

# COUNCIL MEETING

Wednesday, 20th July, 2016  
at 2.00 pm

Council Chamber - Civic Centre

## **This meeting is open to the public**

### **Members of the Council**

The Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

### **Contacts**

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<b>WARD</b>	<b>COUNCILLOR</b>	<b>WARD</b>	<b>COUNCILLOR</b>
<b>Bargate</b>	Bogle Noon Dr Paffey	<b>Millbrook</b>	Denness Furnell Taggart
<b>Bassett</b>	L Harris Hannides B Harris	<b>Peartree</b>	Houghton Keogh Lewzey
<b>Bevois</b>	Barnes-Andrews Burke Rayment	<b>Portswood</b>	Claisse O'Neill Savage
<b>Bitterne</b>	Jordan Letts Murphy	<b>Redbridge</b>	McEwing Pope Whitbread
<b>Bitterne Park</b>	Fuller Inglis White	<b>Shirley</b>	Chaloner Coombs Kaur
<b>Coxford</b>	Morrell D Thomas T Thomas	<b>Sholing</b>	J Baillie Hecks Wilkinson
<b>Freemantle</b>	Moulton Parnell Shields	<b>Swaythling</b>	Mintoff Painton Vassiliou
<b>Harefield</b>	P Baillie Fitzhenry Laurent	<b>Woolston</b>	Mrs Blatchford Hammond Payne

## **PUBLIC INFORMATION**

### **Role of the Council**

The Council comprises all 48 Councillors. The Council normally meets six times a year including the annual meeting, at which the Mayor and the Council Leader are elected and committees and sub-committees are appointed, and the budget meeting, at which the Council Tax is set for the following year.

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council. It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee. The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

## **PUBLIC INVOLVEMENT**

**Questions:-** People who live or work in the City may ask questions of the Mayor, Chairs of Committees and Members of the Executive. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.8)

**Petitions:-** At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions. Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.1)

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

**Deputations:-** A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.7)

## **MEETING INFORMATION**

**Use of Social Media:-** The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

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

### **Southampton City Council's Priorities:**

- Jobs for local people
- Prevention and early intervention
- Protecting vulnerable people
- Affordable housing
- Services for all
- City pride
- A sustainable Council

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

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

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

<b>Proposed dates of meetings (Municipal year 2016/17)</b>	
<b>2016</b>	<b>2017</b>
20 July	15 February (Budget)
21 September	15 March
16 November	17 May (AGM)

### **CONDUCT OF MEETING**

#### **FUNCTIONS OF THE COUNCIL**

The functions of the Council are set out in Article 4 of Part 2 of the Constitution

#### **RULES OF PROCEDURE**

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

#### **BUSINESS TO BE DISCUSSED**

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

#### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 16.

### **DISCLOSURE OF INTERESTS**

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

#### **DISCLOSABLE PECUNIARY INTERESTS**

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship: Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
  - a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
  - b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

### **Other Interests**

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

### **Principles of Decision Making**

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

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

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.

Service Director, Legal and Governance  
Richard Ivory  
Civic Centre, Southampton, SO14 7LY

Tuesday, 12 July 2016

**TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL**

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 20TH JULY, 2016 in the COUNCIL CHAMBER CIVIC CENTRE at 2:00pm when the following business is proposed to be transacted:-

**1 APOLOGIES**

To receive any apologies.

**2 MINUTES**

(Pages 1 - 18)

To authorise the signing of the minutes of the Council Meeting held on 18<sup>th</sup> May 2016, attached.

**3 ANNOUNCEMENTS FROM THE MAYOR AND LEADER**

Matters especially brought forward by the Mayor and the Leader.

**4 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS**

To receive any requests for Deputations, Presentation of Petitions or Public Questions.

**5 EXECUTIVE BUSINESS**

(Pages 19 - 32)

Report of the Leader of the Council outlining the executive business over the previous two months.

**6 MOTIONS**

**Councillor Fitzhenry to move:**

Calls on Council to support the Prime Ministers example of uniting the country behind the decision made democratically to leave the European Union and move forward together.

We support the prime minister in his statement Britain is an open democratic country built upon the values of fairness and opportunity. We condemn the acts of racism against anyone and reiterate that those who have made Britain their home do not need to fear that they will be treated differently.

Now is our opportunity to take the result forward and build an ever fairer, stronger and prosperous United Kingdom for us all.

**7 QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR**

To consider any question of which notice has been given under Council Procedure Rule 11.2.

**8 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES**

To deal with any appointments to Committees, Sub-Committees or other bodies as required.

**9 MAKE THE BASSETT NEIGHBOURHOOD PLAN**

(Pages 33 - 66)

To consider a report of the Leader of the Council seeking approval for Make the Bassett Neighbourhood Plan, attached.

**10 COMBINED AUTHORITY**

(Pages 67 - 148)

To consider the report of the Leader of the Council seeking approval from the Executive as to the Solent Governance Review and its conclusions. If agreed, to approve in draft the Solent Combined Authority Governance Scheme for consultation, attached.

**11 REVISIONS TO THE CONSTITUTION**

(Pages 149 - 152)

To consider the report of the Service Director, Legal and Governance concerning changes to the constitution, attached.

**12 GENERAL FUND REVENUE OUTTURN 2015/16**

(Pages 153 - 188)

Report of the Cabinet Member for Finance seeking approval of the General Fund Revenue Outturn 2015/16, attached.

**13 COLLECTION FUND OUTTURN 2015/16**

(Pages 189 - 196)

Report of the Chief Finance Officer concerning the actual payments made to and from the Collection Fund during the 2015/16 financial year, attached.

**14 GENERAL FUND CAPITAL OUTTURN 2015/16**

(Pages 197 - 240)

Report of the Cabinet Member for Finance seeking approval of the General Fund Capital Outturn 2015/16, attached.

**15 REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2015/16**  
(Pages 241 - 276)

Report of the Council's S151 Officer detailing Treasury Management activities and performance for 2015/16 against the approved Prudential Indicators for External Debt and Treasury Management.

**16 HRA CAPITAL PROGRAMME PROJECT APPROVALS 2016-17 AND 2017-18** □  
(Pages 277 - 286)

To consider the report of the Cabinet Member for Housing and Adult Care detailing the HRA Capital Programme Project Approvals 2016/17 and 2017/18, attached.

**17 HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2015/16**  
(Pages 287 - 312)

Report of the Cabinet Member for Housing and Sustainability detailing the level of spend on the Housing Revenue Account for the financial year 2015/16

**18 CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS**  
(Pages 313 - 336)

To consider the report of the S151 Officer and Cabinet Member for Finance detailing proposed changes to existing Revenue and Capital Budgets to incorporate changes to this and future years' budgets.

NOTE: There will be prayers by Reverend Roy Hemmings in the Mayor's Reception Room at 1.45 pm for Members of the Council and Officers who wish to attend.



Richard Ivory  
Service Director, Legal and Governance



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## SOUTHAMPTON CITY COUNCIL

### MINUTES OF THE COUNCIL MEETING HELD ON 18 MAY 2016

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#### Present:

The Mayor, Councillor McEwing  
The Sheriff, Councillor L Harris  
Councillors J Baillie, P Baillie, Barnes-Andrews, Mrs Blatchford, Bogle, Burke, Chaloner, Claisse, Coombs, Denness, Fitzhenry, Fuller, Furnell, Hammond, Hannides (items 1-7 and 12 onwards only), B Harris, Hecks, Houghton, Inglis, Jordan, Kaur, Keogh (items 8 - 13 and 17 and 19 only), Laurent, Letts, Lewzey, Mintoff, Morrell, Moulton, Murphy, Noon, O'Neill, Dr Paffey, Painton, Parnell, Payne, Pope (item 8 onwards), Rayment, Savage, Shields, Taggart, D Thomas, T Thomas, Vassiliou, Whitbread, White and Wilkinson

#### 1. CITY OF SOUTHAMPTON AWARD

##### **FORMER COUNCILLOR NORRIS IN THE CHAIR**

RESOLVED upon the motion of the Mayor (Former Councillor Norris) and seconded by the Sheriff (Councillor McEwing), that the City of Southampton Award be presented to Jane Higgins.

#### 2. ELECTION OF A MAYOR FOR THE ENSUING YEAR

RESOLVED upon the motion of Councillor Rayment, and seconded by Councillor B Harris, that Councillor McEwing be elected to the Office of 794th Mayor of Southampton and Chair of the Council for the ensuing year.

The Mayor (Councillor McEwing) then made and subscribed to the Declaration of Acceptance of Office.

##### **THE MAYOR (COUNCILLOR McEWING) IN THE CHAIR**

#### 3. MAYOR'S CHARITIES

The Mayor announced that she would be supporting as her charities, Two Saints, Wayne Howard Trust and St Mary's Titanic Window Fund.

#### 4. ELECTION OF A SHERIFF FOR THE ENSUING YEAR

RESOLVED upon the motion of Councillor Hannides and seconded by Councillor Letts, that Councillor L Harris be appointed the 579th Sheriff of the City of Southampton and Vice-Chair of the Council for the ensuing year.

The Sheriff (Councillor L Harris) then made and subscribed to the Declaration of Acceptance of Office.

5. VOTE OF THANKS TO RETIRING MAYOR

RESOLVED upon the motion of Councillor Moulton and seconded by Councillor Kaur, that the Council places on record its appreciation for the distinguished manner in which Former Councillor Norris had discharged the duties of the Mayor of the City during the period of her term of office.

6. SOUTHAMPTON BUSINESS SUCCESS

RESOLVED that the Southampton Business Success Award be presented to Southampton Solent University.

