

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 10 FEBRUARY 2015

Present:

| | | |
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| Councillor Letts | - | Leader of the Council |
| Councillor Barnes-Andrews | - | Cabinet Member for Resources and Leisure |
| Councillor Jeffery | - | Cabinet Member for Education and Change |
| Councillor Chaloner | - | Cabinet Member for Children's Safeguarding |
| Councillor Kaur | - | Cabinet Member for Communities |
| Councillor Rayment | - | Cabinet Member for Environment and Transport |
| Councillor Payne | - | Cabinet Member for Housing and Sustainability |

Apologies: Councillor Shields

57. QUESTIONS FROM MEMBERS TO CABINET MEMBERS

Question from Councillor Baillie to Councillor Barnes-Andrews, Cabinet Member for Resources and Leisure.

Next year's budget is showing an extra £8 million in reserves over what was expected. Thus your reduction in expenditure for the provision of the library service, and at Cobbett Road in particular, can now only be due to a deliberate political decision, and nothing to do with lack of finance. Will you now commit to keeping Cobbett Road Library open for the people of Bitterne Park and Peartree?

Answer

The budgeted position for Balances in 2015/16 is £11.9m, in the November report this position was expected to be £11.1m. The main reason for the increase is a reduced draw from revenue due to increased council tax and business rates surpluses.

The Medium Term Financial Position for 2016/17 & 2017/18 shows a £60.7m budget gap that needs to be addressed, for 2019/20 this gap rises to £90m based on current estimates. With a gap of such sizeable proportions, and increasing demand in social care, it is sound financial management and a prudent approach to maintain a level of balances and reserves that reflect the level of risk associated with the gap and the increasing demand.

Appendix 12 sets out the risks the Council faces which are considerable, where possible the medium term financial position needs to be based on recurrent savings rather than utilising balances to ensure we have a sustainable financial position.

The 14 week consultation finishes on 6th March 2015. Cabinet report expected towards the end of July 2015. There will be no change in 2015/16.

58. CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2014

On consideration of the report of the Cabinet Member for Resources and Leisure, summarising the General Fund and Housing Revenue Account revenue financial position for the Authority for 9 months to the end of December 2014 Cabinet agreed to:

- (i) Note the current General Fund revenue position for 2014/15 as at Month 9 (December), which is a forecast under spend at year end of £695k against the budget approved by Council on 12 February 2014, as outlined in paragraph 4.
- (ii) Note that the forecast over spend for portfolios is £3,262k after draws from the Risk Fund and carry forward requests are taken into account.
- (iii) Note that portfolios plan to take remedial action to manage a number of the corporate and key issues highlighted in this report and that the financial impact is reflected in the forecast position.
- (iv) Note that the Risk Fund stands at a sum of £3,117k to cover service related risks (following the allocation of £1,283k to portfolios) and that the estimated draw at Month 9 is £1,758k.
- (v) Note that it has been assumed that the contingency balance, which now stands at £242k, will be fully utilised by the end of 2014/15.
- (vi) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2014/15 as detailed in Appendix 9.
- (vii) Note the performance against the financial health indicators detailed in Appendix 10.
- (viii) Note the performance outlined in the Quarterly Treasury Management Report attached as Appendix 11.
- (ix) Note the current HRA budget monitoring position for 2014/15, as at Month 9 (December). There is a forecast over spend at year end of £267k against the budget approved by Council on 12 February 2014, as outlined in paragraph 30.

59. THE GENERAL FUND CAPITAL PROGRAMME 2014/15 TO 2017/18

DECISION MADE: (Ref: CAB 14/15 14179)

On consideration of the report of the Cabinet Member for Resources and Leisure detailing any major changes in the overall General Fund Capital Programme since it was last reported on 17 September 2014, Cabinet agreed to approve the changes to the General Fund Capital Programme as set out in Council recommendations (i) – (xii), set out below:

- (i) Approve the revised General Fund Capital Programme, which totals £101,932k (as detailed in paragraph 4) and the associated use of resources.
- (ii) Note the changes to the programme as summarised in Appendix 2 and described in detail in Appendix 3.
- (iii) Note the slippage and re-phasing as described in detail in Appendix 3.

