearly there are a huge number of variables and alternative options that could be implemented as part of the budget and these are political in nature and will be decided as part of the Budget Setting Council in February 2012.

DETAIL (Including consultation carried out)

CONSULTATION

4. The Executive will undertake an extensive consultation process between 14 October and 20 January 2012 on the attached draft budget proposals, prior to the publication of their final budget at the end of January 2012. Cabinet Members are keen to listen to new ideas and to receive feedback on the proposals to help to finalise the budget the Executive will recommended to Full Council.
5. Appendix 2 will be used as the key consultation document and outlines the process, including the methods of consultation that will be employed,

BACKGROUND

6. The Comprehensive Spending Review (CSR) released in October last year and the detailed Local Government Finance Settlement announced in December last year confirmed the unprecedented reductions in Local Government Funding for the 4 year period 2011/12 – 2014/15, with the decrease in funding front loaded to 2011/12.
7. The City Council is required by law to ensure that residents benefit from a wide range of local services and to set a balanced budget each year against a

backdrop of limited resources, greater demand for services and higher expectations from stakeholders on the range and quality of services provided within the City.

8. At this stage in the process the overall position does not yet represent a balanced financial position but work will continue to develop final proposals in the coming months. The proposals in this report are put forward by the Executive as a draft budget that addresses the following issues:
 - Taking forward the policy priorities of the Executive, allocating resources to priority areas of need and ensuring key services are protected.
 - Driving out efficiencies to ensure that services can be maintained but at a lower cost.
 - Protecting front line customer facing services, and in doing so protecting jobs.
 - Keeping council tax and service reductions to a minimum in the context of ongoing annual under funding from Central Government.
9. The following sections explore each of these areas in turn and will help to contextualise the detailed financial proposals that have been put forward for consultation in Appendix 4.

THE EXECUTIVE'S POLICY PRIORITIES

10. Budget setting is about allocation of resources to priority areas and a statement on the Executive's policy priorities is set out in Appendix 1. In many of these areas the priorities of the Executive will be delivered through the budget by providing a level of financial support to existing services. However in a number of key areas the Executive's priorities to protect key services are specific. These include maintaining:
 - Investment in highways,
 - Library provision across the City,
 - Provision of Sure Start services,
 - Parking charges at current reduced levels in key areas
 - Weekly bin collections and
 - Services in Children's Services and Learning where there will be no service reductions proposed.
11. As well as ensuring that resources are allocated to its specific policy priorities, the Executive has also taken into account high priority services where inflationary and demographic pressures require additional resources to be allocated next year.
12. In particular, funding has been allocated within the Risk Fund in relation to children's and adults social care budgets in order to deal with increasing numbers of children being placed under the care of the local authority, an increasing elderly population and an increasing number of adults with learning disabilities that require more care for longer periods.

13. In overall terms, before taking into account the savings proposals, there has been a net increase in the resources allocated to provide for the Budget Requirement which represents the amount we think the Council needs to spend of almost £7.2M which represents an increase of 3.8% over the base budget position.
14. Once the proposed service reductions have been taken into account which total £2.9M there is still a net increase in overall spending of more than £4.3M despite a fall in Government funding in excess of £7.4M.

EFFICIENCY SAVINGS

15. The CSR released in October last year and the detailed Local Government Finance Settlement confirmed the unprecedented reductions in Local Government Funding over the next four years, which were front loaded. Detailed settlement figures were provided for 2011/12 and 2012/13. At this stage therefore the draft budget for 2012/13 has been put together on the basis that there will be no change in the figures for National Non-Domestic Rates (NNDR) and Revenue Support Grant (RSG), and the Executive has therefore put forward efficiencies in order to be able to continue to deliver those services which it considers a priority in the face unprecedented reductions in Local Government Funding and a difficult economic outlook.
16. The proposals in Appendix 4 contain £9.1M of efficiency savings which may involve the reconfiguration of some services. These proposals together with income generation ideas totalling £0.8M will enable services to be protected as far as possible.
17. Over the next few months, Cabinet Members will continue to explore other ideas for savings and efficiencies that could contribute to the 2012/13 budget position. Furthermore, future savings options have also been included in the medium term forecast of £8.2M in 2013/14 rising to more than £12.0M in 2014/15. These items are work in progress and will be further developed in the coming year by the Executive in conjunction with the Management Board of Directors (MBD), Directorate Management teams and our partners, including Capita.

PROTECTING JOBS

18. The Executive made it clear as part of the implementation of the 2011/12 budget that protecting front line services, and hence jobs, was a key priority. It was for that reason that the Executive's budget proposals for 2011/12, as implemented by Full Council, included a number of changes to staff terms and conditions, in order that employment costs could be reduced in lieu of further job losses.
19. Whilst implementation of the changes to Terms & Conditions came into effect on the 11 July 2011, this was without collective agreement with the trade unions, which as a consequence has led to a sustained period of industrial action.
20. Since the 11 July 2011, the Executive has put forward a number of proposals to the Trade Unions to reduce the impact of the changes to terms and conditions, with an emphasis on further protecting the lower paid from the impact of the changes.

21. Following the most recent negotiation meeting with the Trade Unions on the 12 October 2011, the Executive remain optimistic that a position has been reached where the Trade Unions can recommend a proposed offer to their members which, if accepted, would put in place a negotiated settlement and collective agreement which would bring resolution to the industrial dispute over changes to employees terms and conditions.
22. However, in order to reach formal agreement, the Trade Unions will need to formally ballot their members on the proposals on which tentative agreement was reached following the meeting on the 12 October 2011. It is anticipated that this process will be undertaken during November.
23. The financial forecast for 2012/13 therefore includes an assumption that £1.17M will need to be found on a recurring basis in order to fund the proposed way forward. This is an additional pressure on the revenue budget and increases the financial gap for 2012/13 and future years by £1.17M.
24. Moving forward, the Executive remain committed to minimising job losses within the Council, and this is reflected in their proposals to reduce redundancy costs in order to further minimise the impact on jobs in 2012/13 and beyond.

COUNCIL TAX

25. The Executive is well aware of the impact of large Council Tax increases on households within the City. In previous years, the Conservative Group has adopted a policy of keeping proposed Council Tax as low as possible with the level last year being frozen.
26. This remains a key commitment of the Executive and the previously approved Older Persons council tax discount of 10% for households where all occupants are over 65 will be maintained, as will the 100% discount for Special Constables.
27. The Government recently announced that it is proposing to fund a further Council Tax freeze in 2012/13. Based on the announcements to date, the current position appears to be that a one off grant will be payable in 2012/13 to those Authorities who implement a zero percent increase in Council Tax for that year. The grant receivable will represent additional funding equivalent to increasing Council Tax by 2.5%. For Southampton, the likely level of additional funding is in the order of £2.1M.
28. If the grant is one off and payable only in 2012/13 there will be a pressure from 2013/14 onwards of £2.1M as grant income is lost if there is no corresponding increase in Council Tax over and above the currently assumed level of 2.5% as the base council tax position will not have increased in 2012/13. The current forecast for 2013/14 onwards assumes that the grant available is received on a one off basis.
29. The Executive is also aware that during the consultation exercise there may be some savings proposals that are not considered to be in the interests of stakeholders. Where this is the case, then either further savings will need to be found, or other changes in income and expenditure will be required if the proposed Council Tax increase is to be kept at zero percent.

30. The final Budget and Council Tax that will be put forward by the Executive in early February next year will therefore need to take into account the actual resources available to the Council as well as reflect the results of the consultation exercise that will be carried out over the next few months.

REDUNDANCY PACKAGE PROPOSALS

31. In recent years, and through successive budgets, the Council has managed to keep overall job losses and redundancies to a minimum.
32. This has meant that even where the budget has indicated a relatively high number of job losses, pro-active management (for example through the holding of vacancies and through the Council's positive approach to redeployment) has often meant that the overall number of actual job losses each year has been significantly less than the number proposed in the budget. This in turn has meant that redundancy costs have been contained.
33. However, the recent tough economic climate has meant that the Council's ability to avoid making redundancies has become more limited, despite the Council's continued resolve to either make savings through vacant posts, or to secure on-going employment for displaced individuals via the Council's redeployment policy. For example, turnover is much lower than in recent years, and hence fewer vacancies have arisen as a consequence. This is reflective of the tough position within the job market which prevails in both the public and the private sector, meaning that less jobs are available for individuals to move into.
34. This has meant that compared to previous years, in 2011/12 the actual number and cost of redundancies has been much greater than in previous budget rounds, and subsequently the amount of funding required to meet the cost of redundancies has increased significantly.
35. The cost of redundancies is now a significant pressure on the Authority's financial position and in itself generates a vicious circle. Self evidently, the more employees that are made redundant, the higher the level of funding that is required to meet redundancy costs, resulting in a higher the level of savings required to be make resources available to fund redundancies.
36. In addition to more individuals being made redundant, the Council also operates a relatively generous redundancy scheme, the cost of which has increased in the current financial year due to the decision to offer an enhanced voluntary scheme for the 2011/12 budget round. The Council does not have sufficient reserves available to continue to be able to fund redundancy costs at the present level, even if the impact of the enhancement for voluntary redundancy is not factored in.
37. The scheme at present, ignoring the in year enhancement for voluntary redundancies, is as follows:

£ Actual weekly pay

X Statutory Weeks Payable (up to maximum of 30 weeks based on age and length of service)

X Discretionary multiplier of 1.6

(The discretionary multiplier was enhanced to 2 for voluntary redundancies for the 2011/12 budget).

38. The Executive has been clear that its priority is to protect jobs; however, this position is undermined if the Authority is faced with redundancy costs which it cannot afford. Put simply, to maintain the current scheme means that potentially more posts would have to be deleted in order to generate further savings to meet the cost of redundancies. Therefore, in order to protect jobs, the Cabinet believe that a reduced redundancy scheme which is affordable is an appropriate way of ensuring that services can be protected and consequently that the least number of posts are deleted as possible.
39. The Executive is therefore proposing, subject to consultation with the Trade Unions, that the current redundancy scheme be replaced with a more affordable scheme, and the Executive are seeking to engage with the Trade Unions in exploring the options for making changes to the existing scheme. In reviewing options, the Executive are mindful of the need to develop a revised scheme which is fair but which does not pay excessive amounts.
40. The financial forecast represented by the 'base' position includes £5.0M in each of the next three financial years to cover the cost of redundancies and any associated pension costs based on the current scheme. The draft budget proposed by the Executive reflects the impact of a revised redundancy scheme which the Executive anticipates will see costs reduced by a minimum of £1.0M per annum.
41. Based on an average salary cost (including on-costs) of £30,000, a reduction in the total cost of redundancies of £1.0M would translate to an equivalent saving of approximately 33 posts.

DETAILED FINANCIAL PROPOSALS

42. Appendix 3 to this report sets out the high level financial position for the General Fund for 2012/13 including provision required in the Risk Fund for possible pressures and risks that have been signed off by the MBD.
43. Appendix 3 shows that after taking into account base changes, inflation, changes in the Risk Fund and assumptions for Government Grant there is a roll forward gap of more than £15.2M at an assumed increase in Council Tax of 2.5%.
44. This position has been signed off by the CFO and Chief Executive and will effectively be the same for all Political Groups subject to the amount of additional resources they wish to put into highways maintenance and other previously approved key revenue developments and the level of Council Tax rise they wish to set.
45. Appendix 4 sets out the Executive's detailed proposals for efficiencies, income and service reductions respectively and it is these proposals that are put forward for consultation with stakeholders. The detailed savings proposals for Portfolios in Appendix 4 total £12.75M.
46. The overall current draft budget package therefore put forward by the Executive is shown in the following table:

	£M
Budget Gap @ 2.5% Council Tax	15.24
Efficiencies	(9.13)
Income	(0.76)
Service Reductions	(2.86)
	<hr/> 2.49 <hr/>
Revised Redundancy Package	(1.00)
Net Deficit	<hr/> 1.49 <hr/>

47. Even allowing for the draft proposals, the Executive's proposed draft budget position does not yet represent a balanced budget.
48. In arriving at this position a number of one off funding sources have been utilised which total almost £3.4M. These include contractual savings from the Street Lighting PFI project (1.1M) and the utilisation of the New Homes Bonus for both 2011/12 and 2012/13 (£2.3M). These one off elements, whilst serving to reduce the gap in 2012/13, by their very nature do not impact on the medium term financial position. In addition, the draft budget includes an assumed £1.0M saving to be made on anticipated redundancy costs.
49. The Council is required to set a legally balanced budget by March 11 2012. It is therefore an imperative that further work is undertaken to identify further options for delivering savings which can be utilised to close the budget shortfall and ensure that a balanced budget can be set.
50. It should also be noted that even after allowing for the draft budget proposals there remain significant budget shortfalls in the medium term, with a forecast gap of £17.8M in 2013/14 rising to £28.0M in 2014/15. Significant further work is required to ensure that savings can be delivered to balance the budget for these future years. The budget for future years does not need to represent a balanced position by the time that Full Council set the 2012/13 budget on 15 February 2012, but Members should not lose sight of the need to ensure that work is ongoing to develop savings proposals for future years.
51. The medium term financial position is shown in Appendix 5 and illustrates both the financial challenge facing the Council in the coming years and also the impact of the draft budget proposals contained in this report.