7. FORMER COUNCILLORS

RESOLVED that former Councillors Daunt, Galton, Jeffery, Lloyd, Norris, Tucker and Spicer be thanked for their service to the City during their period in office.

**AT THE RECONVENED MEETING OF THE SOUTHAMPTON CITY COUNCIL HELD  
IN THE COUNCIL CHAMBER, CIVIC CENTRE ON 18<sup>th</sup> MAY, 2016**

8. APOLOGIES

It was noted that no apologies for absence had been received.

9. MINUTES

RESOLVED that the minutes of the Council Meeting held on the 16<sup>th</sup> March, 2016 be approved and signed as a correct record.

10. ANNOUNCEMENTS FROM THE MAYOR

(i) **Welcome to New Members**

The Mayor thanked all Members for their support in electing her as Mayor and welcomed to the meeting all those councillors who were attending their first meeting together with those who had successfully defended their seats.

(ii) **Employee of the Year Awards**

The Leader presented the following awards:

Employee of the Year Awards:

- Janet Chapman - School Crossing Patrol Officer;
- Carole Holden – Cleaner; and
- Ali Kershaw - Business Support Officer.

Manager of the Year:

- Tina McIntyre - Project Coordinator.

Team of the Year:

- Hospital Discharge Team.

**(iii) Training**

The Mayor reminded Members of a number of training sessions that had been arranged and encouraged both new and existing Councillors to attend.

**(iv) Social Media**

For the benefit of new Members, the Mayor referred to the wi-fi that was available in the Council Chamber and that the use of mobile electronic devices could therefore be used in the Chamber and in Committee Meetings.

The Mayor urged Members to use their good sense and behave with courtesy, particularly in not tweeting messages which would otherwise be in breach of the Council's rules or the law. For example, tweeting material discussed in confidential session would be a serious breach.

The Mayor also informed Members that the fine for mobile phones ringing had been increased and the Mayor's charity would now request £25 be paid.

**(v) Courtesy in the Chamber**

The Mayor referred to the need for meetings to run efficiently and effectively, and asked Members to keep in mind throughout the year the basic courtesies that needed to be adhered to both in timeliness in arriving at the meeting and listening carefully to the arguments.

The Mayor further requested that for the benefit of the public, Members remain in the seat allocated, or if they wished to move, they give notice of their intention prior to the next meeting so that the copies displayed in the public could be amended.

**11. ELECTION OF THE LEADER**

The nomination of Councillor Letts was moved and seconded.

UPON BEING PUT TO THE VOTE IT WAS:

RESOLVED that Councillor Letts be elected as Leader of the Council for the ensuing year.

Following his election as Leader, Councillor Letts informed the Council of his Cabinet and their Portfolio responsibilities.

Education and Skills – Councillor Dr Paffey

Health and Sustainable Living – Councillor Shields

Finance - Councillor Chaloner

Communities, Culture and Leisure – Councillor Kaur

Transformation Projects - Councillor Hammond

Deputy Leader (Internal) and Environment and Transport – Councillor Rayment

Deputy Leader (External) and Housing and Adult Care – Councillor Payne

Children’s Social Care – Councillor Lewzey

The Leader then informed Members of the content of each of the Portfolios and announced that these would be incorporated into the scheme of Executive Delegation in the Constitution.

## 12. ANNUAL REVIEW OF THE CONSTITUTION

With the consent of the meeting, Councillor Barnes-Andrews, Chair of the Governance Committee, altered and moved the report of the Service Director, Legal and Governance detailing the annual review of the Council’s Constitution and Councillor Letts seconded:

Add additional recommendation (iv)

“that Financial Procedure Rules be amended to exempt real property transactions from the value thresholds determining the level of decision making, and that Article 12 of the Constitution be amended to exclude property transactions from the definition of ‘significant budgetary impact’ that determines whether or not a matter be treated as a Key Decision”.

Amendment moved by Councillor Moulton and seconded by Councillor Fitzhenry:

### **“Aldermen**

- Strike out requirement for Alderman to submit notice of their intention to speak
- Strike out limit of 15 minutes total speaking time during a meeting.
- Leave proposed limit of 5 minutes per item.

### **Increasing Involvement of the public**

- Council asks that the Governance Committee considers further how to appropriately strengthen public engagement at council meetings, asking for them to seek views of Members and to report back to Full Council in September with any proposed changes.

### **Confidentiality rules**

- Council asks that the Governance Committee considers how best to ensure that confidential items and information given to officers and members is not disclosed to the public and to consider further appropriate sanctions that might be put in place where a breach of confidentiality occurs and that it considers the measures taken to investigate any alleged breach of confidentiality. Governance to report back to Full Council in September with any proposed changes.

### **Use of Council Resources**

- That during a period of purdah, that Members of the council not be allowed to issue council funded bulk letter mailings to residents / voters.

### **Key Decisions and Property**

- All Members should be advised of Key property decisions and Group Leaders, Chair and Vice Chair of OSMC be sent a formal briefing note ahead of any key property decision”.

UPON BEING PUT TO THE VOTE THE ALTERATION MOVED BY COUNCILLOR BARNES-ANDREWS WAS DECLARED CARRIED

UPON BEING PUT TO THE VOTE THE AMENDMENT IN THE NAME OF COUNCILLOR MOULTON WAS DECLARED LOST

#### RESOLVED:

- (i) that the changes to the Constitution and associated arrangements as set out in the report be approved;
- (ii) that the Service Director: Legal & Governance be authorised to finalise the arrangements as approved by Full Council and make any further consequential or minor changes arising from the decision of Council;
- (iii) that the City Council’s Constitution, as amended be approved, including the Officer Scheme of Delegation for the municipal year 2016/17; and
- (iv) that Financial Procedure Rules be amended to exempt real property transactions from the value thresholds determining the level of decision making, and that Article 12 of the Constitution be amended to exclude property transactions from the definition of ‘significant budgetary impact’ that determines whether or not a matter be treated as a Key Decision.

### 13. APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

RESOLVED that subject to certain decisions that may from time to time be made by the Council, the following Committees, Sub-Committees and other bodies be appointed with the allocation of seats to political groups shown therein and they be delegated authority to act within their Terms of Reference:

<b>Political Group</b>	<b>Seats on Council</b>	<b>%</b>
Labour	25	52.08
Conservative	19	39.58
Councillors Against Cuts	3	6.25
Independent	1	2.08

<b>Committees</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>No. of Seats</b>
Overview and Scrutiny Management (10)	Cllr Furnell Cllr Whitbread Cllr Murphy Cllr Savage 4	Cllr Fitzhenry Cllr Fuller Cllr Hannides Cllr Moulton 4	Cllr Morrell Cllr T. Thomas 2	10
Planning and Rights of Way (7)	Cllr Denness Cllr Coombs Cllr Mintoff Cllr Barnes-Andrews 4	Cllr Claisse Cllr L Harris Cllr Hecks 3	0	7
Employment and Appeals Panel (7)	Cllr Burke Cllr Taggart Cllr Noon Cllr Whitbread 4	Cllr B Harris Cllr White Cllr Wilkinson 3	0	7
Chief Officer Employment Panel (6)	Cllr Letts Cllr Payne Cllr Rayment 3	Cllr Fitzhenry Cllr Hannides Cllr Moulton 3	0	6
Licensing Committee (10) (Min 10 – max 13)	Cllr Furnell Cllr Mrs Blatchford Cllr Jordan Cllr Bogle Cllr Lewzey 5	Cllr B. Harris Cllr Painton Cllr Parnell Cllr J. Baillie 4	Cllr D. Thomas 1	10
Governance Committee (7)	Cllr Barnes-Andrews Cllr Jordan Cllr Keogh Cllr Noon 4	Cllr Parnell Cllr Inglis Cllr O'Neill 3	0	7
<b>Sub-Committees</b>	<b>Labour</b>	<b>Conservative</b>	<b>Councillors Against Cuts</b>	<b>No. of Seats</b>
Health Overview and Scrutiny Panel (7)	Cllr Bogle Cllr Mintoff Cllr Noon Cllr Savage 4	Cllr Houghton Cllr P. Baillie Cllr White 3	0	7
Scrutiny Panel (7)	4	3	0	7
Children's and Families Scrutiny Panel (7)	Cllr Keogh Cllr Taggart Cllr Murphy Cllr Burke 4	Cllr Laurent Cllr Painton Cllr O'Neill 3	0	7

Licensing General Sub-Committee (5) (Membership must come from membership of Licensing Committee)	Cllr Furnell Cllr Mrs Blatchford Cllr Jordan  3	Cllr Painton Cllr Parnell  2	0	5
Standards Sub-Committee (3)	2	1	0	3
Standards Appeal Sub-Committee (3)	2	1	0	3
<b>TOTAL</b>	<b>43</b>	<b>33</b>	<b>3</b>	<b>79</b>

2. Appointment to Committees/Sub-Committees and other bodies NOT subject to political proportionality and therefore not included in the above calculations.