- (iv) Note that the revised General Fund Capital Programme is based on prudent assumptions of future Government Grants to be received, and that announcements made as part of the Comprehensive Spending Review for 2015/16 and the provisional local government finance settlement have been appropriately reflected in the proposed programme presented for approval.
- (v) Note that additional temporary borrowing taken out in 2010/11 and 2011/12 due to cash flow issues, now totalling £3,650k is expected to be repaid by the end of 2016/17 when anticipated capital receipts are finally forecast to be received.
- (vi) Add a sum of £6,704k to the Environment & Transport capital programme in 2015/16 for the Highways & Bridges Programme to be funded from Council Resources (£2,600k capital receipts), Local Highways Maintenance grant (£1,704k), Borrowing (£1,900k) and Revenue (£500k from the On-Street reserve).
- (vii) Add a sum of £1,669k to the Environment & Transport capital programme in 2015/16 for the Integrated Transport Programme to be funded from Integrated Transport Block grant.
- (viii) Add a sum of £2,300k to the Leader's capital programme in 2015/16 for the scheme set out in confidential Appendix 5.
- (ix) Add a sum of £240k to the Resources and Leisure (Leisure) capital programme in 2015/16 for the Bargate Monument repairs scheme to be funded from Council Resources (capital receipts). To give approval to spend up to this sum in 2015/16.
- (x) To note the current position regarding the Council's Disposal programme as detailed in paragraph 21.
- (xi) Note the financial and project issues which are set out in paragraphs 28 to 33 and detailed in Appendix 3 for each Portfolio.
- (xii) Note that a review of the Council's capital strategy has been undertaken as detailed in Appendix 6.

60. GENERAL FUND REVENUE BUDGET 2015/16 TO 2017/18

DECISION MADE: (Ref: CAB 14/15 14181)

On consideration of the report of the Cabinet Member for Resources and Leisure seeking to set out the latest estimated overall financial position on the General Fund Revenue Budget for 2015/16 to 2017/18 and to outline the main issues that need to be addressed in considering the Cabinet's Budget and Council Tax proposals to Council on 11 February 2015 Cabinet agreed the following:

- (a) To note the position on the estimated outturn and revised budget for 2014/15 as set out in paragraphs 21 to 24 of the report.
- (b) To note the position on the forecast roll forward budget for 2015/16 as set out in paragraphs 34 to 77 of the report.
- (c) To note and approve the arrangements made by the Leader, in accordance with the Local Government Act 2000, for the Cabinet Member for Resources and Leisure to have responsibility for financial management and budgetary policies and strategies, and that the Cabinet Member for Resources and Leisure will, in accordance with the Budget & Policy Framework Rules as set out in the Council's Constitution, be authorised to finalise the Executive's proposals in

respect of the Budget for 2015/16, in consultation with the Leader, for submission to Full Council on 11 February 2015.