STAFFING IMPLICATIONS

52. The City Council employs 3,841 FTE of non school staff of which 3,070 FTEs are funded by the General Fund, and staffing costs constitute a significant element of overall expenditure. Given that this is the case, it is inevitable that when the Council is faced with such a significant funding shortfall, that the savings proposals put forward by the Council (see Appendix 4) will have an impact on staff cost and staff numbers.
53. Aware of this fact, the Council has continued to have in place a carefully planned approach to recruitment, ensuring that vacant posts have only been recruited to where absolutely necessary.

54. This proactive approach has meant that the Council has been able to hold a significant number of posts vacant which can now be deleted in order to make savings as part of the budget process. The deletion of vacant posts reduces the impact on staff in post and reduces the actual number of employees who will be made redundant.
55. Based on the current savings proposals put forward by the Executive it is anticipated that, subject to the outcome of the consultation process, up to 107.74 FTE posts are at risk of being redundant. This accounts for 2.8% of the overall FTEs employed.
56. Through the consultation process the Executive is keen to explore all avenues with the Trade Unions and staff to identify wherever possible alternative options for delivering savings, in order that the level of proposed staffing reductions and redundancies can be reduced.
57. The Executive will also continue to ensure that impacted staff are aware of all the available options which can be used to avoid compulsory redundancies and this will include:
- Early retirement,
 - Flexible retirement,
 - Voluntary redundancy and
 - Reduced hours
58. In addition, the City Council has an excellent past record of using its redeployment policies to minimise any compulsory redundancies arising out of the budget proposals, and the Executive will seek to strengthen the support for employees who find themselves on the redeployment register as a result of savings implemented as part of the 2012/13 budget.

2011/12 IN YEAR ACTION

59. The Executive already have in place a rigorous process whereby all requests to fill vacant posts are referred to the MBD for a decision as to whether the post should be recruited to. This process has ensured that non essential posts are not being recruited to, and has enabled a number of posts to be held vacant. A significant number of these vacant posts are now proposed to be deleted as part of the 2012/13 savings proposals and this will help to ensure that the potential level of compulsory redundancies is minimised.
60. The recommendation is that this rigorous assessment of vacant posts prior to external recruitment should remain in place.
61. In addition to this recruitment freeze on all non essential vacant posts, the Executive are also seeking to put in place with immediate effect a moratorium on all non essential spend; this approach will hopefully yield additional in-year savings to support the overall budget.

NEXT STEPS

62. This report and the proposals contained in it represents an important step in the overall budget setting timetable for 2012/13 and signals the start of an extensive consultation programme as outlined earlier in the report.

63. The remainder of the budget timetable from this point forward is detailed in Appendix 6.
64. Final proposals for the budget will continue to be developed and an overall draft budget prepared following the consultation period for presentation to Cabinet and then full Council in February next year.

RESOURCE IMPLICATIONS

Revenue

65. This report is concerned with the revenue forecasts for the General Fund for 2012/13 and beyond.

Capital

66. The revenue implications of financing the approved General Fund capital programme are included within the forecasts presented in this report

Property/Other

67. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

INTRODUCTION

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

GENERAL POSITION

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

reason.

OBLIGATION TO MAKE A COUNCIL TAX

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

DEFICIT BUDGETING

78. A deficit budget, one which does not cover all anticipated expenditure with resources reasonably expected to be available, is unlawful. Any Council Tax which rests on such a budget will be invalid. Councils are constrained to make a Council Tax before all the separate elements, which will constitute available resources or anticipated expenditure, have been identified and quantified fully. Best estimates have to be employed.

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

BORROWING

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

OTHER RELEVANT LEGISLATION

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

BEST VALUE: LOCAL GOVERNMENT ACT 1999

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

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

85. The 2000 Act has had a fundamental effect on the governance of the Council and in particular has resulted in a change to the working arrangements of Council, with the requirement for a Constitution setting out executive (Cabinet) and scrutiny and overview arrangements. The 2000 Act also provides a power for Councils to promote the economic, social and environmental well-being of their areas and develop community strategies. In addition, the 2000 Act establishes an ethical framework.

86. Of particular importance to the Council Tax setting process and Budget Meeting of the Full Council is the Council's Budget and Policy Framework Procedure Rules set out in Part 4 of the City Council's Constitution. These provide a legal framework for the decision making process whereby the Budget of the City Council is determined, and the Council Tax is set. In addition, Members need to be aware that these Rules provide a route whereby the Leader may require the Full Council to reconsider their position if they do not accept the Executive's recommended budget without amendment.
87. In addition, the Constitution contains a range of further material relevant to the setting of the Council Tax and the Budget Setting meeting:
- i. Article 12 contains guidance on decision making and the law;
 - ii. The Council Procedure Rules in Part 4 regulate the conduct of the Full Council meeting (although traditionally, some of the rules relating to the conduct of the debate are suspended to allow different arrangements during the budget debate);
 - iii. The Members' Code of Conduct must be followed by Members; and
 - iv. The Officer/Member Protocol contains guidance both on pre-budget discussions, but also on how officers and Members should interact with specific guidance about budget preparation issues.

PERSONAL LIABILITY AND SURCHARGE

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

LEGAL STATUS OF POLITICAL PROMISES AND DOCUMENTS

89. It is appropriate for Members to consider their own position as some Members may have expressed support publicly for policies that are not policies of the Council.
90. Political documents do not represent a legal commitment on behalf of the Council. To treat any political document as a legal commitment by the Council would be illegal. Where there is a valid choice before Members, then, at that stage and only at that stage, Members may take political documents into account.
91. All decisions must be taken within the framework of the formal decision making process of the Authority. Members must take into account all relevant matters and disregard all irrelevant ones. Decisions taken at a political meeting, such as a political group meeting, have no status within this process. A Member, who votes in accordance with a group decision which has been reached, having regard to relevant factors and who has addressed their mind independently to those factors and to the decision itself, will be acting within the law.
92. The Courts have also advised on the balancing exercise to be undertaken by

a Council when deciding whether to pursue a particular policy:

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

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

Other Legal Implications:

93. The financial forecasts contained in this report have been prepared and are submitted as part of the budget process set out in the Council's Constitution. As part of the review process by the MBD, the proposals contained in this report have been checked from a legal viewpoint.

POLICY FRAMEWORK IMPLICATIONS

94. The Medium Term Plan and the Budget are key parts of the Policy Framework of the Council and a Budget and Council Tax for 2012/13 must be proposed by the Executive (Cabinet) for consideration by the Full Council under the Constitution.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	ALL
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	The Priorities of the Executive
2.	The Budget Consultation Process
3.	General Fund Financial Forecast 2012/13 to 2014/15
4.	Executives Proposals for Consultation
5.	Medium Term Financial Forecast
6.	Updated Budget Timetable 2012/13

Documents In Members' Rooms

1.	None
2.	

Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s) General Fund Revenue Budget 2011/12 to 2013/14 - 16 February 2011	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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EXECUTIVE'S PRIORITIES

1. The vision for the Council was clearly set out in the City Plan 2011 - 2014 which was recently published. The stated vision is that:

“We want to attract more jobs for local people, more investment in the city and provide high quality, low cost services that meet customer needs.”

2. This vision guides all that we intend to do and is the key factor which has underpinned the development of the budget for 2012/13 and future years, operating within the challenging financial environment in which we find ourselves.
3. In a tight financial climate, the main priorities for the city are to achieve sustained **economic growth** and **low cost, efficient, customer centred services** to benefit a local people and businesses in the city. The four key City challenges are:

1. ECONOMIC DEVELOPMENT:

- Stimulating higher levels of business start up
- Increasing rates of job growth, particularly in the private sector
- Stimulating additional inward investment
- Encouraging higher levels of employment and economic activity
- Tackling deprivation in specific areas of the city, including completing a successful Estate Regeneration programme.

2. EDUCATIONAL ATTAINMENT AND SKILLS:

- Supporting local schools and colleges to improve and be excellent
- Increasing educational attainment and skills
- Increasing the proportion of young people who are in education, employment or training
- Improving life chances for children in care and care leavers.

3. WELL BEING:

- Safeguarding children and families
- Supporting vulnerable people and promoting long term independence
- Improving health and reducing health inequalities
- Reducing crime and anti social behaviour rates and improving public perception of crime
- Encouraging active citizenship, volunteering and personal responsibility.

4. A SUSTAINABLE, GREEN AND ATTRACTIVE ENVIRONMENT:

- Meeting the housing growth needs to support the economy
- Securing transport and infrastructure needs to support the economy
- Developing a high quality street scene
- Meeting our carbon reduction commitments

4. Residents have told us what is important to them: increasing job growth and levels of employment; reducing crime and anti social behaviour; keeping children safe; improving roads, pavements and street lighting and supporting vulnerable people.

We have looked at our performance and changes that may impact on the Council over the next three years. We know that we will not have the money to continue to do everything we have done so far and therefore, we have focused our seven priorities on the most important things that the Council can directly influence and which will address the four key challenges we face as a City. We will also be taking into consideration the analysis of the Index of Multiple Deprivation which identifies six geographical areas in the City with the highest levels of need. The priorities are:

- 1) More jobs for local people.
- 2) More local people who are well educated and skilled.
- 3) A better and safer place in which to live and invest.
- 4) Better protection for children and young people.
- 5) Support for the most vulnerable people and families.
- 6) Reducing health inequalities.
- 7) Reshaping the Council for the future.

5. The budget proposals are designed to support all of these priorities. These include maintaining:
 - Investment in highways,
 - Library provision across the City,
 - Provision of Sure Start services,
 - Parking charges at current reduced levels in key areas
 - Weekly bin collections and
 - Services in Children's Services and Learning where there will be no service reductions proposed.

More Jobs For Local People

6. Specifically with reference to supporting the creation of more jobs for local people, Southampton can look ahead to a period of major opportunity over the next 20 years which will bring between 10 – 20,000 additional jobs, more than 16,000 homes, significant growth in commercial space, a diverse and enhanced cultural experience and a new cruise terminal. Southampton will play a central role in helping the Solent Local Enterprise Partnership to ensure that the city and surrounding travel to work area is competitively positioned to attract and support jobs.
7. Physical developments worth over £500M are expected in the next five to ten years including developing the Royal Pier, Watermark West Quay, West Quay Site B and Woolston Centenary Quay. We will build on economic growth and Southampton's ideal local and national and international transport links. Investment to improve Southampton Central Station in partnership with South West Trains and Network Rail is taking place. £100M highways infrastructure investment over ten years.

8. Through a new partnership with Balfour Beatty and a 25 year street lighting PFI in partnership with Southern Electric Contracting, we are investing £28M with central government investment of £28m funding to replace street lighting across the city. In addition, the Cultural Quarter is expected to bring in £175M of private and public investment, generate around 2,000 jobs and bring in £21M additional spend from over one million new visitors to this area of the city by 2015. Sustained growth will create the potential for thousands of new local jobs, including 'green economy' jobs.

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THE BUDGET CONSULTATION PROCESS

1. The Executive will undertake an extensive consultation process between 14 October and January 2012 on the attached draft budget proposals. Cabinet Members are keen to listen to new ideas and to receive feedback on the proposals to help to finalise the Executive's budget to be recommended to Full Council in February 2012.

Financial Context

2. The Council is planning to spend more than £500M in delivering hundreds of services to residents in 2012/13
3. These services range from the obvious, visible services such as street cleaning and repairs, housing, waste collection, care of vulnerable children and adults, libraries, leisure centres and schools, through to the less visible, but equally important, such as trading standards, environmental health, tourism and business support.
4. The Council is funded in a number of ways. It receives grant from central Government, it raises money by people using certain services such as planning and licensing and it must fill the gap by raising council tax or reducing the cost of services. The financial landscape is tough and likely to remain so for some time. It means the amount of money the council is able to raise through services has fallen while the pressures on its finances are considerable and growing. For example; the council expects to spend extra money on care for older people, people with learning disabilities and young children over the coming year. To make matters worse Government Grant is reducing further.
5. The forecast funding position for 2012/13 is that there is an initial shortfall in the budget of just over £15.2M. More detail is provided in Appendix 3 which deals with the financial position. This is based on delivering the same service levels in 2012/13 as in the current year, ensuring pressures and risks and adequately provided for and by raising Council Tax by 2.5%,
6. To balance the books and pay for all the things we are required to do some tough choices will have to be made. Staff and Councillors have been working throughout the year to identify opportunities to be more efficient, to make savings and to raise income to close the overall gap. New efficiency savings totalling more than £9.1M for 2012/13 that will not directly impact on residents' services have been identified. These savings bring the total efficiency savings made by the Council over the last four years to more than £36M and include items such as:
 - Savings from reduced management across the Organisation totalling almost £1.0M
 - Savings in the provision of the Early Years Service of almost £0.5M achieved from merging management and increasing multi-agency use of sites.
 - Efficiencies in the delivery of the Supporting People programme which it is hoped will deliver up to £1.3M.