Sub-Committee	Labour	Conservative	Councillors Against Cuts	No. of Seats
Licensing and Gambling Sub-Committee (3) (Any 3 Members drawn from the Licensing Committee membership on rotation basis)				3

Other bodies	Labour	Conservative	Councillors Against Cuts	No. of Seats
Hampshire Fire and Rescue Authority (3)	Cllr Mintoff Cllr Coombs 2	Cllr Fuller 1	0	3
South East Employers (3 + 3 Deputies)	Cllr Whitbread (Deputy)  1+1 Deputy	Cllr O'Neill Cllr Parnell (Deputy) 1+1 Deputy	1+1 Deputy	3 + 3
Local Democracy and Accountability Network for Councillors (2)	0	Cllr Parnell 1	1	2

Partnership for Urban South Hampshire – Overview and Scrutiny Committee (1)	0	Cllr Moulton 1	0	1
Hampshire Police and Crime Panel (1) <i>(Overall proportionality is calculated across the County. This may require a change in appointment)</i>	1	Cllr Rayment 0	0	1
Health and Well-Being Board	<p>Council determines the number of places allocated to Elected Members on the Board. The decision as to who to appoint is an Executive Function. Council is requested to determine the membership of the Board as follows:</p> <ul style="list-style-type: none"> <li>• 5 Elected Members of Southampton City Council</li> <li>• Statutory Director for Public Health (Interim Director)</li> <li>• Statutory Director for Adult (Interim Service Director, Housing, Adults and Communities)</li> <li>• Statutory Director Children’s Services (Service Director, Children’s and Families Services)</li> <li>• Representative of the Clinical Commissioning Group</li> <li>• Representative of Healthwatch</li> <li>• Representative of NHS Commissioning Board’s Wessex Area Team</li> </ul>			
Chipperfield Trust	All 48 Members to be appointed to Chipperfield Trust			
<b><u>Committee</u></b>		<b><u>Chair</u></b>		
Overview and Scrutiny Management		Councillor Fitzhenry		
Planning and Rights of Way Panel		Councillor Denness		
Employment and Appeals Panel		Cllr Noon		
Chief Officer Employment Panel		Councillor Letts		
Licensing Committee		Councillor Mrs Blatchford		
Governance Committee		Cllr Barnes-Andrews		
Health Overview and Scrutiny Panel		Cllr Bogle		
Scrutiny Panel		Appoint as and when needed		
Licensing General Sub-Committee		Cllr Mrs Blatchford		
Licensing and Gambling Sub-Committee		Appoint as and when needed		
Standards Sub-Committee		Appoint as and when needed		
Standards Appeal Sub-Committee		Appoint as and when needed		
Children’s and Families Scrutiny Panel		Cllr Keogh		



14. CALENDAR OF MEETINGS

The Council approved the following dates for meetings of the Council in the 2016/17 Municipal Year:

20 July 2016

21 September 2016

16 November 2016

15 February 2017 (Budget)

15 March 2017

17 May 2017

15. DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

It was noted that no requests for deputations, petitions or public questions had been received.

16. EXECUTIVE BUSINESS

The report of the Leader of the Council was submitted setting out the details of the business undertaken by the Executive.

The Leader and the Cabinet made statements and responded to Questions.

The following questions were then submitted in accordance with Council Procedure Rule 11.1

**1. City Wide Estate Regeneration**

Question from Councillor Fitzhenry to Councillor Payne

Can the Cabinet Member outline the Executive's plans for City wide estate regeneration over the next 2-4 years?

Answer

I am pleased to report that planning consent was granted for the regeneration of Townhill Park on 3<sup>rd</sup> May. Demolition of the site of Phase 1A and most of Phase 1B is now well underway and officers are well advanced with plans to start on site on Phase 1A later this year. It is intended to bring a paper to Cabinet in July seeking approval to appoint the development agent and contractor and to progress the Compulsory Purchase Order to secure possession of the last remaining leasehold flat.

We are also in detailed discussions regarding phase 1B with a proposed development partner and funder. A programme for the delivery of the remaining phases will be included in the Cabinet report.

At Millbrook and Maybush the first Phase at Woodside Lodge and Wimpson Lane is also progressing well and a detailed planning application will be lodged this summer and a paper will be brought to Cabinet in August seeking approval to appoint the contractor.

Following the appointment of a new Project Manager for Millbrook & Maybush we intend to bring forward detailed proposals.

The regeneration of Erskine Court in Lordshill is nearing completion, and is due to provide 54 council homes when it opens this summer. The properties will be 'extra care' flats and this will be the first purpose-built extra care scheme delivered by the council and the aim is to deliver more of these.

## **2. Estate Regeneration**

Question from Councillor P. Baillie to Councillor Payne

Why has Estate Regeneration been such an abject failure during the last four years?

Answer

It hasn't.

## **3. Estate Regeneration Projects**

Question from Councillor P. Baillie to Councillor Payne

Please list all of the current Estate Regeneration projects being led by Southampton Council which involves building homes, together with their approved council funding level, and with the expected completion date?

Answer

Townhill Park – A paper seeking an approved budget and approval for the appointment of a contractor for Phase 1A will be brought to Cabinet in July. It is intended that Phase 1A will be complete by Spring 2018

Woodside & Wimpson – A paper seeking an approved budget and approval for the appointment of a contractor will be brought to Cabinet in August. It is intended that this project will be on site in early 2017 and complete by Autumn 2018.

## **4. Townhill Park Estate Regeneration**

Question from Councillor P. Baillie to Councillor Payne

When may we expect an apology to the residents of Harefield and Bitterne Park for the (at least) four year delay to the Townhill Park Estate Regeneration Project because of your party's political dogma?

Answer

The alleged four-year delay is nonsense and nobody's ever asked for an apology except for Cllr P Baillie in this question.

## **5. Housing Associations – Townhill Park Regeneration Scheme**

Question from Councillor Fuller to Councillor Payne

Has the Cabinet Member for Housing now met with Housing Associations to discuss their potential involvement in the Townhill Park Estate Regeneration scheme?

Answer

I have met our partner housing associations several times, and discussed regeneration at those meetings. More recently, the Head of Capital Assets has met with some of the same associations and further meetings with the portfolio holder will be arranged as required.

## **6. Bitterne Precinct**

Question from Councillor Fitzhenry to Councillor Letts

Can the Cabinet Member update us on the vision for Bitterne Precinct?

Answer

We are keen to see the precinct play its part in a successful Bitterne district centre. We will be re-surfacing the precinct to provide an improved quality of public realm. In addition we have procured a new market operator to provide additional footfall to support local traders.

## **7. Guildhall Square**

Question from Councillor Fitzhenry to Councillor Letts

Can the Cabinet Member outline the vision for the future usage of Guildhall Square?

Answer

We want Guildhall Square and the immediate environment, to become a vibrant city centre destination and gain a reputation for being a hub of cultural activities and events.

It has hosted many successful events while it has been undergoing redevelopment such as Sky Ride, the ABP Half Marathon 10k, Music in the City, Rainbow Run, The Nuffield Playing Fields, Commonwealth Games and more. These events have attracted thousands of visitors to the area. Working with local businesses, event organisers and other stakeholders, we can deliver a diverse events programme

## 8. Blacklisting

Question from Councillor Pope to Councillor Letts

What investigations have you launched at the City's current and former construction sites, including but not limited to: (i) the Sea City Museum (Constructor: Kier), (ii) the former Ordnance Survey site in Redbridge ward (both Taylor Wimpey and Kier sections), and (iii) on Watermark West Quay (SRM – Sir Robert McAlpine) and what policies have you put in place since November 2015, including but not limited to employment and skills plans and Section 106 agreements, to ensure that blacklisting is not conducted on the City's construction sites, including but not limited to the above sites?

Answer

We have no plans to launch investigations into historic projects. I was pleased to see an out of court settlement had been reached recently.

We are working with the procurement team to use contractor selection processes to address concerns about blacklisting, and to ensure future selection and development of frameworks secures appropriate reassurances and commitments about the practice of blacklisting.

We will introduce requirements within our employment and skills plans, that also secures appropriate reassurances and commitments about the practice of blacklisting.

## 9. Council Land

Question from Councillor Pope to Councillor Letts

Would you say it was (a) legal, (b) ethical to sell Council land to a firm registered in a well-known tax haven, especially when the vast majority of local residents do not wish for that land to be sold? If you do say that the answer to either (a) and/or (b) is yes, please give reasons.

Answer

It is the duty of the Council to get best value for any disposal of land it makes. I am content that the proposal to dispose of the land delivers on this duty.

I would also add that the development of employment land here and at other sites in the City is essential if we are to maintain the low levels of unemployment that we currently have.

If the Member thinks that the Council has acted unlawfully he is of course at liberty to launch a Judicial Review.

The registration of companies in non UK jurisdictions is a matter for national government and I am happy to bring your concerns to the attention of the cities MP's.

## 10. Forecast Overspends

Question from Councillor Fitzhenry to Councillor Chaloner

Can the Cabinet Member advise on the current level of forecast overspends in this year's budget?

Answer

As is standard practice, the authority does not undertake any financial forecasting in April, (Month 1) of the financial year. This is due to a number of factors:

1. Staff are closing down the previous year's accounts
2. There is not sufficient in year expenditure to enable an accurate forecast to be obtained
3. There is still a high number of creditor payments from the previous year outstanding.

Indicative positions will be calculated at the end of May (Month 2), and a full monitoring report will be compiled at the end of June (Month 3 or Quarter 1) to be presented at Cabinet in August.

Based on 2015/16 outturn (which will be reported to Council in July) the areas of concern are:

Children's Social Services where we have increased funding by £7 in 2016/17  
Adult Social Care where we have increased funding by £5M in 2016/17

Waste Collection and Disposal, where we have not at this stage increased funding in this area as Finance and the service area are working together to try to find ways to bring this area back to within its financial envelope.

Both Transformation and Finance are working with the all the above areas to help reduce costs and deliver savings that have been identified within these areas, to ensure the Service Areas deliver within budget.

A more complete picture will be presented to Cabinet at Quarter 1.

## 11. Low Emission Zone

Question from Councillor Fitzhenry to Councillor Rayment

Can the Cabinet Member advise on the review of the 4 year plan to deliver a low emission zone and confirm we are on track?