- (d) To approve and recommend to Council where appropriate, the General Fund Revenue Budget changes as set out in Council recommendations i-xxiii set out below:
- (i) To note the budget consultation process that was followed as outlined in Appendix 1 and notes that this year's process took into consideration feedback from last year on how to improve the process.
 - (ii) To note that the consultation feedback has been taken into consideration by the Cabinet and has informed their final budget proposals.
 - (iii) To note the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 18 to 20 and the details contained in Appendix 2 which reflect the feedback received through the consultation process.
 - (iv) To approve the revised estimate for 2014/15 as set out in Appendix 3.
 - (v) To note the position on the forecast roll forward budget for 2015/16 as set out in paragraphs 34 to 77.
 - (vi) To approve the revenue pressures and bids as set out in Appendix 4 and 5 respectively.
 - (vii) To approve the revenue pressures and bids as set out in Appendix 4 and 5 respectively.
 - (viii) To approve the General Fund Revenue Budget 2015/16 as set out in Appendix 7, which assumes a council tax increase of 1.99%.
 - (ix) To delegate authority to the Chief Financial Officer (CFO) to action all budget changes arising from the approved pressures, bids, efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund estimates.
 - (x) To note that after taking these items into account, there is an estimated General Fund balance of £9.6M at the end of 2017/18 as detailed in paragraph 114.
 - (xi) To delegate authority to the Chief Financial Officer, in consultation with the Head of Legal and Democratic Services, to do anything necessary to give effect to the recommendations in this report.
 - (xii) To sets the Council Tax Requirement for 2015/16 at £77.27M.
 - (xiii) To note the estimates of precepts on the Council Tax collection fund for 2015/16 as set out in Appendix 9.
 - (xiv) To delegate authority to the Chief Financial Officer to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Fire and Rescue Authority precept and the Police and Crime Commissioner for Hampshire precept.
 - (xv) To note the Medium Term Financial Strategy as detailed in Appendix 10 including the Medium Term Financial Forecast in Annex A of this appendix.
 - (xvi) To approve the Reserves Policy as set out in the Medium Term Financial Strategy at Appendix 10.
 - (xvii) To approve the creation of a Medium Term Financial Risk Reserve with a contribution of £2.89M in 2015/16 and to delegate authority to draw on this reserve to the Chief Financial Officer and Chief Executive in consultation with the Cabinet Member for Resources as set out in paragraph 119.
 - (xviii) To authorise the Chief Executive and Chief Officers to pursue the development of the options for efficiencies, income and service reductions as set out in Appendix 6b for the financial years 2016/17 and 2017/18 and continue to develop options to close the remaining projected gaps in those years.

- (xix) To approve entering in to an agreement with the Local Capital Finance Company and to approve a £20,000 investment in the Company in 2015/16 to enable SCC to have access to this competitive alternative borrowing source, as set out in paragraph 85.
- (xx) To approve entering into a Section 75 (S75) of the National Health Service Act 2006 Partnership Agreement pooled fund, noting the minimum statutory requirement to pool £15.325m revenue (SCC contribution £5.085M) and £1.526m (all SCC contribution) capital as detailed in paragraphs 124 to 128.
- (xxi) To note the actual S75 pooled fund to be set up will be an estimated £61M and approve a total SCC contribution of £5.3M revenue and £1.526M capital, from 1 April 2015.
- (xxii) To approve, in conjunction with recommendation xxiii, the addition of the remaining budgets included within the schemes as per the Better Care Plan, into the pooled fund as and when appropriate, bringing the total value to approximately £132M (SCC contribution of £51M).
- (xxiii) To delegate authority to the Director, People, following consultation with the lead Cabinet Member for Health and Adult Social Care, the Chair of the Health and Wellbeing Board and the Head of Legal and Democratic Services, to (a) agree the terms and conditions of the pooled fund agreement under S75 of the National Health Service Act 2006 and (b) to carry out any ancillary actions needed to give effect to this recommendation.

61. HOUSING REVENUE ACCOUNT BUDGET REPORT AND BUSINESS PLAN

DECISION MADE: (Ref: CAB 14/15 14177)

On consideration of the report of the Cabinet Member for Housing and Sustainability seeking approval for the Housing Revenue Account budget proposals and long term business plan to be recommended to the budget setting Council meeting on 11 February 2015,, Cabinet agreed the following:

- (i) To consider the report and agree that the recommendations, as set out below, be made to Council at the meeting on 11 February 2015.
- (ii) To approve the addition of £1,000,000 to the Housing Revenue Account Capital Programme for an Existing Satisfactory Purchase Scheme, funded from retained 'right to buy' capital receipts (30%) and direct revenue financing (70%).
- (iii) To approve capital expenditure of £1,000,000 in 2015/16, in accordance with Financial Procedure Rules, on the Existing Satisfactory Purchase Scheme and to give delegated authority to the Director of People to agree individual property acquisitions, as set out in paragraphs 34 to 36 of this report.