- Through the development of a commissioning and quality assurance service incorporating a range of teams and joint service specifications with the Isle of Wight we will deliver savings of more than £0.6M within Children's Services and Learning
 - Efficiencies from the new Highways Strategic Partnership of £0.3M
7. However, even after allowing for these efficiency savings there is still a gap of more than £6.1M that needs to be closed. The Council is therefore also proposing, subject to consultation with the Trade Unions, that the current redundancy scheme be replaced with a more affordable scheme which will save £1.0M.
 8. This leaves £5.1M still to be found through a combination of increases in fees and charges or service reductions. The draft budget proposals include ideas to increase income which will yield £0.8M and also some service reductions which will deliver £2.9M of savings. Where cuts have to be made the council will try to ensure they have the least impact on the most vulnerable in our society. Over the coming months, Cabinet Members will continue to explore with Directorate Management teams and partners, including Capita, other ideas for savings and efficiencies that could contribute to the 2012/13 budget position.
 9. The development of the budget is important work as the council wants to keep the council tax increase as low as possible, whilst still continuing to improve services, in what are very difficult financial times.

Consultation Process and Methodology

10. The Executive intends to undertake a range of consultation activities to work with all organisations affected by the proposals, as well as consulting with the public on the draft budget proposals. The Executive is keen to hear residents' views on their priorities for services, what they think of the proposed investment in services and the council tax level.
11. The consultation will involve the publication of information on the City Council web site. In addition, stakeholders and Partners will be offered face to face meetings with Cabinet Members if required, as will staff through the usual Trade Union process, in order to supplement existing internal communication channels.
12. The local media will also be briefed on the overall process and specific proposals, and will be updated as and when required throughout the process.
13. Formal meetings will be held on an ongoing basis with the Trade Unions, starting with a meeting on the day of publication of the draft budget (14 October 2011) in order to receive direct feedback on the Executive's proposals.
14. Organisations directly affected by the budget proposals will be contacted and invited to meetings with Cabinet Members for further discussion, and to consider alternatives or any new ideas.
15. There will be feedback opportunities for all residents either through the web site or by post. Additional information will be available for staff to access through normal internal channels.

16. The Overview and Scrutiny Management Committee will also be invited to consider the engagement of Scrutiny Panels in this process and all council members are welcome to make their comments in advance of the budget setting meeting in the new year.
17. The formal minimum 90 statutory consultation on savings proposals which impact on staff commenced on the 14 October. A meeting was held with the recognised Trade Unions to launch the consultation, and they have been invited to provide feedback and to contribute to the consultation. They have also been invited to a consultation meeting every fortnight through out the consultation period.
18. In addition to the main consultation launch meeting held on the 14 October, individual briefing sessions were also held on the same day for all staff groups who are impacted by potential redundancies. The Council will ensure that for each individual saving proposal there is a meaningful consultation process undertaken during the consultation period.
19. This year again presents significant challenges for the council. However, the Executive has spent a great deal of time protecting priority service areas and has sought to minimise impact on residents and businesses. Cabinet members are keen to seek your views on the proposals set out in this document, as well as the views of partners, voluntary organisations, staff and unions and other affected organisations. This information will used to help form the budget decision making process in early 2012.

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GENERAL FUND FINANCIAL FORECAST 2012/13 to 2014/15

2012/13 General Fund Financial Forecast

1. Each year Financial Planning prepare a financial forecast for the next financial year that takes into account inflationary pressures, base changes, decisions from previous budgets and assumptions about council tax and grant income from the Government.
2. This forecast forms part of the base assumptions for developing the overall budget, together with unavoidable service pressures agreed by the Management Board of Directors (MBD) that need to be taken into account in the overall budget deliberations.
3. The purpose of this technical financial appendix is to provide details of the financial forecasts, the assumptions that have been used in coming up with the overall base position, together with other factors relevant to the overall budgetary position.
4. Since the Council set its 2011/12 budget in February 2011, the economic outlook for the country has remained pessimistic. Economic growth has been slow and the prospects have deteriorated in recent months from an expectation of modest expansion to the risk of a more difficult and protracted recovery. Inflation remains stubbornly high and unemployment is rising. There are a range of views as to when the decline will reverse and the Country will begin to see an economic upturn but all opinion points to a longer time frame for recovery than was previously predicted.
5. In setting the 2011/12 budget a prudent view was taken but clearly the economic climate has a direct impact upon the Council. Income levels in key areas such as car parking continue to suffer and certain service areas supporting those individuals most affected by the economic climate, such as benefit applications, continue to experience rising demand for services.
6. The Comprehensive Spending Review (CSR) released in October last year and the detailed Local Government Finance Settlement confirmed the unprecedented reductions in Local Government Funding over the next four years, which were front loaded. Detailed settlement figures were provided for 2011/12 and 2012/13 but the final two years are subject to a Local Government Resource Review, the first stage of which is due to finish this month.
7. In more general terms, the main impact upon the Council's medium term financial planning relates to the level of Government grant, grant support in respect of capital investment and government policy relating to the exercise of council tax capping powers. In particular, the outcome of the Resource Review currently underway, alongside the Government's funding on Health regarding its impact upon Adult Services funding are likely to have a significant impact. The effect on local taxpayers is also a critical element in making decisions on council tax levels, irrespective of the guidance on council tax capping, particularly given the proposals for Council Tax referendum contained in the Localism Bill.
8. No detailed figures have been released for 2013/14 and 2014/15, but it has been assumed for planning purposes that further reductions in formula grant of 7% per annum will be made. It is difficult to predict the future Health funding beyond 2012/13 and at this stage no assumption of continuing funding has been made.

9. The Council has been improving its medium term budgeting approach, re-prioritising expenditure towards stated Council Priorities and driving out significant efficiency savings year on year. Under normal circumstances this improving strategic approach would have continued on an incremental basis. However, the worsening economic situation across the Country and the impact that is having on the Council financial situation and the demand for services combined with the challenges presented by the CSR requires the Council to take an extremely robust approach to medium term planning.
10. The medium term financial forecast presented to Council in February 2011 highlighted the challenges facing the Authority. The position for 2012/13 and 2013/14 based on a 2.5% Council Tax increase assumed gaps of £12M and £27M respectively.
11. This combined with the potential impact of a difficult economic position made it imperative that proposals for 2011/12 onwards were developed and savings achieved as early as possible. As part of this approach, savings proposals were included for future years. The net impact of these future savings was to reduce the published gap for 2012/13 and 2013/14 to £3M and £13M respectively. For the majority of the proposals the intention was to take steps during 2011/12 to implement the savings so that they would become effective from 1 April 2012.
12. Given the level of certainty, in calculating an indicative Council Tax for 2012/13 it has been assumed that the figures for National Non-Domestic Rates (NDR) and Revenue Support Grant (RSG) will not change from those announced in 2010. At an assumed 2.5% increase in Council Tax, the budget for the Authority for 2012/13 would be capped at £182,385,200, and this has been used in the overall forecast shown in the table below.
13. The estimated Collection Fund surplus at the end of 2010/11 was £3.8M and this estimated surplus was taken into account in setting the 2011/12 Council Tax and was shared by the City Council, Hampshire Police Authority and the Hampshire Fire and Rescue Authority in proportion to the precepts levied by each authority in 2009/10. At the end of 2010/11 the actual surplus was £4.1M and the additional surplus of £296,700 has been carried forward and is available to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element which is £254,100 can be taken into account as part of the 2012/13 forecast.
14. Forecasts of central items such as contingencies and capital financing charges are also built into the figures to provide a Budget Requirement figure.
15. In previous years, the Council set up a Risk Fund to manage certain potential pressures that may arise in year. The majority of these pressures are volatile in nature and cannot be forecast accurately until data is collected during the financial year on the level of activity and costs. This change in approach means that not all of the money set aside for pressures is allocated to Portfolios prior to the start of the year. The individual items are also risk adjusted to reflect the fact that not all of them are likely to materialise during the year. This approach has proved very effective and will be continued, as a result of which a sum of £5.2M has been included in the forecast to cover such pressures. This sum reflects increasing provision for the impact of the recession on income, inflation on key items such as energy costs, costs for children in care and costs for adult social care.

16. Taking all of these items into account gives a Budget Requirement figure for 2012/13 of £197.9M of which represents what we think the Council needs to spend. Comparing this to the amount we are able to spend provided by an indicative 2.5% council tax increase produces a 'roll forward gap' for the year of £15.2M as shown in the following table:-

Portfolio	Original Budget 2011/12	Base Changes & Inflation	Roll Forward 2012/13
	£000's	£000's	£000's
Adult Social Care & Health	73,969.9	(561.7)	73,408.2
Children's Services & Learning	65,964.4	(3,183.6)	62,780.8
Environment & Transport	34,304.6	297.0	35,601.6
Housing	10,722.4	(1,044.9)	9,677.5
Leader's Portfolio	9,629.5	(1,111.0)	8,518.5
Leisure & Culture	12,620.7	2,070.3	14,691.0
Resources	12,606.0	5,833.3	18,439.3
Sub-total for Portfolios	220,817.5	2,299.4	223,116.9
Levies & Contributions	593.0		593.0
Capital Asset Management	(11,214.5)	700.0	(10,514.5)
Risk Fund	6,100.0	(900.0)	5,200.0
Non-Specific Government Grants	(18,688.7)	(1,746.8)	(20,435.5)
Council Tax Freeze Grant	(2065.7)		(2,065.7)
Other Expenditure & Income	(5,906.2)	7,384.4	1,478.2
Net General Fund Spending	189,635.4	7,737.0	197,372.4
(Draw from) / Addition to Balances:	1,049.8	457.2	507.0
Budget Requirement	190,685.2	7,194.2	197,879.4
Budget @ 2.5% Council Tax	190,685.2	(8,045.9)	182,639.3
Total Gap	0.0	15,240.1	15,240.1

17. The overall revised gap that needs to be closed of just over £15.2M represents 7.7% of the Budget Requirement.

18. This position shown in the table above represents the 'base' position from which all three political groups may develop their own budgets taking into account the proposals for new spending and savings options put forward.
19. In arriving at this 'base' position a number of one off funding sources have been utilised which total almost £3.4M. These include contractual savings from the Street Lighting PFI project (1.1M) and the utilisation of the New Homes Bonus for both 2011/12 and 2012/13 (£2.3M). These one off elements, whilst serving to reduce the gap in 2012/13, by their very nature do not impact on the medium term financial position.

Medium Term Financial Forecast 2012/13 to 2014/15

20. Whilst the position for the years beyond 2012/13 is less certain, as outlined in paragraphs 6 to 8, the intention remains to produce a high level plan containing longer term objectives that can be pursued and a roll forward position has been prepared for a further two financial years. The forecast shown in detail in Appendix 5 takes into account inflation and known base changes.
21. The 'capping limit' for each of the years is derived from assuming an indicative 2.5% increase in Council Tax for each year and a further reduction of 7.0% per annum in Government funding for 2013/14 and also 2014/15. The resulting gap each year that results is:

	2012/13	2013/14	2014/145
	£000's	£000's	£000's
Budget requirement	197,879.4	217,713.4	227,813.4
Council Tax Increase at 2.50% (Inc additional properties)	(182,639.3)	(177,698.9)	(173,529.9)
Roll Forward Gap	15,240.1	40,014.5	54,283.5

22. This forecast provides an indication of the likely gap that will be faced by the Council each year, but as past attempts have shown it is not an exact science and there are so many variables within the Council's budget that it is impossible to predict accurately. Nevertheless, the forecast provides a medium term financial forecast to enable Political Groups to consider their financial strategies for tackling the overall position that is presented for future years.

General Fund Balances

23. The Chief Financial Officer (CFO) recommends that the minimum level of the General Fund Balance should be £4.5M, which has been derived by looking at a risk-based approach to the overall General Fund Revenue Account. This takes into account income volatility, interest rate exposure, new contracts and also potential over spends in demand led areas such as social care and safeguarding for both adults and children.
24. The net effect on balances of the forecasts contained in this appendix is shown in the table below:-

	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's
Opening Balance	17,393.9	12,927.7	4,509.6	4,457.7
Draws for Strategic Schemes	(6,393.2)	(8,925.1)	(5,051.9)	5,042.3
Contributions from / (to) Revenue	1,927.0	507.0	5,000.0	5,000.0
Closing Balance	12,927.7	4,509.6	4,457.7	4,500.0

25. The above projection includes an addition to the Organisational Development Reserve of £3.1M in 2012/13 and £5.0M in each of the following years in order to ensure that adequate ongoing provision is made for the costs associated with the implementation of staff related savings, based on the current redundancy scheme.