Answer

DEFRA published the [UK Air Quality Plan](#) in December 2015. The document identifies Southampton as one of five cities which will be required to implement a mandatory Clean Air Zone (CAZ) no later than 2020. This will introduce penalty charges for the most polluting HGV's, buses and taxis. A national framework and legislation to facilitate this are expected in 2016. Government have allocated funding to support those Local Authority's affected. Southampton City Council's Scientific Service are working closely with colleagues in DEFRA to develop the framework and Southampton's own implementation plan. DEFRA's project plan is illustrated below:

**2016**

Q1

- Join Unit established

Q2

- Scoping studies underway

Q2/3

- Consultation on CAZ framework and legislation

Q4

- CAZ framework finalised

**2017**

Q2/3

- CAZ legislation in place and introduction by LAs mandated

 Department for Environment, Food & Rural Affairs

**2017**

- Local consultation on CAZ proposals
- CAZ details finalised

**2018/19**

- Infrastructure procurement/installation
- Communications/awareness raising

**By end 2019**

- Clean Air Zones, and other measures necessary, in place in 5 cities

**2020**

- London ULEZ commences

Although Clean Air Zone's will be characterised by the introduction of penalty charges DEFRA are keen to ensure that they are the focus of additional measures. SCC is currently finalising its CAZ Implementation Plan which includes additional actions to complement and support the penalty charging. We are currently in discussion with DEFRA to declare our CAZ as early as 2017. Access restrictions and penalty charging would follow in 2019 as per DEFRA's timetable. This is likely to be the first CAZ introduced in the UK and will assist in delivering our mandatory requirements at the earliest opportunity and possibly ahead of DEFRA's own timetable.

**12. Weekly Bin Collection**

Question from Councillor Fitzhenry to Councillor Rayment

Can the Cabinet Member confirm the Executive will keep the weekly bin collection and keep the service run by the Council?

Answer

We have no plans to outsource the service. The administration will look at this issue later in the year, at the present time our policy remains unchanged. Everything will be kept under review in the light of our transformation programme.

**13. Public Space Protection Orders**

Question from Councillor Fuller to Councillor Payne

Following Cabinet approval for Public Space Protection Orders (PSPOs) in March, what is the timescale for implementing the PSPOs?

Answer

Begging and street drinking are complex issues and the Public Spaces Protection Order provides additional powers to the Police tackling these activities.

Discouraging members of the public from giving money directly to people begging in the City forms part of the solution. The Council has produced posters to educate the public and to encourage those who wish to make donations to

give directly to charities which are active in the City (i.e. the Society of St James and Two Saints). Posters are currently on display around the City. Enforcement of the PSPO will be preceded by work to engage with people who are street drinking or begging. This will involve the Police and the Community Safety Team advising individuals that continuing to drink in the street or beg is likely to lead to a fixed penalty notice being issued. People will also be encouraged to the support services which are available. The Neighbourhood Police teams will then start to enforce the requirements of the Order during the early part of the summer.

#### **14. Woodmill**

Question from Councillor Inglis to Councillor Rayment

As there has been a long outstanding problem at Woodmill and Bitterne Park residents suffer the consequential traffic issues, would it not have been an opportune time to use the temporary lights during current road repairs to have run a trial at almost zero cost. If not why?

Answer

The temporary traffic lights in Woodmill Lane were only for a few days while kerbing works were carried out and would not have allowed any meaningful traffic data to be gathered. It takes several days for traffic to settle down when changes are made. There is a closure of Woodmill Lane planned for 31<sup>st</sup> May and 1<sup>st</sup> June for surfacing, and again the duration is insufficient to fully assess how drivers would react in a permanent situation.

We continue to work with Townhill Park Residents' Association and other interested parties to see if any permanent solution is possible to improve the situation at Woodmill Lane. We have commissioned a technical report to establish the likelihood of any long term benefits of permanent signals given the close proximity of the other (also congested) river crossings.

It is anticipated that the early findings of this investigation will be available in June/July.

#### **15. Mental Health Services**

Question from Councillor White to Councillor Shields

Following the damning CQC report on Southern Health what steps is the Cabinet member taking to ensure that residents of the City are receiving high quality care mental health services.

Answer

Since the BBC's reporting of the leaked Mazars report into the Deaths of Patients at Southern Health NHS Foundation Trust (April 2011 – March 2015) in December 2015, I have kept the situation at Southern Health NHS Foundation Trust under close review.

I maintain regular contact with Southampton City CCG (which commissions the vast majority of NHS mental health and learning disability services for Southampton patients) and I have also ensured that issues relating to safe patient care are addressed by the Southampton Local Safeguarding Adults Board.

I discuss any developments that may affect the quality and safety of the care of Southampton residents using services provided by Southern Health NHS Foundation Trust with the City Council's nominated representative to its Council of Governors and with the chair of the Council's Health Overview & Scrutiny Panel.

The most recent Care Quality Commission report into concerns about the care provided by Southern Health has precipitated appointment by the regulatory authorities of Tim Smart as the new Chair for a fixed term period following the resignation of the previous chair, Michael Petter.

Last week I was copied into a letter from Tim Smart to local stakeholders dated 9 May 2016 and I very much welcome his commitment to bringing greater focus to the Trust Board, to accelerating improvement actions and to assuring the regulators that issues are being resolved with some pace and urgency. I am further reassured that Tim Smart expects by the end of the month to have a very clear view of ways in which the Trust needs to improve.

I will ensure that the City's Health & Wellbeing Board is fully engaged in developing plans for improved local mental health and learning disability services in Southampton.

## 17. MOTIONS

### **European Union**

Councillor Letts moved and Councillor Barnes-Andrews seconded:

"On the balance of the arguments this Council believes it is in the interests of the City of Southampton for the UK to remain a member of the European Union".

Stewart Dunn, Chief Executive, Hampshire Chamber of Commerce was in attendance and with the consent of the Mayor presented the arguments both for and against the motion.

UPON BEING PUT TO THE VOTE THE MOTION WAS DECLARED CARRIED

RESOLVED that the motion be approved.

## 18. QUESTIONS FROM MEMBERS TO THE CHAIRS OF COMMITTEES OR THE MAYOR

### **1. Political Whip**

Question from Councillor Pope to the Mayor:

Will you be following the Labour Whip if you use your casting vote?

Would you say that it is appropriate for a party politician, instead of someone who is not controlled by a party political whip, to chair Full Council and if you do not deem it



appropriate, will you join me in amending the Constitution today to that effect, by addressing the above issues?

Answer

Thank you most kindly, Councillor Pope for thinking of me in my Mayoral year, for considering my sense of fair play and justice. When you join a club of any description you agree to the Terms and Conditions and follow their rules, regardless if you agree with them or not.

As Mayor, I will be following the 300 odd year tradition and in response to your question – Yes and no, and I won't be breaking that tradition.

19. SOUTHAMPTON CITY COUNCIL AND POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE ELECTIONS 2016

The report of the Returning Officer detailing the results of the Southampton City Council and Police and Crime Commissioner elections on 5 May 2016 was noted.

20. OVERVIEW AND SCRUTINY ANNUAL REPORT 2015/16

The report of the Chair of the Overview and Scrutiny Management Committee detailing the Overview and Scrutiny Management Committee Annual Report 2015/16 in accordance with the Council's Constitution was noted.

21. OVERVIEW AND SCRUTINY: SUMMARY OF CALL IN ACTIVITY

The report of the Service Director, Legal and Governance detailing the use of the call-in procedure since last reported to Council in September 2015 was noted.

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<b>DECISION-MAKER:</b>	<b>COUNCIL</b>		
<b>SUBJECT:</b>	EXECUTIVE BUSINESS REPORT AND EXECUTIVE COMMITMENTS		
<b>DATE OF DECISION:</b>	20 JULY 2016		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Felicity Ridgway</b>	<b>Tel: 023 8083 3310</b>
<b>DIRECTOR</b>	<b>E-mail:</b>	<b>Emma.lewis@southampton.gov.uk</b>	

<b>STATEMENT OF CONFIDENTIALITY</b>	
None	
<b>BRIEF SUMMARY</b>	
This report outlines Executive Business conducted since the last report to Council on 20 May 2016.	
<b>RECOMMENDATIONS:</b>	
	(i) That the report be noted.
	(ii) Approve the Executive Commitments detailed in Appendix 1.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	This report is presented in accordance with Part 4 of the Council's Constitution.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	Not applicable.
<b>DETAIL (Including consultation carried out)</b>	
3.	This report highlights the contribution across the Council towards the Council's priorities since the last Council meeting on 20 May 2016.
4.	<p>While I regularly report the recognition the Council received from external sources, I was delighted at the last Council meeting to announce the winners of the first ever Staff Awards. Awards were made in three categories; Employee of the Year, Manager of the Year and Team of the Year.</p> <p>There were three Employees of the Year:</p> <ul style="list-style-type: none"> <li>• Janet Chapman, who was nominated for her excellent demonstration of taking personal responsibility for others in the work she delivers for our council and being very customer-orientated. Employed as a School Crossing Patrol Officer since 1 September 2006, Janet covers the crossing for Sholing Infant and Junior Schools and students from nearby Itchen College.</li> <li>• Carol Holden, who was nominated for her commitment to her customers, the residents of the tower blocks in the Thornhill area. She demonstrated her commitment with enthusiasm and pride, as she</li> </ul>