Council Recommendations:

- (i) To thank the Tenant Resources Group for their input to the capital and revenue budget setting process and to note their endorsement of the recommendations set out in this report and also the broad support for the proposals received at the Tenants' Winter Conference.

- (ii) To approve the following to calculate the dwelling rent increase from 1 April 2015:
 - That the standard increase applied to all dwelling rents should be 2.2% (CPI plus 1.0%), as set out in paragraph 11 of this report, equivalent to an average increase of £1.84 per week; and
 - That dwelling specific adjustments should be made to give an additional increase in average rent levels of 1.3% (£1.09 per week), subject to the total increase from both elements not exceeding £10.00 per week for any individual property, as set out in paragraph 13 of this report.
- (iii) To approve, based on the calculation set out in recommendation (ii) above, that with effect from the 1 April 2015, the current average weekly dwelling rent figure of £83.92 should increase by 3.5%, which will equate to an average increase of £2.93 per week.
- (iv) To note that the actual total increase in individual rents will vary by property, as explained in paragraph 14 of this report.
- (v) To note the following weekly service charges from 1 April 2015 based on a full cost recovery approach:
 - Digital TV £0.42 (unchanged from 2014/15)
 - Concierge £1.20 (unchanged from 2014/15)
 - Tower Block Warden £4.97 (unchanged from 2014/15)
- (vi) To note that the new cleaning charge for walk up blocks of £0.63 per week, which was introduced from July 2014, will also be unchanged from 1 April 2015.
- (vii) To note that the service charges for supported accommodation will continue at the rates approved in February 2013.
- (viii) To note that the charges for garages and parking spaces for 2015/16 will be increased by 1.2% in line with the increase in CPI.
- (ix) To approve the Housing Revenue Account Revenue Estimates as set out in the attached Appendix 1.
- (x) To approve the addition of £12,272,000 to the Housing Revenue Account Capital Programme for a Provision of Social Housing Scheme, funded from retained 'right to buy' capital receipts (30%) and borrowing (70%), as set out in paragraphs 34 to 36 of this report.
- (xi) To approve the revised Housing Revenue Account 5 Year Capital Programme set out in Appendix 2 and to note the key variances and issues in Appendix 3.
- (xii) To approve the 30 year Business Plans for revenue and capital expenditure set out in Appendices 4 and 5 respectively.
- (xiii) To note the HRA Business Plan - Planning Assumptions, as set out in Appendix 6.
- (xiv) To note that rental income and service charge payments will continue to be paid by tenants over a 48 week period.

62. IMPLEMENTING THE COUNCIL STRATEGY 2014-2017: TRANSFORMATION PROGRAMME UPDATE

DECISION MADE: (Ref: CAB 14/15 13599)

On consideration of the report of the Cabinet Member for Education and Change and the Cabinet Member for Resources and Leisure detailing the progress made in implementing the transformation programme, Cabinet agreed the following:

Cabinet recommended to Full Council, approval of the following recommendations:

- (i) To approve the Outline Business Case set out in Section A of this report.
- (ii) To endorse and recommend for approval by Full Council the new operating model for the Council set out in Section D of this report.
- (iii) To approve the high level implementation plan set out in Appendix 1 of this report.
- (iv) To note that regular updates on the position and progress of the Transformation Programme will be provided to Cabinet and (by agreement with the Chair) Overview and Scrutiny Management Committee.
- (v) To authorise the Chief Executive to take any further action necessary to give effect to the decisions of the Executive in relation to this matter.

Cabinet approved the following recommendations:

- (vi) To approve in principle, the procurement of a strategic partner to deliver the transformation programme and delegate authority to the Chief Executive following consultation with the Cabinet Member for Education and Change to enter into such an arrangement.
- (vii) To note that the Head of Legal & Democratic Services consequentially has authority to seal any contractual documentation arising from this.