Assumptions and Risks

26. Local Authority budgeting is by its very nature difficult to forecast with absolute certainty since there are so many variables that need to be assessed and so much of the information is not known until very late in the process.
27. It is important to note that the revised forecast represents the most realistic forecast position moving forward. However, there are a number of risks associated with these revised forecasts, the main risks being as follows:

Local Government Settlement

28. The Aggregated External Finance through the annual settlement (comprising RSG and NNDR) accounts for £97.4M of the Council's budget and for 2012/13 the provision of grant figures as part of a four year financial settlement has limited this risk to a large extent.
29. Two other areas that do still represent a risk within the Council's forecasts are specific grants (which reflect changes in national funding) and transfers of responsibility in and out of Local Government. Details of these changes will not be known until the settlement figures are released in late November.

30. A separate briefing note will be produced in December once all of the information has been received and analysed. This will outline the impact of the settlement compared to the forecasts shown in this report.

Pay Inflation

31. Assumptions have been made in the forecast about the likely level of pay inflation that will apply from 1 April 2012. Clearly, since a large proportion of the Council's expenditure is pay related, this can have a significant impact if actual rates are much higher than predicted.
32. These risks are eliminated by the announced intention to freeze local authority pay settlements for 2012/13. Beyond 2012/13 the impact of any award would be picked up in future forecasts. However, given the current economic outlook, it is not anticipated that there will be an unexpectedly high increase for either of these years compared to assumed levels.

General Inflation

33. Assumptions have been made in the forecast about the likely level of general inflation that will apply from April 2012. Given the uncertain economic outlook if inflation were to increase at a higher rate than anticipated then this would have an impact on the Council.
34. This risk has been mitigated by the inclusion of amounts in the Risk Fund to cover key elements of inflation, for example in relation to fuel and energy costs, which can be volatile.
35. Beyond this provision, it is likely that this would be managed as an 'in year' issue and that Directorates would be expected to absorb the difference which may be partly mitigated by improvements in the Council's financial position driven by any economic recovery.

Interest Rate Exposure

36. The Council has a large long-term debt Portfolio and more recently has had significant cash balances available for short term investment. A major debt restructuring exercise was undertaken in previous years in order to take advantage of market conditions. In achieving this, the Council has exposed itself to short term variable interest rate risk and whilst in the current climate of low interest rates this is obviously a sound strategy, at some point when the market starts to move the Council will need to act quickly to lock into fixed long term rates which may be at similar levels to the debt it has restructured. Furthermore, the volatility in the financial markets means that interest costs and investment income will continue to fluctuate for some time.
37. There is therefore potential for the figures in the forecast to be adversely affected by changes in interest rates. It was therefore recommended that an Interest Equalisation Reserve be created from any savings arising from the debt restructure to help to manage volatility in the future and ensure that there is minimal impact on annual budget decisions. This has mitigated these risks and in addition, the assumptions built in for both long term borrowing costs and investment returns are prudent going forward.

Further Economic Decline

38. Assumptions have been made about the economic climate and the impact on the Council and its financial position. Whilst all of the assumptions are very prudent and provision has been made to cover key items such as loss of income a further marked decline in the economy presents a risk.
39. This risk will be managed through some of the mechanisms referred to within this Appendix, notably the Risk Fund, and it is likely that any further economic decline would depress inflation, allowing Directorates to absorb any impact and manage issues “in year”.

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SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio	2012/13			Total
	Efficiencies	Income	Service Reductions	
	£000's	£000's	£000's	£000's
Adult Social Care & Health	(2,230)	(300)	(920)	(3,450)
Children's Services & Learning	(3,315)	0	0	(3,315)
Environment & Transport	(1,898)	(295)	(95)	(2,288)
Housing	(328)	(110)	(652)	(1,090)
Leader's Portfolio	(543)	(55)	(564)	(1,162)
Leisure & Culture	(337)	0	(54)	(391)
Resources	(478)	0	(577)	(1,055)
	(9,129)	(760)	(2,862)	(12,751)

IMPACT OF PROPOSALS ON STAFFING

Portfolio	At Risk	Vacant	Total
	FTE	FTE	FTE
Adult Social Care & Health	27.59	19.50	47.09
Children's Services & Learning	27.19	35.16	62.35
Environment & Transport	27.44	15.41	42.85
Housing	6.00	15.00	21.00
Leader's Portfolio	8.50	10.50	19.00
Leisure & Culture	3.12	7.38	10.50
Resources	7.90	6.10	14.00
	107.74	109.05	216.79

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SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Adult Social Care & Health - Efficiencies</u>							
ASCH 1	Adult Disability Care Services	Set up a comprehensive health and social care provision, (Virtual Ward) to provide crisis support to people who would otherwise require hospitalisation.	It is anticipated that there will be a spectrum from cost neutral to as much as 2% after a 3 year cycle of client turnover if it is found that such an approach reduces the need for long term care. Any saving is dependent on NHS partner organisations and the best position is that we will share savings that result.	(50)	(100)	(100)	Jane Brentor
ASCH 2	Various Care Management	Redesign and restructure of care management service	Remodelling assessment and safeguarding services to meet personalisation agenda. This involves restructuring several teams, of which some will be complete for 1/4/2012 whilst the remainder will be complete for 1/9/2012.	(160)	(240)	(240)	Carol Valentine
ASCH 3	Across Portfolio	Joint/integrated commissioning and service remodelling with Children's and Adults Social Care/SCPCT/ with other authorities	To cover efficiency savings in contracts and Community Care micro-commissioning spend. Joint Commissioning team staff efficiencies.	(180)	(180)	(180)	Stephanie Ramsey
ASCH 4	Organisational Review	Management Restructure	Savings within the Communities & Families Directorate as a consequence of the restructure affecting Management and PA's, the first phase of which was implemented in November 2011. Through bringing together two directorates efficiencies within the management structure have been identified.	(150)	(210)	(210)	Penny Furness-Smith
ASCH 5	Adult Social Care Learning and Development	Ongoing efficiencies achieved from the Adult Social Care training budget.	A review of the training budget is being conducted during 2011/12. Whilst this review is ongoing it is anticipated that the saving achieved in 2010/11 will recur in 2011/12 and beyond.	(100)	(100)	(100)	Jane Brentor
ASCH 6	Across Portfolio	Contract Efficiencies	Various minor savings relating to contracts with Health and voluntary organisations have been identified during 2011/12. In addition selected providers will be required to make a 3% efficiency within 2012/13.	(60)	(60)	(60)	Stephanie Ramsey
ASCH 7	Commissioning & Standards Voluntary Contracts	Review the price of contracted Day Care services	A review of quantity of Day Care contracted to reflect Fair Access to Care activity and increasing take up of Self Directed Support. It is anticipated this will lead to a 5% reduction in the cost of contracted Day Care.	(60)	(60)	(60)	Stephanie Ramsey
ASCH 8	Care Provision	Reductions in premises costs for Care Provision and a review of the administrative charge for Blue Badges.	The costs associated with protecting Birch Lawn and Whitehaven will reduce significantly once the buildings are demolished. Increasing the Blue Badge admin charge to £10 from £3 would still not cover all of the costs incurred by SCC. These costs have risen due to the requirement to purchase badge from a nationally approved provider.	(60)	(60)	(60)	Jane Brentor
ASCH 9	Administration and Business Support	Reduction in administrative staff released by the introduction of P2P.	P2P will reduce the requirement for staff making payments within the Directorate.	(50)	(50)	(50)	Carol Valentine

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13	2013/14	2014/15	Senior Manager
				£000's	£000's	£000's	
ASCH 10	Director's Office	Releasing funding from the PPF project for work streams that will have ended by March 2012.	The Resource Allocation System will be finalised prior to March 2012, however the funding identified for this one off piece of work in 2011/12 is ongoing.	(60)	(60)	(60)	Penny Furness-Smith
ASCH 11	Commissioning - Supporting People	Efficiencies in Supporting People Programme	Undertake reductions in supporting people programme resulting in efficiencies. This represents a reduction of 13% in supporting people expenditure. This will be achieved through contract efficiencies	(1,300)	(1,300)	(1,300)	Stephanie Ramsey
Sub-total				(2,230)	(2,420)	(2,420)	
<u>Adult Social Care & Health - Income</u>							
ASCH 12	Adult Disability Care Services	To increase income from clients in residential and non residential care through altering the charging policy and becoming more efficient with billing arrangements.	This will lead to the removal of the 5% discretionary amount from the Charging Policy and to all clients being billed from the exact date their care commences. Currently only 95% of people's disposable income is counted towards care contributions, this proposal would mean that 100% of clients disposable income is subject to charge.	(100)	(100)	(100)	Carol Valentine
ASCH 13	Client Income	Increase in income from clients due to increase in benefits.	This is not an increase in charges. This income is based on an assumed increase in benefits of 4% per year. This proportionate increase in income is achieved through the natural increase in benefits which occurs annually and does not represent a shift in the application of charging criteria.	(100)	(200)	(300)	Penny Furness-Smith
ASCH 14	Client Income	Increase in income from clients due to changes in the charging policy relating to predominantly day care and extra care schemes. In addition the full cost charged for Domiciliary care will be reviewed.	The aim of this review is to ensure that the actual cost of care is recovered from those clients that have sufficient financial resources to pay the real cost.	(100)	(150)	(150)	Carol Valentine
Sub-total				(300)	(450)	(550)	
<u>Adult Social Care & Health - Service Reductions</u>							
ASCH 15	Care Provision	Review of service eligibility and related workforce within internally provided care services.	The service will reduce to provide day care for a small number of FACS eligible clients. This will lead to a reduction in building based Day services provided directly by SCC. In addition the workforce balance across all internally provided care will be reviewed.	(800)	(800)	(800)	Jane Brentor
ASCH 16	Commissioning	Reduction in contracted advice and advocacy.	Selected contracts with voluntary organisations have ended and will not be renewed. In addition there will be some reductions in other contracts by approximately 33%.	(120)	(120)	(120)	Stephanie Ramsey
Sub-total				(920)	(920)	(920)	
Adult Social Care & Health Portfolio Total				(3,450)	(3,790)	(3,890)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Children's Services & Learning - Efficiencies</u>							
CSL 1	Safeguarding Management & Family Support	Children & families in need	Staff saving from two retirements in year one.	(107)	(107)	(107)	Felicity Budgen
CSL 2	Youth Offending Team	Reintegration of Youth Offending Team	Integrate the Youth Offending Team service back into the City Council, align with the Pathways team and recommitment the service.	(200)	(350)	(350)	Alison Alexander
CSL 3	Disability	Disability child development service	Development of an integrated disability child development service leading to a reduction of spend on placements, management costs and systems. There will be no changes to eligibility criteria.	(212)	(212)	(212)	Felicity Budgen
CSL 4	Prevention & Inclusion Service	Early Years Services	Increase the effectiveness of the provision through merging management and increasing multi-agency use of sites. Removal of three vacant posts but no reduction in existing front line staff.	(498)	(498)	(498)	Alison Alexander
CSL 5	Services to Schools - Inspire	Statutory Education Services	To provide a statutory minimum service with some enhancements. Develop joint service specifications with the Isle of Wight. Contract the work from internal or external providers and achieve a further reduction in costs.	(121)	(121)	(121)	Alison Alexander
CSL 6	Organisational Review	Management Restructure	Savings within the CSL Directorate as a consequence of the restructure affecting management and PAs.	(90)	(90)	(90)	Alison Alexander
CSL 7	Commissioning & Workforce Development	Commissioning, planning, performance management and safeguarding quality assurance	Develop a commissioning and quality assurance service incorporating a range of teams. Provide quality control and audit activities in line with statutory requirements. Develop joint service specifications with the Isle of Wight.	(624)	(624)	(624)	Alison Alexander
CSL 8	Business Support	Business Support	To overlay full administration support to correct service areas and reduce in line with other service reductions	(319)	(519)	(519)	Alison Alexander
CSL 9	Prevention & Inclusion Service	Prevention & Inclusion Service	Efficiencies in the Prevention & Inclusion service resulting from full year effect of savings implemented in 2011/12	(563)	(563)	(563)	Alison Alexander
CSL 10	ICT	ICT	Reduction in ICT Team	(25)	(50)	(50)	Karl Limbert
CSL 11	Music Service	Music Service	Reorganisation of service - delivering services purchased and supported through external funding.	(163)	(163)	(163)	Alison Alexander