	<p>carries out her job as a cleaner.</p> <ul style="list-style-type: none"> <li>• Ali Kershaw, who works as a Business Support Officer. Ali identified an error in SEN funding support, and took responsibility for resolving the issue and improving processes.</li> </ul> <p>The Manager of the Year, Tina McIntyre of Pickles Coppice Children’s Centre, received over 20 nominations, which strongly demonstrates her ability to work through and with others. Many of the nominations commented on Tina’s support to her team throughout many changes at the Children’s Centre, and the fact that Tina makes her staff feel valued.</p> <p>The Team of the Year went to the Hospital Discharge Team who are based at Southampton General Hospital. They have worked above and beyond the expected working practice, often working seven days a week, whilst embracing the new management structure and working with no less than five partners across the system.</p> <p>Overall there were 245 individual nominations, with a good number in each category; there have also been lots of positive comments from across the organisation. I want to extend a special thank you to James Marshall, Janet King, Trevor Gallop and Rosie Wild-Green for organising the awards.</p> <p>The Council’s highways partnership with Balfour Beatty won the 2016 V3 Digital Technology Leaders Award for Best Public Sector Digital Project. The award, for our ‘Shaping Southampton through Digital Excellence’ submission, recognises the contribution of the partnership in transforming the way technology is being utilised to deliver digital customer-facing and back office highways services in order to reduce costs whilst maintaining excellent levels of customer service.</p>
5.	<p>I am also pleased to take this opportunity to announce the Council’s new priorities. We want to radically change the way in which we prioritise our resources to ensure they are being allocated to our top priorities. We are, therefore, developing an outcomes-based planning and budgeting approach which will inform business and service plans, and savings proposals. This new approach will enable us to move away from annual budgeting and take a longer term approach to budget planning based on the priorities and outcomes that we want to achieve. The priorities will form the basis of the Council Strategy update, to be presented to Full Council for consideration and approval in September 2016. The four new Council priorities are</p> <ul style="list-style-type: none"> <li>• Children and young people get a good start in life.</li> <li>• Strong and sustainable economic growth.</li> <li>• People in Southampton live safe, healthy, independent lives.</li> <li>• Southampton is an attractive and modern city, where people are proud to live and work.</li> </ul> <p>These priorities will be reflected in the next Executive Business Report.</p>
6.	<p>My administration has also delivered a list of the Executive’s Commitments detailed in Appendix 1 for consideration and approval by Full Council. These will also be reflected in the Council Strategy and progress will be monitored and reported regularly.</p>

	<b>JOBS FOR LOCAL PEOPLE</b>
7.	I am pleased to confirm that in June 2016 the Cabinet agreed the 'Go Southampton' proposal for a city centre Business Improvement District (BID). BIDs are defined areas within which businesses are required to pay an additional tax, or levy, in order to fund projects within their boundaries. The Steering Group for Southampton's BID will work with the Council to support the promotion and regeneration of the city centre, which in turn will bring considerable economic growth and revenue to the city. The BID objectives include a better city centre experience, which will include improved cleanliness, reduced crime, better marketing and stronger businesses. The aim is to raise Southampton's national and international profile as a place for business and leisure and a stronger business community, with better skills and talent retention and enhanced support for new investment into the city.
8.	The Council is leading the delivery of the Solent Jobs Pilot, which arose through the City Deal with Southampton and Portsmouth. This pilot focusses on getting long-term unemployed people with health conditions into work. The £4M project commenced in June 2016 and will support over 1,200 people from across the two cities and priority areas of the Solent through integrating employment and health services as well as providing paid work placements. In-depth evaluation of outcomes and cost benefits has been commissioned, to feed into future government policy and provision.
9.	<p>The Council has offered an in-house Internship Programme for seven local undergraduates and graduates from our two universities. The programme includes a paid 30 hour per week placement in the following Council departments:</p> <ul style="list-style-type: none"> <li>• Waste and Recycling/Flood Risk Management</li> <li>• Scientific Services</li> <li>• Communications</li> <li>• Youth Offending Service</li> <li>• Transformation Programme</li> <li>• Planning, Open Spaces and Biodiversity</li> <li>• Legal</li> </ul> <p>The interns are being employed through the Temporary Employment Agency and their placements are fully funded through a grant via the Economic Development and Skills Team. Five of the seven posts have already been recruited to, with the remaining two being advertised.</p>
10.	Ford legacy funding has been secured to support Southampton's young people to gain access to careers advice, inspiration and work experience. The Economic Development and Skills Team has commenced procurement for the £90,000 fund to secure a provider to deliver the service to young people in Year 9 in the city's schools, particularly those who would have traditionally looked to Ford for their future career. This will, therefore, help mitigate the loss of the Ford employment opportunity to the city's young people by widening and improving their career aspirations and opportunities.
11.	The Council has worked in partnership with Jobcentre Plus and Work Programme providers to organise a major jobs fair at Jury's Inn. A total of 32 employers offered over 900 vacancies and more than 400 local unemployed

	local people attended. Amongst the exhibitors were Lidl Distribution and West Quay, in order to raise awareness and recruit to the training courses which are preparing local people for the jobs arising from these major developments.
12.	A successful Youth Forum took place on 27 June 2016, run in partnership with the Skills and Employment Team, Saints Foundation and No Limits. The focus for this event was on skills and employment, which was requested by our young people at the last Youth Forum event in March 2016. Young people were invited to the event from schools across the city, and had the opportunity to discuss employment and skills issues and find out more about post16 and post18 stages. The views gathered from this event will help support the development of Council strategies and policies.
	<b>PREVENTION AND EARLY INTERVENTION</b>
13.	I am pleased to announce that the 'Every Child a Talker' (ECaT) programme has now worked with 5,746 children in early years settings since the programme began. Their assessment has demonstrated a significant improvement of 5% for children in the crucial competencies of attention and listening. These skills support the children to be 'school ready' when they transfer to Reception Year. The programme has been in place in Southampton since 2009 and aims to improve the speech, language and communication skills of pre-school children. ECaT focusses on developing the confidence, knowledge and skills of adults who work with children in early years settings, and on empowering parents to support children at home. ECaT has become an integral element of the Early Year Development Team's work to improve the quality of all the early years provision across the city.
14.	Southampton City Council's Psychology Service has recently delivered an Attachment Awareness training programme, in association with the Kate Cairns Association, to 130 school staff across the age range in the city. The Educational Psychologists, supported by the Virtual School, led a series of workshops focussing on key skills, including attachment, trauma, sensory processing and resilience. The service is continuing to promote these skills through the city's nationally acclaimed emotional learning support and Nurture Groups, as they are important skills for supporting our most vulnerable pupils as well as raising the social, emotional and academic outcomes for pupils in the wider school population.
15.	On 20 June 2016, the Council ran a Primary Youth Forum, in partnership with the Saints Foundation, with a key focus on food, mood and healthy activity. The aim of the event was to gain a greater understanding on the perspective of young people on the relationship between food, mood and activity, what influences their decisions about what they eat, the barriers to eating more healthily and what actions can be taken to make it easier for children and young people to eat more healthy foods. The event was very well received by the children and their views and opinions will now be gathered and collated into a report to help inform Public Health's Childhood Obesity Prevention and Management Plan.
16.	In 2014, Southampton was one of 12 areas in England to be awarded £0.5M by the Big Lottery to plot initiatives to raise mental wellbeing in 10-14 year olds. The Southampton HeadStart programme was delivered in three secondary schools, and their feeder primary schools, one special school and

	<p>one pupil referral unit within the 2015/16 academic year. Over 700 children and young people benefitted from the programme and over 100 teaching staff, parents and young people were trained to provide emotional first aid.</p> <p>In 2015, Big Lottery offered up to £10M to each of the 12 areas for a five year programme starting in 2016/17 and ending in 2020/21 through a bidding process. Six of the areas were successful but, unfortunately, Southampton was not. Feedback from the Big Lottery was that there was a clear divide between successful and unsuccessful areas. Stronger areas had a much stronger co-production approach than unsuccessful areas, enabling evidence-based approaches that were strongly led and shaped by young people. In addition, Big Lottery expressed concern about the leadership and governance of the programme in Southampton due to several changes in strategic leadership of the Southampton programme between 2014 and 2016. Nonetheless, some good practice in Southampton was also highlighted: the excellent peer mentoring approach, that our strategic intent for the city was clear, our integrated locality team approach and our robust needs assessment. Big Lottery are keen to engage in conversations to help further develop our co-production approach and support our success in future Big Lottery strategic bidding processes.</p>
17.	<p>Building on the success and positive feedback from Imagine the Future 2015 another event was held this year. On 12 July, Imagine the Future 2016 invited Southampton's children and young people (aged 10-15) to participate in a half-day event on board a Red Funnel ferry. College students delivered workshops they had developed, supported by health care professionals, on matters surrounding a healthy mind. The views of the children and young people who attended the event will be used to improve mental health services in the city for children and young people. The event was a cross partnership event organised by the Council's Economic Development and Skills Team, the Intelligence, Insight and Communications Team and HeadStart on behalf of the Southampton Education Forum, Southampton Connect, the Employment, Skills and Learning Partnership, the Health and Wellbeing Board and the Safe City Partnership.</p>
	<p><b>PROTECTING VULNERABLE PEOPLE</b></p>
18.	<p>On 21 June 2016, Cabinet received the final report of the Scrutiny Inquiry Panel's review looking at making Southampton a 'dementia friendly city'. The estimated number of people with dementia in Southampton is 2,618 (March 2015). This figure is expected to rise in line with an increase in the over 65 population. Traditionally, the focus for dementia care has been NHS treatments and care services delivered by local councils. Recently, there has been a shift to a focus on how to support people who have been diagnosed with dementia to live as full a life as possible and encourage communities to work together to help people to stay healthier for longer. Following extensive consultation the Scrutiny Enquiry has developed a final report containing 18 recommendations which, if implemented, the Panel believes will help to accelerate progress towards Southampton becoming a dementia friendly city. The Cabinet will formally respond to the recommendations within the report later in the year.</p>
19.	<p>Over the months of May and June 2016, there have been a number of national campaigns organised to support vulnerable people and raise</p>

	awareness of their needs. The Council has been very pleased to use these opportunities to raise key issues across the city.
20.	Southampton's LSCB ran a successful Safeguarding Week during the week 6th-10th June 2016. With outreach teams based in Shirley, Bitterne and the city centre at different times of the week, they were able to engage with over 400 residents, including families, carers and vulnerable adults. They were able to discuss key safeguarding topics such as potential risks of the use of technology by children and young people, safer sleeping for babies and advice for residents about what to do if they are concerned about a child's safety.
21.	<p>I am pleased to report that during Carers' Week, held between 6-12 June 2016, was a huge success. At the heart of both the local and national campaigns was a drive to build 'carer friendly communities'. In Southampton:</p> <ul style="list-style-type: none"> <li>• The charity 'Ex-Saints' took 30 young carers to Paulton's Park on 4<sup>th</sup> June. Southampton FC legends Matt le Tissier, Mike Earles, Reuben Agboola, Hughie Fisher, Glenn Cockerill, Manny Andruszewski and Gordon Watson accompanied the youngsters and also gave away signed football shirts. The event was covered by ITV Meridian and highlighted the work done by young carers in Southampton.</li> <li>• A young carer and his mother were interviewed on Awazz radio station the week following Carers' Week, promoting young carers and how they can be supported through the Young Carers' Project</li> <li>• 5,000 carnations and 5,000 chemists' dispensing bags were distributed through the city to raise awareness of carers and the support available to them.</li> </ul>
22.	Southampton's campaign, led by carers and supported by the Council, brought together agencies and local people to ensure carers across the city are recognised for their work and are able to receive the support available. The flower campaign reached all parts of the city and has demonstrated positive engagement from the residents of Southampton, with an 80% increase in hits to the Carers in Southampton website compared to the previous week and a 400% increase in reaches, likes and follows on social media. A welcome spotlight has been shone on 'unpaid carers' and the invaluable work they do in supporting some of the most vulnerable people in the city, and a good beginning has been made in creating 'carer-friendly communities' throughout Southampton.
23.	National Refugee Week took place between 18-26 June, and was coordinated locally by City of Sanctuary Southampton, supported by the Council's community development workers and by the Communications Team. Activities included an exhibition of 'welcome' themed artwork provided by the local Women for Women's Sewing Club and a 'RefuTea' party at the Art House to raise awareness. Two schools in the city, Oasis Academy Mayfield and Swaything Primary School, are currently working towards achieving 'School of Sanctuary' status.
24.	Fostering Fortnight took place between Monday 16 and Sunday 22 May 2016. This provided a focal point for ongoing activity to recruit new foster carers in 2016-17. The City Council's Communications Team was actively involved in extensive promotional activity, which was timed to coincide with these two weeks, and included JC Decaux posters, radio and Daily Echo adverts, fostering e-alerts, Facebook, Twitter, web banners and library screensavers.



	<p>As a result of this, the campaign also received coverage from other local media. The Council also held six information events during the fortnight and the campaign received positive coverage from local media. For the first time, the Fostering web page became one of the most popular, with 2,914 visitors entering the Council website on the Fostering landing page. The majority of these visitors (58%) arrived through external referrers, such as the Daily Echo website and Facebook. It is encouraging to note the high levels of interest this activity generated, and work is underway to assess the impact of the campaign on the basis of numbers of prospective foster carers.</p>
	<p><b>GOOD QUALITY AND AFFORDABLE HOUSING</b></p>
25.	<p>A large number of council homes across the city are set to benefit from a range of improvements, including refurbished roofs and improved insulation levels. Southampton City Council is working in partnership with Hampshire and Surrey Councils to appoint an organisation to do the works at a more competitive rate. By April 2018, over 1,000 flats and 100 houses will have had their roofs refurbished. Work to upgrade the balconies on all two-storey walk-up blocks of flats across the city is ongoing and progressing well. New handrails and panels are being installed, as well as “slip resistant” floors to improve safety for residents. New windows have now been installed at Dumbleton Towers, with work progressing well on the exterior wall insulation. Windows are also complete at Tunstall Road and have now commenced at Meredith Towers.</p>
26.	<p>I am pleased to announce that, on 7 June 2016, the Planning and Rights of Way Panel gave permission in principle for the redevelopment of 14 Cumberland Place as student flats, pending further checks and further detailed plans to ensure the proposed building meets planning conditions. The existing building will be demolished and rebuilt as a 12-storey building to provide 141 flats (198 bedrooms). There will also be communal student facilities, a gymnasium, reception/common room, cinema and study areas. The flats will be carefully designed to ensure that they fit in with the local architecture, and will have a green roof to promote biodiversity in the area. It is expected that the flats will help to ease the pressure on homes elsewhere in Southampton, which can then be used as family homes.</p>
27.	<p>The Council’s Housing Service has been working with Hampshire Fire and Rescue Service to develop a new sprinkler system for Shirley Towers, Sturminster House and Albion Towers. Flats in these blocks, which are spread across two levels, will have sprinklers installed by the end of 2016 as an extra fire precaution.</p>
28.	<p>I am pleased to announce that the construction of Erskine Court is now complete and the contractor handed over the site on 22 June 2016. The first tenants are now moving in, and an opening event is planned for later in the summer. The project provides 54 high-quality new one and two bedroom ‘Apartments with Care’ together with common rooms, guest accommodation, an on-site restaurant and landscaped gardens.</p>
	<p><b>SERVICES FOR ALL</b></p>
29.	<p>Following consultation with residents and businesses, work is continuing on the development of the River Itchen Flood Alleviation Scheme which will reduce the risk of tidal flooding for a significant number of commercial and residential properties along the lower west bank of the river. The scheme will</p>

	involve the implementation of a new sheet piled wall along the frontage which will have a design life of 100 years. The outline design for the scheme is currently being developed in preparation for submission of a future planning application, timetabled for late 2016. By reducing flood risk the scheme will ensure the frontage can continue to support the existing uses whilst providing the required strategic infrastructure to support planned future development in the area.
30	<p>The Waste and Recycling Team has prioritised working with Southampton's diverse communities, in order to help residents recycle more and reduce waste across the city. Recent initiatives have included:</p> <ul style="list-style-type: none"> <li>• Partnership with the Inner Avenue Residents' Association to improve the local street scene. This included placing stickers on bins, litter picking, educating residents and taking bins off the pavement</li> <li>• Supporting a Southampton University Student Union-led campaign called 'Shift your Stuff' to encourage students to donate bulky items for reuse/recycling before vacating their shared houses.</li> <li>• Introduced, with funding from WRAP, an organisation which supports organisations to deliver practical solutions to improve resource efficiency, a programme of Recycling Champions in blocks of flats.</li> <li>• In conjunction with SureStart Children's Centres, the Council has run Love Food, Hate Waste workshops to encourage residents to reduce the amount of food they throw away. To endorse the message, Waste Services teamed up with the Curb Food Network, which diverts food that might otherwise be wasted, using the 'rescued' food for the practical sessions.</li> <li>• Working with schools to run events which included sustainability days to increase pupil understanding of recycling. Activities included interactive games and lots of questions from enthusiastic youngsters.</li> </ul>
	<b>CITY PRIDE</b>
31	<p>I am delighted to report that the last two months have once again seen a wide range of popular events in the city led and supported by the Council, further cementing Southampton as a great place to live and enjoy yourself. Events included:</p> <ul style="list-style-type: none"> <li>• The well-received two-day Common People festival took place on 28-29 May; there were around 37,000 attendees, who enjoyed great music, great food and good weather and the organisers have indicated that they would like to return next year.</li> <li>• The Sky Ride on 12 June was also well-attended as 11,000 cyclists enjoyed the five-mile, traffic-free route, which was packed with entertainment for cyclists and onlookers to enjoy, with many people also taking advantage of the skills course on the Common. Colleagues from Health, the Council and the voluntary sector also attended to support the 'Time to Change' campaign, raising awareness of mental health issues.</li> <li>• Seawork International, Europe's largest commercial marine and workboat exhibition, was held on 14-16 June 2016. The exhibition attracted around 7,500 industry professionals and also has a beneficial impact on the visitor economy.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Thai Festival took place on 2-3 July 2016, with arts and crafts, traditional Thai food and dancing. There were also live cooking demonstrations, a Thai boxing tournament and, of course, live music</li> <li>• The popular Let's Rock music festival, celebrating 80s music, took place on 9 July on the Common again this year, with stars such as Holly Johnson, Jason Donovan, Bucks Fizz and Toyah entertaining the crowds</li> <li>• The annual free Mela Festival took place once again in Hoglands Park on 16 July 2016, featuring Indian classical, folk and world music, a range of dance acts from Bollywood to belly dancing, workshops and demonstrations and arts and crafts.</li> </ul>
32.	I am pleased to report that Southampton's Music Hub, which was set up in 2012, has extended its good work to include delivering music education on the Isle of Wight. The Hub has been very successful over the last four years, working with over 30 partners to support 98% of Southampton's schools and reaching over 12,000 children and their families since September 2015. The Hub has also received a £30,000 grant from Youth Music to help young people make music using mobile technology and will work with schools, pupil referral units, community centres and other partners to deliver the project.
33.	I want to extend my congratulations to the Southampton Youth Orchestra and Southampton Youth Brass Band, who were both invited to perform at the Music for Youth National Festival, which took place in Birmingham earlier in July.
	<b>A SUSTAINABLE COUNCIL</b>
34.	Following the decision to renegotiate our contract with Capita, the HR Advisory Team transferred to the Council on 1 June 2016 and we are working on the transfer of staff in Property Services. This decision reflects our determination to find new ways of working with our partners, with greater interaction between staff from both organisations in order to work as one council to provide high-quality and efficient services for the people of this city.
35.	In a further move to improve our services for the city as well as improving efficiency, Southampton Health and Social Care services have recently integrated to create a new Rehabilitation and Reablement service. The Integrated Commissioning Unit, the Council's Social Work teams in Adult Social Care and Solent NHS Trust have worked together to redesign services, including hospital discharge, rehabilitation and reablement. The new services have been designed to be customer centred and to be able to respond to crises and support more timely discharge from hospital. The service also supports those clients in need of care to receive it in their homes whenever possible, with the focus on helping as many people as possible retain or regain their independence.
36.	The Council's high quality website has been acknowledged by industry experts. We are one of only 44 local authorities, out of a total of 418, whose websites have received the top ranking of four stars by Better Connected, a group of industry professionals who have been assessing local authorities' online performance since 1999. This rating was based on a review completed between October 2015 and April 2016 and shows an improvement since last year's review. We are also using regular customer feedback through focus groups drawn from the People's Panel to make continuous improvements.