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
CSL 12	Services to Schools - Inspire	Non statutory services to schools	Careers advice to schools provided by Personal Advisors no longer a responsibility of the City Council	(177)	(347)	(347)	Alison Alexander
CSL 13	Prevention & Inclusion Service	Play and Youth Provision	Reorganisation of Play and Youth to monitor budgeted provision and increase commissioned services.	(216)	(216)	(216)	Alison Alexander
Sub-total				(3,315)	(3,860)	(3,860)	
Children's Services & Learning Portfolio Total				(3,315)	(3,860)	(3,860)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Environment & Transport - Efficiencies</u>							
E&T 1	Organisational Review	Management and Business Support Restructures	Savings within the Environment Directorate as a consequence of the restructure affecting Management and PAs, Phase 2 of which was implemented in November 2011	(375)	(475)	(500)	Frances Martin
E&T 2	Bereavement	Cemetery - staff reduction	Achieved by changes in the working practices in Bereavement Services and Open Spaces in relation to cemeteries.	(13)	(25)	(25)	Liz Marsh
E&T 3	Environmental Health	Review of the Pest Control service	Less responsive service and a team that would be less able to deal with seasonal variations in demand.	(50)	(50)	(50)	Liz Marsh
E&T 4	Car Parking	Team Restructure	Reduce number of posts and improve on-line management for PCNs	(90)	(90)	(90)	Liz Marsh
E&T 5	Itchen Bridge	Toll Automation	Introduction of new technology to reduce the need for manual collection of tolls.	(50)	(100)	(100)	Liz Marsh
E&T 6	Partnership Management	Restructure	Reduced team supporting the Street Lighting PFI and Highways Service Partnership contracts following bedding in periods	(30)	(50)	(50)	Frances Martin
E&T 7	ROMANSE	Restructure and Transformation	Initial restructure of the existing ROMANSE teams followed by outcomes from the transformation review	(100)	(380)	(380)	Jon Dyer-Slade
E&T 8	Highways Strategic Partnership	Negotiation of revised contract terms and conditions	Reduced revenue costs through adjustment of key strategic indicators and transfer of costs from revenue to capital budgets	(300)	(300)	(300)	Frances Martin
E&T 9	Waste Head of Service	Reduction in overall operating costs flowing from the move to City Depot.	Efficiencies identified and delivered through more collaborative working, economies of scale, reduced use of resources.	(50)	(50)	(50)	Andrew Trayer
E&T 10	Fleet Transport	Transformation savings from City Depot move plus development of a fleet partnership	Up skilling and more efficient working practices introduced, supported by partnership working	(50)	(50)	(50)	Andrew Trayer
E&T 11	Fleet Transport	Modernisation and transformation of fleet transport	More efficient use of fleet vehicles	(50)	(100)	(150)	Andrew Trayer
E&T 12	Waste Collection	Driver training for all users of council vehicles	Reduction in fuel consumption and accidents	(50)	(75)	(100)	Andrew Trayer
E&T 13	Waste Collection	Four day working cycle	Routine collection of waste during a 4 day period (Tuesday to Friday)	(50)	(125)	(125)	Andrew Trayer

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
E&T 14	Waste Collection	Reduction in sickness absence and divisional restructure.	Reduced reliance on agency staff due to lower absence and a reduction in support costs by combining back office functions.	(105)	(115)	(125)	Andrew Trayer
E&T 15	Waste Disposal	Reduced costs in the operation of the Household Waste Recycling Centre	Changes to HWRC site operations and reduced costs dealing with the disposal of mixed wood.	(60)	(60)	(60)	Andrew Trayer
E&T 16	Waste Disposal	Change to the Waste Disposal Contract	Requires the conclusion of negotiations with Hampshire County Council, Portsmouth City Council, Southampton City Council and Veolia Environmental the waste disposal contractor.	(110)	(220)	(220)	Andrew Trayer
E&T 17	Waste Disposal	Reduced costs and increased income from the Long Term Waste Disposal Contract and the Civic Amenity Operations Contract.	Introduction of changes in both contracts to reduce costs plus increasing levels of income generation from existing as well as new sources.	(80)	(80)	(80)	Andrew Trayer
E&T 18	Waste Disposal	Changes to waste legislation that will require schools to meet the cost of disposing of the waste they produce.	Working with local schools to help minimise any cost increases through increasing recycling levels and the implementation of waste reduction programmes.	(100)	(100)	(100)	Andrew Trayer
E&T 19	Waste Disposal	Reduced waste disposal rebate paid to the councils trade waste service, restructuring Project Integra.	There would be a small increase in trade waste service charges. Changes to the Project Integra partnership would reduce partnership costs and improved partnership working.	(50)	(90)	(90)	Andrew Trayer
E&T 20	Travel & Transport	Create arms length delivery agency for local sustainable travel programme.	Three FTE's to be transferred to new agency.	(75)	(75)	(75)	Paul Nichols
E&T 21	Environmental Health	Port Health moving from the leased Meridiens House offices to City Depot	A break clause has been negotiated within the lease agreement which would enable the Council to save £60,000 p.a.	(60)	(60)	(60)	Liz Marsh
Sub-total				(1,898)	(2,670)	(2,780)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Environment & Transport - Income</u>							
E&T 22	Car Parking	Asset Utilisation	Reassign staff from West Park Road to other City Centre car parks	(70)	(70)	(70)	Liz Marsh/ Mick Bishop
E&T 23	Car Parking	Parking charges	Introduce new £5 all day charge in the Green Zone (southern end of the city centre) to stimulate better utilisation of on street car parking bays.	(55)	(55)	(55)	Liz Marsh/ Mick Bishop
E&T 24	Car Parking	Asset Utilisation and Business Development	Management and enforcement of Housing and Leisure Parking assets and increase net income from public and private sector bodies	(80)	(80)	(80)	Liz Marsh/ Mick Bishop
E&T 25	Waste Collection	Increased value of recycled material sold from kerbside collections.	Working with partner authorities and the waste disposal contractor Veolia Environmental Services to enhance the value of materials sold to recycling markets.	(50)	(75)	(75)	Andrew Trayer
E&T 26	Planning & Sustainability	Additional income from infrastructure charges (admin fees)	New proposal reflects Community Infrastructure Levy (CIL) Guidance. Yield is uncertain and will depend on market recovery.	(40)	(100)	(150)	Paul Nichols
Sub-total				(295)	(380)	(430)	
<u>Environment & Transport - Service Reductions</u>							
E&T 27	Planning & Development	Restructure Historic Environment team	Reduction in capacity for planning conservation work.	(50)	(50)	(50)	Paul Nichols
E&T 28	Planning & Sustainability	Restructure Planning Policy and Sustainability teams and review scope for partnership approaches.	Phased reduction in work programmes required.	(15)	(40)	(40)	Paul Nichols
E&T 29	Planning & Sustainability	Restructure Divisional business support functions	Capacity to respond to corporate initiatives is reduced. This saving does not form part of the current corporate business support review.	(30)	(75)	(75)	Paul Nichols
Sub-total				(95)	(165)	(165)	
Environment & Transport Portfolio Total				(2,288)	(3,215)	(3,375)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Housing - Efficiencies</u>							
HOU 1	Parks & Street Cleansing	Reduction in parks and street cleansing management and technical staff and resources	Staff and resources available to develop policy, promote services, carry out education and enforcement work, attract external investment, and create additional capacity by working with Friends and volunteer groups will be reducing in future years	(71)	(95)	(95)	Jon Dyer-Slade
HOU 2	Natural Environment / Trees, Allotments and Parks Development	Natural Environment, Trees and Parks Development Services to be re-aligned into one management unit.	Reduction in the overall managerial and technical support posts from the combined service structure.	(45)	(59)	(59)	Jon Dyer-Slade
HOU 3	Natural Environment	Hawthorns Wildlife Centre to generate £20,000 operating profit by 2013/14.	Replace Hawthorns front-desk facility with seasonally updated in-centre information and displays, and daily 'ecologists advice spot' when the public can meet with the duty ecologist at specified times. Improve ecological information and advice on web-site and update more regularly. Explore options to franchise café operation, improve customer offer and extend opening times.	(73)	(88)	(88)	Jon Dyer-Slade
HOU 4	Parks & Street Cleansing	improve efficiency of specialist sports pitch maintenance team.	Reduced costs of supervision, and Pitch & Putt, football and cricket pitch maintenance in district parks to be carried out by peripatetic teams rather than staff based directly in parks.	(21)	(21)	(21)	Jon Dyer-Slade
HOU 5	Private Sector Housing	Part of Corporate Management Restructure	Rationalising management arrangements as a result of the introduction of a Regulatory services Division and will have limited impact on the service.	(65)	(65)	(65)	Barbara Compton
HOU 6	Communities	Delete one managerial post	No manager at a senior level to lead on compliance regarding equality duties. However this role will be covered through the current review and restructure of teams within the Economic Development Directorate.	(53)	(53)	(53)	Vanessa Shahani
Sub-total				(328)	(381)	(381)	
<u>Housing - Income</u>							
HOU 7	Parks & Street Cleansing	Charge organisers for events support in parks and review opportunities for charging for hosted commercial events.	Implement opportunities for charging for hosted commercial events. Explore licensing commercial users of the parks and introduce a cover the cost charge for community groups wishing to hire in event equipment (marquees, display trailer etc).	(10)	(10)	(10)	Jon Dyer-Slade
HOU 8	Parks and Street Cleansing	New HRA Grounds Maintenance SLA	Negotiate additional charge to HRA for grounds maintenance SLA plus charge for new landscaped areas created in the past 5 years.	(100)	(100)	(100)	Jon Dyer-Slade
Sub-total				(110)	(110)	(110)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Housing - Service Reductions</u>							
HOU 9	Parks & Street Cleansing	Reduction in parks maintenance in non-HRA areas within East, West and Central District areas.	Changes to service standards will be most noticeable in the city's District and Local Parks	(119)	(119)	(119)	Jon Dyer-Slade
HOU 10	Parks & Street Cleansing	Reductions in Central District street cleansing activities	Central District cleansing to move from proactive daily cleaning to a more reactive service delivery model in line with that delivered in other parts of the city. Rationalisation of cleansing arrangements in city centre area targeted to minimise any reduction to standards in the main city centre retail areas.	(117)	(119)	(119)	Jon Dyer-Slade
HOU 11	Parks & Street Cleansing	Reduce expenditure on East and West District street cleansing activities.	Adopt a more responsive rather than proactive residential cleansing service. Reduction in number of dedicated 'street orderlies' and Out of Hours service provision in the District Centres.	(127)	(127)	(127)	Jon Dyer-Slade
HOU 12	Parks & Street Cleansing	Reduction in Central Parks maintenance expenditure	Reduce elements of the formal parks provision maintenance within the city centre parks that are least likely to impact on visitor and resident perceptions of quality of one of city's principal assets	(24)	(24)	(24)	Jon Dyer-Slade
HOU 13	Parks & Street Cleansing	Remove 'find and fix' budget for green spaces	Less cared for appearance as only Health and Safety issues are attended to, potentially leading to an increase in ASB and drop off in positive public perception of green spaces. Deteriorating parks and lack of parks development 'seed money' will also impact on ability to lever in external funding.	(160)	(160)	(160)	Jon Dyer-Slade
HOU 14	Natural Environment	Reduced staffing costs within Natural Environment team, and associated plant and equipment expenditure.	Explore allocating routine maintenance tasks to area teams to enable the Ranger team to focus on specialist tasks and working with Friends and volunteers to sustain service capacity, ensuring green spaces are respected by their users and sustain or improving the city's levels of biodiversity.	(32)	(32)	(32)	Jon Dyer-Slade
HOU 15	Housing Strategy and Development functions	Management restructure and reduction in housing development service activities	Reduction in the number of affordable homes delivered in the city and the number of private empty properties brought back into use.	(73)	(73)	(73)	Barbara Compton
Sub-total				(652)	(654)	(654)	
Housing Portfolio Total				(1,090)	(1,145)	(1,145)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Leader's - Efficiencies</u>							
LEAD 1	Organisational Review	Management Restructure	Savings within the Economic Development Directorate as a consequence of the restructure affecting management and PAs the first phase of which was implemented in November 2011.	(233)	(324)	(324)	Dawn Baxendale
LEAD 2	Policy & Performance Review	Rationalisation of Policy & Performance activity	Removal of a vacant post	(42)	(42)	(42)	Suki Sitaram
LEAD 3	Strategic management of the Council	Reduction in the Land Availability Monitoring System agreement with Hampshire County Council	Renegotiation of the agreement with HCC. A potentially reduced service may impact on Planning, Housing Strategy and Public Health service.	(10)	(10)	(10)	Suki Sitaram
LEAD 4	Boat Show	Withdraw financial support for the Boat Show and removal of international initiatives budget	Withdrawal of financial support has been part of ongoing discussions with the organisers of the Boat Show. No impact from removal of international initiatives budget.	(76)	(76)	(76)	Tim Levenson
LEAD 5	Across Portfolio	Additional charges to Housing Revenue Account	Charge Housing Revenue Account with costs of Economic Development Director time (15%) and one post for Estate Regeneration work within regeneration team	(60)	(60)	(60)	Dawn Baxendale
LEAD 6	Democratic Representation & Management	Continued integration of Democratic Services and the Mayor's office and removal of PA support to Cabinet Members	Merge of Senior Civic Officer post and Members Support Officer post with resulting loss of grade 9 post. Resultant loss of capacity will mean that tasks will need to be shared across all areas of the section with some loss of dedicated support to Members and with reduced support to the Mayor. Removal of PA post resulting in reallocation of tasks and duties across the team.	(94)	(94)	(94)	Richard Ivory
LEAD 7	Land Charges	Removal of post from Land Charges	Changes in the IT system used to maintain register of local land charges and facilitate search requests and pull through some of the information held in other registers have meant that the processes have become more efficient. In addition the continuing slump in the housing market has meant that there has been a significant drop off in the volume of work processed by the team. If housing market picks up more resources maybe required.	(28)	(28)	(28)	Richard Ivory
Sub-total				(543)	(634)	(634)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Leader's - Income</u>							
LEAD 8	Community Safety & Emergency Planning	Increase income generation through efficiency of Emergency Planning, ICE Bus and night time economy initiatives	Pro-actively seek to maximise opportunities to sell services or use of ICE bus and seek sponsorship or related private sector income.	(25)	(25)	(25)	Jon Dyer-Slade
LEAD 9	Economic Development	Increased income from PUSH	Increase income from PUSH for Inward Investment - by moving to a shared, proactive service at a PUSH level to reduce SCC contribution. Sustainability of funding is a future risk.	(30)	(30)	(30)	Jeff Walters
Sub-total				(55)	(55)	(55)	
<u>Leader's - Service Reductions</u>							
LEAD 10	Community Safety and Emergency Planning	Reduce discretionary service activities by 60% (excluding minimum requirements for Emergency planning, statutory duties, plus public protection including specialist direct advice to highest risk victims of domestic violence and ASB and ICE bus)	Restructure / reduce the non statutory Community Safety service to refocus CREWS, local public reassurance events / campaigns, low risk ASB and joint operations. Significant reductions in project / service development, performance monitoring & analysis with a reduced ability to apply for external funding bids and undertake the current range of community safety partnership working.	(90)	(90)	(90)	Jon Dyer-Slade
LEAD 11	Community Safety and Emergency Planning	CCTV service and cost reductions; income generation and potential outsourcing or private partnership	Some cost savings to be implemented irrespective of private sector developments; plus income generation and possible outsourcing to still retain 24/7 service but deliver substantial cost savings	(60)	(140)	(140)	Jon Dyer-Slade
LEAD 12	Policy, Performance, Efficiency & Business Transformation	Reduce capacity and develop alternative options within the Economic Development Directorate for delivering partnership support, equalities compliance and community engagement	The reduced capacity will be mitigated by improved collaboration between the following functions: partnership support, equalities compliance, customer insight, research and information, strategic planning and community engagement activities.	(202)	(202)	(202)	Dawn Baxendale
LEAD 13	Economic Development Regeneration & Renewal	Removal of development budget	This will significantly restrict the Council's ability to initiate some new opportunities in the city	(100)	(100)	(100)	Dawn Baxendale
LEAD 14	Regeneration & Renewal	Reductions in running costs within regeneration service	Reduce budget expenditure on activities that can be resourced from external funding and reduction in office costs. This will reduce the Council's ability to achieve resolution / initiate new work relating to regeneration	(12)	(51)	(51)	(51) John Connelly
LEAD 15	Legal Services	Removal of posts from Legal Services	A significant reduction in staff will require Legal Services to stop providing some services completely, reduce all work areas and strictly prioritise work . This will necessitate an internal reorganisation and have a impact across all Council depts.	(100)	(100)	(100)	Richard Ivory
Sub-total				(564)	(683)	(683)	
Leader's Portfolio Total				(1,162)	(1,372)	(1,372)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Leisure & Culture - Efficiencies</u>							
LC 1	Arts and Heritage	Review of city museums	Efficiencies will be obtained from closing the Maritime and Archaeology museums and providing Sea City, Tudor House and the Art Gallery	(45)	(45)	(45)	Mike Harris
LC 2	Sport & Recreation	Sports development outsourcing	Efficiencies from the tendering exercise to outsource the sports development service. Permanent staff will TUPE.	(50)	(50)	(50)	Mike Harris
LC 3	Arts and Heritage	Efficiencies in Arts & Heritage	Efficiencies in Arts & Heritage service following requests from staff to work fewer hours	(50)	(50)	(50)	Mike Harris
LC 4	Corporate Communications	Stop publication of In View (staff publication)	Will deliver alternative channels for communication with staff	(18)	(18)	(18)	Ben White
LC 5	Corporate Communications	Remove temporary employment budget	Minimal use of temporary staff	(15)	(15)	(15)	Ben White
LC 6	Libraries	Review of working practices in libraries	Range of efficiency proposals to reduce time spent on non consumer facing work. Changes in methods of working will be deployed.	(130)	(227)	(227)	Mike Harris
LC 7	Corporate Communications	Stop publication of resident A-Z guide	The A-Z guide is being published as part of City View	(29)	(29)	(29)	Ben White
Sub-total				(337)	(434)	(434)	
<u>Leisure & Culture - Service Reductions</u>							
LC 8	Corporate Communications	Remove one Marketing Officer post	Removal of vacant post leading to reduced capacity of team	(26)	(26)	(26)	Ben White
LC 9	Corporate Communications	Remove Internal Communications officer post	Will re-role Marketing Officer to cover part of vacancy - left with reduced resources to run staff engagement/change communication campaign	(28)	(28)	(28)	Ben White
Sub-total				(54)	(54)	(54)	
Leisure & Culture Portfolio Total				(391)	(488)	(488)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Resources - Efficiencies</u>							
RES 1	Organisational Review	Management Restructure	Savings within the Corporate Services Directorate as a consequence of the restructure affecting Management and PAs, Phase 2 of which was implemented in November 2011	(143)	(236)	(236)	Mark Heath
RES 2	Capita Partnership Costs	Reduced interest payments	Part of contract structure	(100)	(100)	(100)	John Spiers
RES 3	Finance Service	Service reductions in Finance around reduced monitoring, less input to projects, less visits to managers	Restructure implemented in September 2011 so savings already achieved.	(163)	(163)	(163)	Andy Lowe
RES 4	Admin Buildings	Review of Town Sergeants	Restructure of service to reflect general reduction in duties due to a reduced admin buildings portfolio.	(21)	(42)	(42)	John Spiers
RES 5	Admin Buildings	Review of Overtime and Working Practices	Removal of some evening/early morning/out of hours working, especially Civic Centre Reception Desk. Less resources available to deal with vagrants/itinerants out of hours within Civic Centre. Less resource to assist visitors out of hours attending public meetings. No Town Sergeant in Marland House outside public opening times.	(10)	(10)	(10)	John Spiers
RES 6	Audit	Review of resource allocation	Revision of Audit resource to target priority reviews	(26)	(26)	(26)	Neil Pitman
RES 7	Insurance	Review of resource allocation	Revision of Insurance in response to organisational requirements	(15)	(15)	(15)	Neil Pitman
Sub-total				(478)	(592)	(592)	