37.	<p>The Digital Transformation Team has been working to ensure that the residents of the city are able to access information and services more quickly online. Work is underway on improving a number of customer journeys using digital technology and these will be introduced as they are ready and tested. Successes to date include:</p> <ul style="list-style-type: none"> <li>• The 'My Southampton Account', which enables residents to enter the details once to create an account, which they can then use to report a problem, pay bills or make compliments and complaints.</li> <li>• A new 'Report a Missed Bin' form that gives customers up-to-date information about their bin collections and allows them to report a problem with bin collections online. This form is integrated with the back office system so reports go straight to the service to action.</li> <li>• Residents are now also able to renew their older person's bus pass online, which will save them time and reduce the number of visits to Gateway.</li> <li>• Residents are now also able to use a 'Quick Top-Up' to the website to make the process of uploading funds to their Smartcities card quicker and easier.</li> </ul>
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**RESOURCE IMPLICATIONS**

**Capital/Revenue**

38	N/A
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**Property/Other**

39	N/A
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**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

40	As defined in the report appropriate to each decision.
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**Other Legal Implications:**

**POLICY FRAMEWORK IMPLICATIONS**

41	Council Plan 2014-2017
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<b>KEY DECISION?</b>	No
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<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	One
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**Documents In Members' Rooms**

1.	None
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**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
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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## Executive's Commitments

Council Priority		Executive's Commitment
Strong and sustainable economic growth	1.	Develop council owned but empty buildings around the central station for starter homes, these homes to be sold at a discount to local young people who want to get on the housing ladder.
	2.	Work with other local Councils to deliver a devolution deal for our area.
	3.	Support the growth of small businesses by providing low cost flexible start-up units in the city centre.
	4.	Guarantee of free parking at district centres and continue to freeze or reduce parking charges in the city centre.
	5.	Work with partners to build one affordable home in our city every day.
	6.	Set up a Business Improvement District in the city centre to generate extra resources to be spent on new services and events.
Children and young people get a good start in life	7.	Build three state of the art play areas at Southampton Common, Mayfield Park and the Veracity Ground.
	8.	We believe in giving city children the best start in life so we will keep all Sure Start centres open and work with the NHS to provide more services from them.
	9.	Keep all library buildings open and operating as libraries.
	10.	Continue to invest in Southampton schools, encouraging co-operation between them and promoting their achievements.
	11.	Set up a council run letting agency as a 'fair deal' competitor to rip off commercial lettings agencies.
People in Southampton live safe, healthy, independent lives	12.	Work with the local business community to build and run a state of the art set of public toilets in the city centre.
	13.	Oppose any cuts to Fire and Police in Southampton.
	14.	Launch a cross city 'Trust the Council' one stop shop for household services; offer to include boiler servicing, gardening services, cleaning and maintenance services.
	15.	Build Extra Care housing so that older people can live independent lives in a supported environment.
	16.	Increase the number of older and vulnerable residents in receipt of a direct payment so they can choose the care they receive.

	17.	Support Credit Unions and advice services in our city.
	18.	Invest in council homes to improve insulation and fit new heating systems, saving tenants hundreds of pounds a year.
	19.	Use participatory budgeting principals to allocate money from our public health budget on local priorities.
	20.	Work with other local councils to launch our own power company. Use it to offer cut priced electricity and gas to local residents.
	21.	Confirm our three year rule on local people getting access to Council housing.
	22.	Make Southampton a clean air city by getting old polluting lorries and buses off our roads.
Southampton is an attractive and modern city, where people are proud to live and work.	23.	Guarantee Christmas lights in our city for as long as Labour is in control.
	24.	Deliver family friendly events on no less than twenty five weekends a year to bring city residents and visitors together.
	25.	Build a brand new public service hub in Bitterne precinct to include Health, Police, Library and Leisure services. Build extra care housing for the vulnerable elderly on the land released.
	26.	Change planning rules so that new HMOs will be refused permission if 10% of houses in the area are already HMOs.
	27.	Continue with the policy of doubling the spend on road re-surfacing.
	28.	Continue to work with 'friends of' groups for our parks and common to invest in and improve them.
	29.	Continue to invest in the city's heritage and cultural life.
	30.	Work with local campaigners like CAMRA to protect local community pubs from redevelopment by listing them as community assets.



<b>DECISION-MAKER:</b>	<b>CABINET COUNCIL</b>		
<b>SUBJECT:</b>	<b>MAKE THE BASSETT NEIGHBOURHOOD PLAN</b>		
<b>DATE OF DECISION:</b>	<b>19 JULY 2016 20 JULY 2016</b>		
<b>REPORT OF:</b>	<b>LEADER OF THE COUNCIL</b>		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Warren Jackson-Hookins</b>	<b>Tel: 023 8083 3919</b>
	<b>E-mail:</b>	<b>warren.jackson-hookins@southampton.gov.uk</b>	
<b>Director</b>	<b>Name:</b>	<b>Mark Heath</b>	<b>Tel: 023 8083 2371</b>
	<b>E-mail:</b>	<b>Mark.Heath@southampton.gov.uk</b>	

<b>STATEMENT OF CONFIDENTIALITY</b>		
None		
<b>BRIEF SUMMARY</b>		
<p>The Bassett Neighbourhood Plan (the Plan) has been prepared by the Bassett Neighbourhood Forum and sets out policies for the Bassett Neighbourhood Area to 2029. It outlines the vision and aspirations of the local community in maintaining the distinctive, spacious but urban character of the area, whilst taking into account the demands for development. The Plan has been subject to consultation at the draft and publication stages and submitted to an independently appointed Examiner who recommended the Plan as modified following his recommendations, be submitted to a referendum. A referendum held in the Bassett Neighbourhood Area on Thursday 25th February resulted in a 93.6% 'Yes' vote for the Plan to be 'made' (adopted) to become part of the Southampton City Council's Local Development Plan. Since more than 50% of those voted in support of the Plan, the Council must legally bring it into force. The Council welcomes the outcome of the referendum and the positive working relationship with the Bassett Neighbourhood Forum in giving effect to the recorded desire of the community.</p>		
<b>RECOMMENDATIONS:</b>		
<b>CABINET</b>		
	(i)	To recommend to the Council that the Bassett Neighbourhood Plan (Document 1 in the Members' room) is 'made' (adopted) as part of the Southampton Development Plan.
	(ii)	To recommend that the Council note that by virtue of section 38(5) of the Planning and Compulsory Purchase Act 2004, policy BAS5 of the Bassett Neighbourhood Plan shall prevail over Core Strategy policy CS5 insofar as it applies to the Bassett Neighbourhood Area and policy BAS13 of the Bassett Neighbourhood Plan shall prevail over Local Plan Review policy CLT8 and to note the impact of the Bassett Neighbourhood Plan on the existing development plan as set out in Appendix 1.

<b>COUNCIL</b>		
	(i)	To 'make' (adopt) the Bassett Neighbourhood Plan.
	(ii)	To note that by virtue of section 38(5) of the Planning and Compulsory Purchase Act 2004, policy BAS5 of the Bassett Neighbourhood Plan shall prevail over Core Strategy policy CS5 insofar as it applies to the Bassett Neighbourhood Area and policy BAS13 of the Bassett Neighbourhood Plan shall prevail over Local Plan Review policy CLT8 and to note the impact of the Bassett Neighbourhood Plan on the existing development plan as set out in Appendix 1
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
1.	Successful referendum held on Thursday 25th February in response to the following question: 'Do you want Southampton City Council to use the Neighbourhood Plan for Bassett to help it decide planning applications in the neighbourhood area?'	
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
2.	No alternative options following the receipt of the Examiner Report and successful referendum. By law, the Plan must be 'made' (adopted), as soon as reasonably practical, if more than half of those voting in a referendum vote 'Yes' in favour of the Plan being used to help decide planning applications in the Neighbourhood Area. 93.6% of those voting have voted in favour of the Plan.	
<b>DETAIL (Including consultation carried out)</b>		
<b>Policy Summary</b>		
3.	The Plan includes the following policies:	
4.	Policy BAS 1 'New Development' supports a wide choice of homes, particularly family homes and development proposals if they are in keeping with the scale, massing and design of neighbouring buildings and with the density and landscape features of the surrounding area.	
5.	Policy BAS 2 'Consultation' encourages developers to consult the local community and take note of their views before the submission of a planning application.	
6.	Policy BAS 3 'Windfall Sites' supports proposals for housing development on such sites provided they would not conflict with other policies in the Plan or the Council's Development Plan for the city.	
7.	Policy BAS 4 'Character and Design' states that new development must take account of densities as set out in BAS 5 'Housing Density' and the existing character of the surrounding area and that the design of new buildings should complement the street scene with particular regard to a number of design related issues.	
8.	Policy BAS 5 'Housing Density' sets out the low, medium and high density levels which new development must have regard to unless there are good reasons for making exceptions to these and that the character would not be	