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio Ref	Service Activity	Description of Item	Impact / Issues	2012/13 £000's	2013/14 £000's	2014/15 £000's	Senior Manager
<u>Resources - Service Reductions</u>							
RES 8	Admin Buildings	Reduction of supplies, services and maintenance budgets	A reduction in budgets maintaining Civic Buildings, where there is discretionary spend e.g. legal and policy compliance works, Fire Refuge works, toilet refurbishments (for H&S and DDA reasons), redecorations, recarpetting, wayfinding and information boards, furniture and security equipment purchase and maintenance.	(100)	(200)	(200)	John Spiers
RES 9	Central Repairs & Maintenance	Reduction of planned maintenance programme	Reduction in planned maintenance programme resulting in increased pressure on the re-active element of the budget as some issues which would have been addressed in a planned are now being resolved on failure and at a greater cost. The risks of Health & Safety breaches and building closures is higher than currently.	(300)	(300)	(300)	John Spiers
RES 10	Central Client Teams	Reduce the team covering retained and client responsibilities for Local Tax Collection	Reduction in Client Management function and central management of the Web	(27)	(27)	(27)	Paul Medland
RES 11	Finance Service	Service Reductions in Finance around reduced monitoring to all but high risk areas, visits to managers by exception and further rationalisation of local support	Priorities for service provision to be agreed with Directors taking into account standards required by CFO.	(150)	(150)	(150)	Andy Lowe
Sub-total				(577)	(677)	(677)	
Resources Portfolio Total				(1,055)	(1,269)	(1,269)	
GRAND TOTAL				(12,751)	(15,139)	(15,399)	

Agenda Item 15

APPENDIX 5
Appendix 5

MEDIUM TERM FINANCIAL FORECAST

Portfolios	2012/13 Roll Forward £000's	Base Changes £000's	2013/14 Forecast £000's	Base Changes £000's	2014/15 Forecast £000's
Adult Social Care & Health	73,408.2		73,408.2		73,408.2
Children's Services	62,780.8		62,780.8		62,780.8
Environment & Transport	35,601.6		35,601.6		35,601.6
Housing	9,677.5		9,677.5		9,677.5
Leader's Portfolio	8,518.5		8,518.5		8,518.5
Leisure & Culture	14,691.0		14,691.0		14,691.0
Resources	18,439.3		18,439.3		18,439.3
Inflation		10,748.0	10,748.0	9,100.0	19,848.0
Sub-total for Portfolios	223,116.9	10,748.0	233,864.9	9,100.0	242,964.9
Levies & Contributions					
Southern seas fisheries levy	48.5		48.5		48.5
Flood defence levy	44.5		44.5		44.5
Coroners Service	500.0		500.0		500.0
	593.0	0.0	593.0	0.0	593.0
Capital Asset Management					
Capital Financing Charges	13,526.6	1,200.0	14,726.6	700.0	15,426.6
Capital Asset Management Account	(24,041.1)		(24,041.1)		(24,041.1)
	(10,514.5)	1,200.0	(9,314.5)	700.0	(8,614.5)
Other Expenditure & Income					
Direct Revenue Financing of capital	300.0	(300.0)	0.0		0.0
Trading Areas (Surplus) / Deficit	104.4		104.4		104.4
Net Housing Benefit Payments	(881.9)		(881.9)		(881.9)
Terms & Conditions	1,170.0		1,170.0		1,170.0
Non-Specific Government Grants	(20,435.5)	1,493.0	(18,942.5)		(18,942.5)
Open Space and HRA	535.7		535.7		535.7
Risk Fund	5,200.0	1,200.0	6,400.0	(700.0)	5,700.0
Contingencies	250.0		250.0		250.0
Council Tax Freeze Grant	(2,065.7)		(2,065.7)		(2,065.7)
New Pressures		1,000.0	1,000.0	1,000.0	2,000.0
	(15,823.0)	3,393.0	(12,430.0)	300.0	(12,130.0)
NET GF SPENDING	197,372.4	15,341.0	212,713.4	10,100.0	222,813.4
(Draw from) / Addition to Balances:					
General	807.0	4,193.0	5,000.0		5,000.0
To Fund the Capital Programme	(300.0)	300.0	0.0		0.0
	507.0	4,493.0	5,000.0	0.0	5,000.0
Budget requirement	197,879.4	19,834.0	217,713.4	10,100.0	227,813.4
Council Tax Increase at 2.50% (Inc additional properties)	(182,639.3)	4,940.40	(177,698.9)	4,169.00	(173,529.9)
Roll Forward Gap	15,240.10	24,774.4	40,014.5	14,269.0	54,283.5
Efficiencies	(9,129.0)	(2,171.0)	(10,991.0)	(110.0)	(11,101.0)
Income	(760.0)	(235.0)	(995.0)	(150.0)	(1,145.0)
Service Reductions	(2,862.0)	(291.0)	(3,153.0)	0.0	(3,153.0)
Future Savings Proposals - Work in Progress		(8,168.0)	(8,168.0)	(3,842.0)	(12,010.0)
Redundancy Package	(1,000.0)		(1,000.0)		(1,000.0)
Council Tax at 0.00%	2,070.9	54.2	2,125.1	48.4	2,173.5
Council Tax Freeze Grant	(2,070.9)	2,070.9	0.0		0.0
DRAFT BUDGET GAP	1,489.1	16,034.5	17,832.6	10,215.4	28,048.0

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UPDATED BUDGET TIMETABLE 2012/13

Action	Timescale / Date
Draft Report Published	14 October
Briefings for staff who are affected by the draft budget proposals	14 October
Commencement of minimum 90 day consultation with unions for proposals with employee implications	14 October
Officer Forecasts and Proposals distributed to Groups	14 October
Report on the Executive's Policy Priorities and draft budget presented to Cabinet	24 October
Formal consultation with all stakeholders begins	25 October
Formal consultation meeting with Trade Unions & Business Community	Mid November
Draft Revenue Support Grant Settlement released	Early December
Review of financial position in light of settlement	December
Cabinet & Opposition Groups release final budget proposals	Late January 2012
End of formal consultation with unions, staff and stakeholders	20 January 2012
Cabinet meet to recommend budget to Council	6 February 2012
Council meeting to consider the budget and council tax	15 February 2012

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DECISION-MAKER:	CABINET
SUBJECT:	LAND AT YEOVIL CHASE HAREFIELD, SOUTHAMPTON
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

This report seeks authority for the sale of the Council's freehold interest in land at Yeovil Chase, Harefield. The property is a development site and the Council has recently submitted an outline planning consent application for a development of 21 residential dwellings. The site does not form part of the operational estate and will be ready to be marketed enabling a disposal, if planning consent is secured.

RECOMMENDATIONS:

- (i) To approve the principle of the sale of the Council's freehold interest in the land shown in Appendix 1, Plan V3186.
- (ii) To delegate authority to the Head of Property and Procurement after consultation with the Director for Corporate Services and the Cabinet Member for Resources, Leisure and Culture to approve the preferred bidder, agree terms of the sale and carry out all ancillary matters to enable disposal of the site.
- (iii) To delegate authority to the Head of Children's Services and Learning Infrastructure and Strategy, after consultation with Head of Property and Procurement and Director of Corporate Services, to approve the expenditure of any surplus capital receipt as directed by the Department of Education conditions regarding the disposal of the playing field.

REASONS FOR REPORT RECOMMENDATIONS

1. To facilitate the redevelopment of a surplus site identified for residential development, thereby delivering new homes towards the City's housing target.
2. To realise a capital receipt.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Do nothing. - Whilst the property was previously utilised as a hard surface playground and part of the playing field at Harefield Primary School, the Council declared the land surplus on 17th March 2008. Harefield Primary School ceased using the play area in early 2011 to enable the remodelling of the school grounds and car park as part of the second phase of the school's improvements and reorganisation. The City Council has secured consent from the Secretary of State for Education to dispose of the playground and part of the playing field under S77 (Schools Standards & Framework Act 1998) and Section 35A dated 23 May 2006 & 13th December 2007. The Council are now in a position to progress a disposal of the land.
4. Retain the property – The property is surplus to the Council requirements and

disposal will enable the Council to generate a capital receipt.

5. Delay the disposal – The outline planning consent is valid only for a period of three years. Marketing the site at the commencement of the validity period of the consent will maximise the Council's opportunity to secure a purchaser.

DETAIL (Including consultation carried out)

6. During the first phase of the school rebuild and improvements to provide a Sure Start Centre, an area of land was declared surplus and identified suitable for residential development at Harefield Primary School
7. Cabinet declared the area of land (hard surface playground and part of the playing field) surplus at its meeting on 28 November 2008. The loss of this facility was addressed by the approval of expenditure on drainage works to the remaining playing field which was prone to water logging, thereby enabling use of the field all year round – which previously was not viable for the school, together with the construction of a new sports hall and a new hard playground.
8. The site originally declared surplus was 1.9 acres (0.768 Hectares) the area has since reduced in size due to the second phase of remodelling requiring the expansion of the staff car park and new access road to service the school. The area now surplus is 1.35 acres (0.5485 Hectares). The site now surplus is shown on the plan V3186 in Appendix 1.
9. During the first phase of remodelling the school, school governors and parents were consulted on the loss of the playground and playing field as part of the schools rebuild programme and the improvements to be made to the retained playing field.
10. The second phase of remodelling is now complete and the school has commenced the new academic year with a new staff car park and access road. The surplus land is now fenced off from the school and is ready to be marketed.
11. The City Council are currently seeking to secure an outline planning consent for the redevelopment of the land for 21 residential dwellings, comprising:- 3x4 bedroom houses, 5x3 bedroom houses and 13x2 bedroom houses. The application is due to be presented to the Planning and Rights of Way Panel on 25th October 2011.
12. The site is to be marketed with the benefit of outline planning consent seeking offers on an unconditional basis to enable a disposal to proceed without undue delay.
13. The early marketing of the site will enable the Council to secure a preferred bidder in early 2012, with a view to completing a sale in 2012.

RESOURCE IMPLICATIONS

Capital/Revenue

14. The development site comprises in part, a former playing field which is subject to Department of Children Families & Schools S77 consent and conditions. The playing field equates to 64.7% of the overall development site. Therefore, in accordance with the conditions attached to the S77 consent, 64.7% of the capital receipt must to be allocated to the provision of a new school sports hall and hard court games area. These works have

already been completed by the Council and were forward funded from Corporate Resources. These works cost £295,000.

15. The capital receipt is expected to exceed the forward funded costs and this sum, £295,000, will be returned to corporate funds from the sale proceeds.
16. It is anticipated there will be a surplus receipt from the playing field element of the sale proceeds and the Council will need to approach Department of Education for direction on how these surplus monies are to be utilised.
17. The remainder of the capital receipt (35.3%) from the site which is not subject to S77 conditions, is also to be refunded to the general fund, following the forward funding for the Harefield Primary School rebuild, as previously approved at Cabinet in March 2008. .

Property/Other

18. The property is currently vacant.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

19. Section 123 of the Local Government Act 1972.

Other Legal Implications:

20. None.

POLICY FRAMEWORK IMPLICATIONS

21. The disposal of a Council property for a capital receipt supports the Council's capital programme.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Harefield
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Plan V3186
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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Other Background Documents

Integrated 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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DECISION-MAKER:	CABINET
SUBJECT:	PROPOSED SHARED PROVISION OF INTERNAL AUDIT SERVICES WITH HAMPSHIRE COUNTY COUNCIL AND WEST SUSSEX COUNTY COUNCIL
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	HEAD OF FINANCE

STATEMENT OF CONFIDENTIALITY

Appendix 1 contains information deemed to be exempt from general publication based on Categories 1, 3 and 7A of paragraph 10.4 of the Council's Access to Information Procedure Rules. Publication of such information is either personal or relates to business affairs and contemplated contractual arrangements between the three Authorities and accordingly is exempt from publication.

BRIEF SUMMARY

To recommend entering into a partnership agreement with Hampshire County Council and West Sussex County Council for the provision of internal audit services including the TUPE transfer of existing affected Southampton City Council staff onto Hampshire County Council's payroll.

RECOMMENDATIONS:

- (i) To agree in principle to support the establishment of an Internal Audit shared service partnership with Hampshire County Council and or West Sussex County Council, with Hampshire acting as host authority
- (ii) That the Head of Finance (CFO) be given delegated authority to:
 - (a) continue to explore the setting up of a partnership, and
 - (b) subject to ensuring that the partnership will be at a minimum cost neutral or a saving to the Council and in consultation with the Head of Legal and Democratic Services, to enter into a Partnership Agreement with Hampshire County Council and or West Sussex County Council for the provision of a joint internal audit services function with effect from 1 April 2012 upon such terms and conditions as the Head of Finance (CFO) considers appropriate and reasonable
- (iii) That following the signing of the Partnership Agreement and on commencement of arrangements that internal audit staff (as detailed in exempt Appendix 1) be transferred under TUPE to Hampshire County Council

REASONS FOR REPORT RECOMMENDATIONS

1. Arrangements are currently in place for the shared provision of the Chief Internal Auditor between Southampton City Council and Hampshire County Council. This proposal would build on existing arrangements and further strengthen the resilience of the internal audit function and provide the potential for future income streams as the partnership matures.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. A number of alternative business models were considered including a fully outsourced service; however these were rejected on the basis of numerous considerations including cost, resilience, capacity and staff implications.

DETAIL (Including consultation carried out)

3. The significant public sector budget cuts from 2010 have increased the focus on exploring alternative delivery models to improve outcomes and optimise service efficiency through economies of scale. This has accelerated the trend towards developing “shared services” through forming partnerships to deliver more joined-up services.
4. Hampshire County Council and Southampton City Council entered into an agreement to share the Chief Internal Auditor on a ratio of 60:40 with effect from November 2010 delivering immediate financial savings to Southampton City Council of £56k per annum.
5. The intention was to then embed this as a true partnership model. Following an expression of interest from West Sussex County Council it was agreed that a business case should be produced to evaluate options for delivery of an Internal Audit Shared Service across the three authorities.
6. The current delivery of internal audit within the three authorities was scrutinised and demonstrated that the three teams operated in a similar way, with experienced teams, good customer satisfaction and broadly similar productivity (audit days delivered per FTE). Enhancing audit specialisms was a particular need, along with strengthening business resilience following recent restructuring exercises within all three authorities.
7. Best practice research was undertaken with other local authority internal audit shared service models and private sector pricing. This demonstrated that shared service partnerships (joint discharge of functions) were already operating as successful service delivery models, along with arms length management organisations and outsourced models
8. A full range of six options were identified and assessed at a high level. These were shortlisted to three options to be explored in more depth:
 - Option A: Shared service partnership with a host authority and operating as a joint discharge of functions (Section 101(5) Local Government Act 1972).
 - Option B: Co-sourcing (Option Ai above but with one or more of a range of specialist services procured from the private sector).
 - Option C: Fully outsourced.The shortlisted options were assessed in detail, with structure, financial, HR and legal implications duly considered
9. The preferred option was Option A, the shared service partnership as a joint discharge of functions under Section 101(5) of the Local Government Act 1972, with Hampshire County Council operating as the host authority.

10. In adopting this model it is intended that internal audit staff (appendix 1) from Southampton City Council would transfer under TUPE to Hampshire County Council for the provision of the shared service arrangement.
11. Participation in the partnership will not increase service costs. In the short term the opportunities to make significant further efficiencies is restricted. All three partners have recently undertaken significant restructures to deliver targeted savings to protect frontline service delivery. As the partnership develops there may be opportunities for further savings particularly as services are expanded to other bodies.
12. A key driver for the shared service partnership are the organisational benefits that can be realised in terms of delivering an innovative and collaborative modern Internal Audit service. This would strengthen business resilience, improve the provision of audit specialisms, develop best practice, enable staff development and progression opportunities and raise the profile of the service on a local and regional basis
13. The development of a shared service model, bringing together the professional discipline of internal audit across three partner local authorities, represents the opportunity to deliver a more responsive service that enhances business resilience within the partner authorities through its strength and depth.
14. A decision is expected within the next month as to whether to implement one of the options for a partnership approach and timeframes for this to be achieved.

RESOURCE IMPLICATIONS

Capital/Revenue

15. The shared Chief Internal Auditor role has already delivered a saving of £56,000.
16. Whilst significant new financial efficiencies are not anticipated, it is likely that further savings will accrue both as a consequence of setting up the partnership and through a further planned reduction in staff numbers prior to transfer to the partnership.

Property/Other

17. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

18. Section 101(5) of the Local Government Act 1972

Other Legal Implications:

19. None

POLICY FRAMEWORK IMPLICATIONS

20. None

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KEY DECISION? Yes/No No

WARDS/COMMUNITIES AFFECTED:	
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Southampton City Council staff impacted by the possible TUPE transfer to Hampshire County Council - EXEMPT
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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Other Background Documents

Integrated 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)
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2.	None	
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Document is Confidential

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DECISION-MAKER:	CABINET
SUBJECT:	MILLBROOK TRADING ESTATE - DISPOSAL OF FREEHOLD INVESTMENT
DATE OF DECISION:	24 OCTOBER 2011
REPORT OF:	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE

STATEMENT OF CONFIDENTIALITY

Confidential Appendix 2 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes details of a proposed transaction which, if disclosed prior to entering into a legal contract, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to make public the bids received as this could lead to a revision of bids and, in the event of the transaction failing to complete, prejudice re-tendering of the property, therefore reducing the amount receivable by the Council

BRIEF SUMMARY

Following approval by Cabinet on 6 June 2011 of terms for the sale of the freehold investment in the Millbrook Trading Estate, the highest bidder has reduced their offer. This report seeks approval to the revised offer which remains the highest received.

RECOMMENDATIONS:

- (i) To approve the sale of the freehold investment in the Millbrook Trading Estate to the recommended bidder on the revised basis as set out in Confidential Appendix 2 and to delegate authority to Head of Property & Procurement to negotiate final details of sale and to accept the next best bid in the event of the selected bidder not proceeding and to continue such process as necessary.
- (ii) That the Head of Legal, HR and Democratic Services be authorised to enter into any legal documentation necessary in respect of the sale.
- (iii) To note that the capital receipt will be used to reduce the current funding deficit in the capital programme.

REASONS FOR REPORT RECOMMENDATIONS

1. Owing to the results of thorough due diligence by the selected bidder, they are no longer prepared to proceed at the previously approved price, and have reduced their offer. There is no delegated authority to vary the price agreed so this report recommends proceeding with the same purchaser at the reduced price.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. To proceed with the second highest bidder. Further details are in the confidential appendix to this report.

DETAIL (Including consultation carried out)

3. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the Overview and Scrutiny Committee and the public. The matter requires an early decision before the publication of the next Forward Plan, in order to secure the exchange of contracts followed by completion of the sale at the earliest possible date, thereby mitigating the financial loss that would occur if the selected bidder withdrew.
4. Cabinet approved terms for the sale of the freehold of the Millbrook Trading Estate and Technology Campus on 6 June 2011 on terms set out in the confidential appendix to that report. Details of all bids received are included within the confidential appendix 2 to this report.

RESOURCE IMPLICATIONS

Capital/Revenue

5. The capital receipt to be received by Southampton City Council as detailed in confidential appendix 2 will be allocated to the general fund.
6. The disposal will result in a £171,500 loss of income per annum to the Resources Portfolio Investment Property Account. This loss of income has not been built into the 2011/12 approved estimates. Assuming completion of the sale in November 2011, there will be a part-year loss of income in the current financial year, increasing to £171,500 per annum on an ongoing basis from 2012/13.

Property/Other

7. The highest (and recommended) offer submitted is unconditional, which will enable the Council to proceed to the exchange of contracts and a subsequent sale without any undue delays.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

8. The land is held under Section 233 Town and Country Planning Act 1990
9. Disposal may proceed under Section 233 Town and Country Planning Act 1990 in order to secure best use of the site and/or proper planning of the area. Provided the disposal is for best consideration then no separate consent for such disposal need be sought from the Secretary of State. The revised offer still represents best consideration under Section 123 Local Government Act 1972.

Other Legal Implications:

10. A new Cabinet authority is required to approve a reduction in the price approved by cabinet June 2011.

POLICY FRAMEWORK IMPLICATIONS

11. The disposal of a council property for capital receipt supports the Councils capital programme.

AUTHOR:	Name:	David Reece	Tel:	023 8083 2796
	E-mail:	david.reece@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	None
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Plan of the site
2.	Confidential: list of offers, and recommendations

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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Other Background Documents

Integrated 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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Document is Confidential

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DECISION-MAKER:	CABINET
SUBJECT:	POTENTIAL ENERGY EFFICIENCY MEASURES
DATE OF DECISION:	24 October 2011
REPORT OF:	CABINET MEMBER FOR HOUSING
STATEMENT OF CONFIDENTIALITY –	
Not Applicable	

BRIEF SUMMARY

This report seeks formal approval in accordance with Financial Procedure Rules for expenditure on a project to 4 blocks at International Way, provision for which exists in the Housing Revenue Account Capital programme submitted to this meeting under the reform of Council housing finance.

The proposed project to 4 Blocks in International Way in the Weston area of the city consists of multiple elements with the total predicted cost reaching over £9M. However, Southampton City Council has recently secured external funding from the Community Energy Savings Programme (CESP) via utilisation of British Gas; therefore the Council's contribution to this project will be a maximum of £3M (a substantial saving to the Council). Investigations will also proceed to procure identical works to enable the 5th block in International Way (currently outside of the CESP funding area) to benefit from the similar works via the forthcoming "Green Deal or ECO" initiative. This will be the subject of a later scheme approval.

This project will ensure that the Council is able to carry out significant structural and environmental improvements to these blocks in a key area of the City including new windows, heating, and external insulation.

In addition to these items, the proposal also contains an element of energy-saving Photo-Voltaic (PV) panels being installed on roof tops, with the energy obtained from these forming part of the Council's existing Feed In Tariff (FIT). Also included within the CESP proposal are small elements of works to Canberra Towers, Hurstbourne Place and Foxcott Close to improve their insulation and provide benefits to tenants.

RECOMMENDATIONS:

- (i) Subject to Council approving the new HRA capital programme at its meeting on 16 November, to approve in accordance with Financial Procedure Rules, spending of £3M (phased £498,000 in 2011/12 and £2,502,000 in 2012/13) on the central heating distribution system and related works at Oslo, Havre, Copenhagen and Hampton Towers, utilising the funding in the HRA capital programme currently shown under the heading "International Way Cladding".
- (ii) To note that this is a contribution towards a larger scheme that provides significant structural and environmental improvements to these blocks in a key area of the City including new windows, heating, and external insulation as well as the installation of energy-saving Photo-Voltaic (PV) panels on roof tops.

REASONS FOR REPORT RECOMMENDATIONS

1. Including sums in a Capital Programme does not give authority to spend the money. This is done by a separate scheme approval process. Financial Procedure Rules require that all schemes with a total estimated cost of more than £500,000 are to be approved by Cabinet before they can proceed.
2. Schemes with an estimated cost of up to £500,000 can be approved by an Executive Director following consultation with appropriate officers and Cabinet Members. Within this, schemes over £200,000 will usually require a formal report, decision-making meeting and decision notice.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. If Southampton City Council were to fully fund the project this would cost in excess of £9M.
4. An alternative solution is not to carry out these works immediately but this would result in these particular buildings requiring Health & Safety repair works to the external “eternet” asbestos panels and fixings within the next 12 - 18 months. This element alone would cost the Council approx £5–6M. Following this in a further 4-5 years, the windows would have to be replaced having reached the end of their effective life. This would cost the Council a further approx £2-3M.

DETAIL (Including consultation carried out)

5. The proposal being submitted would see the 4 blocks at International Way (Oslo, Havre, Copenhagen and Hampton) all benefitting from external insulation, new double glazed windows and balcony doors and new gas fired communal heating and hot water services, therefore reducing energy costs to all tenants and leaseholders; significantly improving the appearance of the buildings and extending the structural life of the buildings.
6. As part of these works the existing external “eternet” asbestos panels will be removed and disposed of in accordance with HSE guidelines, therefore removing the risk of any future Health & Safety issues
7. With the structure exposed, any remedial works can be carried out and, where necessary, a structural frame solution will be fitted to allow for the new External Wall Insulation (EWI) to be installed.
8. Each property within the blocks will benefit from a new heating system and domestic hot water service (replacing the existing landlord electric systems and the existing tenant controlled electric immersion system which tenants find expensive to use). These new heating systems will be radiator based with each tenant able to control the time the heating comes on and their own temperature.
9. The heating/hot water will be supplied by a communal gas fired boiler house located in the existing drying area at the top of each block. Each flat will be separately metered and tenants charged only for their individual usage. This system will remain under the landlord’s control and maintenance. Tenants will therefore have total control over the cost of their own heating and hot water.

10. In addition, the proposal will also see Photo-Voltaic panels (PV) being installed on the roof area of each block. The energy produced from these will be utilised to feed existing electrical systems within the blocks, therefore further reducing tenants' utility bills.
11. Whilst carrying out the works if it is discovered that additional roof insulation is required to any of the 4 blocks, than this will also be installed by British Gas with no additional cost to the Council.
12. The CESP funding has also allowed for draught proofing measures to be installed to all properties at Canberra Towers, Hurstbourne Place and the flats within Foxcott Close which will improve the energy efficiency of these blocks. Work is also underway to consider whether some or all of these blocks could also benefit from a change of heating system similar to that mentioned above.
13. CESP funding ceases to exist at the end of December 2012 and it is proposed that all works are completed by this time. The Council has gained a written assurance that, should the works exceed this time period and therefore a proportion of CESP funding is lost, British Gas will pay any additional cost. **No additional funding** requirement will be sought from the Council.
14. As detailed earlier in this report, Rotterdam Towers has been excluded from the CESP funding area. The Council has made representation to the CESP funding body to query this decision, but have been informed that the boundaries cannot be changed. Asset Management intend to investigate how this block can benefit from the newly proposed "Green Deal or ECO" initiative (details have yet to be published, but expected November/December 2011).
15. Asset Management, working together with other Council departments and British Gas, intend to hold several consultation events in the area both in the immediate future and throughout the contract period. These events will build upon comments/concerns about the current condition of the blocks already voiced by tenants and leaseholders from International Way.
16. One of the key parts of these events will be to work with all parties to decide how the blocks should look externally as this area is a "gateway" to the City. Thousands of cruise ship visitors to the city see International Way as their first glimpse of Southampton. It is therefore essential that this opportunity is not missed.
17. International Way sits within one of the five most deprived wards in the City and this proposal will have a significant impact in tackling issues of fuel poverty, child poverty and wider deprivation and we intend to augment the initiative with ongoing communication and education programmes for the residents.

RESOURCE IMPLICATIONS

Capital/Revenue

18. The proposed HRA capital programme that is presented as part of the item on the Reform of Council Housing Finance, has provision of £3M for what are described as cladding works at International Way. Now that a specific proposal is available it is recommended that this provision is utilised to fund the central heating distribution system and related works at Oslo, Havre, Copenhagen and Hampton Towers.
19. All these flats are currently part of the Council's city wide landlord controlled heating account. Under this arrangement all energy bills for the provision of landlord heating across the city are pooled into one account and costs are recharged to tenants on a floor area basis. Each tenant will also have an arrangement with an energy supplier of their choice for the electricity used within their flat, including bills for any supplementary heating.
20. The works will significantly change the arrangements for landlord heating. Whilst the energy will still be purchased by the council the works will provide tenants with control over the time the heating comes on and their own temperature. They will also receive individual meters so they can be billed for the energy they use. Further consideration needs to be given to how best to operate the new account(s) and it is proposed that this matter is addressed in the budget report that will be presented to Cabinet and Council in February 2012.
21. Tenants will continue to need separate arrangements with an energy supplier of their choice for the electricity used within their flat.

Property/Other

22. The HRA Capital Programme is fully reflected in the Corporate Property Strategy

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

23. There are no specific legal implications in connection with this report. The power to carry out the proposals is contained within Part 2 of the Housing Act 1985

Other Legal Implications:

24. None

POLICY FRAMEWORK IMPLICATIONS

25. The proposed schemes in this report will contribute positively to the council's objectives set out in the Housing Strategy and HRA Business Plan to maintain and improve the condition of the city's housing stock.

AUTHOR:	Name:	Geoffrey Miller	Tel:	023 8083 4987
	E-mail:	Geoffrey.miller@southampton.gov.uk		

KEY DECISION? Yes/No **YES**

WARDS/COMMUNITIES AFFECTED:	Woolston
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	None
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Documents In Members' Rooms

1.	Outline Project Proposal
2.	Project Category Evaluation

Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated 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)
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1.	N/A	
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OUTLINE PROJECT PROPOSAL (OPP)

Project Title: CESP - International Way Energy Savings initiative

Release (Draft/Final)	Draft
Version Number	1
Date	14/10/2011
Author of OPP	G.Miller
Portfolio	Housing
Directorate	Environment
Division	Housing

The sections below should be completed after the appropriate Member of COMT has approved the OPP and a Project Sponsor and Project Manager has been identified. The OPP and Project Categorisation Tool should then be sent to the Council's Project Management Office (PMO) for registration on SharePoint.

Project Manager	TBC
Project Sponsor	G.Miller
Project Type	Gold
Approved by	

1. PROJECT OUTLINE

The proposal being submitted would see the 4 blocks at International Way (Oslo, Havre, Copenhagen and Hampton) all benefitting from external insulation, new double glazed windows and balcony doors and new gas fired communal heating and hot water services, therefore reducing energy costs to all tenants and leaseholders; significantly improving the appearance of the buildings and extending the structural life of the buildings.

As part of these works the existing external "eternet" asbestos panels will be removed and disposed of in accordance with HSE guidelines, therefore removing the risk of any future Health & Safety issues.

2. STRATEGIC FIT/CHANGE IMPERATIVES

Principal Aims

Tick one or more of the following:

X	To improve efficiency <i>ie: can demonstrate cashable savings for a minimum period of 3 years</i>
X	To support a Member led initiative <i>ie: intended to satisfy a Portfolio requirement</i>
X	To meet legal, statutory or policy requirements <i>ie: reasons unconnected with business performance</i>
	Included in the Corporate Improvement Plan
X	Included in a Business Plan
X	To be delivered with council partners
<i>Insert Programme name and any sub-programmes</i>	Part of a Programme

3. STAKEHOLDERS

3.1. Key Stakeholders

Describe who will benefit from the project and how.

Stakeholder: Tenants and visitors within the Weston area

Impact: Homes will be modernised, energy efficient and safe for occupation

3.2. Council Wards

Will the project significantly impact upon a particular Ward?

Tenants and visitors within the Weston area

Ward affected: Impact:

Homes will be modernised, energy efficient and safe for occupation

3.3. Project Dependencies

Will the project be significantly impacted by, or will it significantly impact upon, other programmes or projects? Please identify the programme/s/project/s.

Programme/Project: N/A

Impact:

4. ESTIMATED TIMESCALES

Project Start Date: 07/11/2011

Project End Date: 28/12/2012

5. ESTIMATED TOTAL COST

£9M BUT SCC contribution = £3M including Fees

6. FUNDING

Explain proposals to fund the project. This may be for example, through allocated Capita days / external grant / Portfolio capital / Divisional or Directorate revenue.

6.1. Funding source

*£6M+ is being funded by the CESP grant initiative
£3M from SCC is Funding within the Housing Revenue Account (HRA)*

6.2. Internal resource requirements

Property and Procurement. Legal, & Finance

6.3. Feasibility funding request

Amount required: £ N/A

7. KEY ACTIONS

What key actions need to occur to implement the project?

- Obtain Scheme approval
- Consult with Tenants/Leaseholders
- Formulate and sign legal contract
- Approve Designs
- Obtain planning permission
- Agree programme of works
- Continue consultation
- Monitor and report monthly to Capital Board via Sharepoint
- Completion of works
- Celebrate/promote completion
- Contract review

8. KEY RISKS

Are there any key risks (in terms of impact and/or likelihood) that could have a significant impact on the successful delivery of the project?

- Scheme approval not obtained
- Refusal by tenant/leaseholder
- Contract negotiation issues

- Timescales slipping
- Over-run of programme
- Continued spell of bad weather

9. ATTACHMENTS

*Please attach completed Project Categorisation Tool – **Gold***

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