	adversely affected.
9.	Policy BAS 6 'Houses of Multiple Occupation' sets out criteria which must be met where changes of use to houses of multiple occupation (HMOs) are proposed. This will need to be considered alongside the Council's revised Houses of Multiple Occupation Supplementary Planning Document adopted in May 2016 which introduces a new policy preventing 'sandwiching' of properties between two HMOs and clarification of the policy on exceptional circumstances.
10.	Policy BAS 7 'Highways and Traffic' includes a number of proposals that will be supported and encouraged which would protect and mitigate the impact of traffic within residential areas.
11.	Policy BAS 8 'Bassett Green Village' will only permit development in or adjacent to the Bassett Green Village Conservation Area where it is shown to have had regard to the desirability of preserving or enhancing the appearance or character of the area.
12.	Policy BAS 9 'Trees' states that development will not be permitted which damages trees protected by tree preservation orders or trees of good arboricultural and amenity value. The policy further states that proposals which could affect existing trees should be accompanied by a tree survey and management plan.
13.	Policy BAS 10 'Grass Verges' requires new developments or re-developments to retain existing grass verges and for any areas of verge that are damaged during the construction process to be reinstated.
14.	Policy BAS 11 'Local Shops' resists proposals for development which would cause the loss of local shops and community uses in Copperfield Road.
15.	Policy BAS 12 'Business and Industry' safeguards Hollybrook Industrial Estate for employment and encourages proposals for development that would generate employment.
16.	Policy BAS 13 'Southampton Sports Centre and Southampton City Golf Course' designates all the open and undeveloped land within the boundaries of the Outdoor Sports Centre, City Golf Course and nearby amenity woodland as Local Green Space whereby proposals for development within this area will not be permitted except in very special circumstances. This could include circumstances where development would help to either fund improvements to sports or recreation facilities, or to improve or provide such facilities directly, or where it can be shown that there is an essential need for the provision of utility infrastructure.
17.	Policy BAS 14 'Drainage' states that proposals for new housing development of more than one dwelling must provide evidence that the means of drainage has been examined to ensure it is capable of coping with the extra peak flows.
<b>Bassett Neighbourhood Area and Bassett Neighbourhood Forum</b>	
18.	The Bassett Neighbourhood Area and Bassett Neighbourhood Forum applications were formally designated by the Council in December 2013.
<b>Draft Plan</b>	
19.	The Plan was prepared by the Bassett Neighbourhood Forum with

	stakeholder engagement taking place through numerous workshops and meetings with local resident associations and groups. The Plan was published for draft consultation for more than 7 weeks between 20th August and 10th October 2014. Representations made during the draft consultation stage included those submitted by the Council. This included detailed comments on the character and design, houses of multiple occupation, highways and traffic, local shops and Southampton Sports Centre and Southampton City Golf Course draft policies.
20.	The Bassett Neighbourhood Forum took on board the representations received at the draft consultation stage and sent the Plan to the Neighbourhood Planning Independent Examiner Referral Service (NPIERS) for additional feedback to enable further progress to be made on the Plan.
<b>Publication Version Plan</b>	
21.	The Bassett Neighbourhood Forum submitted the Plan to the Council on 28th January 2015. The Council agreed that the Plan met the required basic conditions and was subsequently published for consultation for a statutory 6 week period between 10th February and 24th March 2015. Representations made during the publication consultation stage included those submitted by the Council with this constituting detailed comments on a number of the policies and supporting text. This included a number of objections and proposed amendments to the Southampton Outdoor Sports Centre and Southampton City Golf Course policy and supporting text with revised policy wording suggested which would allow proposals for small-small scale enabling development including residential use to be permitted.
<b>Supporting Documents</b>	
22.	The Plan was accompanied by supporting documentation at the draft and publication consultation stages. This included Strategic Environmental Assessment (SEA), Sustainability Appraisal (SA) and Habitat Regulations Assessment (HRA) Screening Reports undertaken which concluded that the Plan would have no significant negative effects. These findings were supported by the statutory environmental bodies. A Consultation Statement also accompanied the Plan at each stage in its preparation.
23.	A Basic Conditions Statement addressed each of the four 'basic conditions' required by the Regulations and explained how the publication version of the Plan met the requirements of paragraph 8 of Schedule B to the 1990 Town and Country Planning Act.
<b>Examiner's Report</b>	
24.	The Plan and supporting documents along with a map of the Bassett Ward were submitted to an independent Examiner appointed by the Council in agreement with the Chair of the Bassett Neighbourhood Forum following the completion of the statutory 6 week publication consultation period.
25.	The Examiner's report was received by the Council on 26th June 2015. This recommended that the Neighbourhood Plan, as modified following his recommendations, be submitted to a referendum. The Report also included a number of suggestions for consideration.
26.	The Council published a Decision Statement on 18th January 2016 which confirmed that the modified Plan met the required basic conditions and should proceed to the referendum stage. The Decision Statement further

	detailed the changes made following receipt of the Examiner's Report. The Council in agreement with the Bassett Neighbourhood Forum accepted the majority of the Examiner's non-binding recommendations and suggestions.
<b>Referendum</b>	
27.	A Notice of Poll was published by the Council on 17th January 2016. An Information Statement and Information for Voters document were also published by the Council on 18th January 2016. These provided details of the referendum and information on how residents could vote. A Notice of Referendum was published by the Council on 21st January 2016.
28.	The referendum on the Plan was held on Thursday 25th February 2016. The Declaration of Results was published on 26th February 2016. A turnout of 21.4% and 93.6% 'Yes' vote in favour of the Plan were recorded.
<b>Corrections</b>	
29.	The following typographical and factual corrections have been made to the Plan and supporting Annex following the referendum: <ul style="list-style-type: none"> <li>• Correction to the low residential density range to state up to 35 dwellings per hectare and the medium residential density range to state 35 to 50 dwellings per hectare in Figure 2 of the Plan. This amendment is proposed to reflect what was discussed and agreed throughout the process and what the Examiner considered and supported.</li> <li>• Deletion of an incorrect reference to Bassett Gardens being located in the East Bassett Residents Association (EBRA) area in Paragraph A2.25 of the Annex.</li> </ul>
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
30.	This report does not commit the Council to any capital spending.
31.	Revenue: The Bassett Neighbourhood Forum will be entitled, under Community Infrastructure Levy (CIL) Regulations, to spend 25% of CIL receipts generated by development granted permission in the Bassett Neighbourhood Area on identified infrastructure improvements in the Bassett Neighbourhood Area. In the absence of a Parish, Town or Community Council, the Council as charging authority will retain the levy receipts but should engage with the Bassett Neighbourhood Forum where development has taken place and agree with them how best to spend the neighbourhood funding.
<b><u>Property/Other</u></b>	
32.	The Council owns Southampton Sports Centre and Southampton City Golf Course which is subject to Policy BAS 12 'Southampton Sports Centre and Southampton City Golf Course'.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
33.	Section 38A(4)(a) of the Planning and Compulsory Purchase Act 2004 requires the Council to make the Bassett Neighbourhood Plan if more than half of those voting in the referendum have voted in favour of the Plan being

	used to help decide planning applications in the Bassett Neighbourhood Area. The Council are not subject to this duty if the making of the plan would breach, or would otherwise be incompatible with, any EU obligation or any of the Convention rights (within the meaning of the Human Rights Act 1998).
34.	Section 38(5) of the Planning and Compulsory Purchase Act 2004 states that where one policy in the development plan conflicts with another policy in the development plan the conflict must be resolved in favour of the policy which is contained in the last document to become part of the development plan. The effect is that policy BAS5 of the Bassett Neighbourhood Plan shall prevail over Core Strategy policy CS5 insofar as it applies to the Bassett Neighbourhood Area and policy BAS13 of the Bassett Neighbourhood Plan shall prevail over Local Plan Review policy CLT8.
35.	The Council is satisfied that the making of the Bassett Neighbourhood Plan would not breach, nor would otherwise be incompatible with, any of the Convention Rights (within the meaning of the Human Rights Act 1998).
36.	There is no requirement to carry out an Equality Impact Assessment (EQIA) for Neighbourhood Plans. However, the public sector equality duty is one which pervades all council functions. No representations have been received to suggest that the Plan may give rise to any equalities impacts. However, the report author has undertaken a short exercise to demonstrate how the Plan would not have any adverse impacts on groups with protected characteristics, such as ethnicity, gender and sexuality.
<b><u>Other Legal Implications:</u></b>	
37.	The decision to 'make' the Neighbourhood Plan is, like all decisions of a public authority, open to challenge by Judicial Review. Officers are satisfied the plans meet the legal requirements.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
38.	The Plan forms part of the policy framework and the development plan against which planning applications are considered.

<b>KEY DECISION?</b>	<b>Yes</b>	
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>Bassett</b>	
<u>SUPPORTING DOCUMENTATION</u>		
<b>Appendices</b>		
1.	Impact of the Bassett Neighbourhood Plan policies upon the Amended Local Plan Review (2015) and Amended Core Strategy (2015)	
<b>Documents In Members' Rooms</b>		
1.	Bassett Neighbourhood Plan – Made (adopted) Version	
2.	Annex to Bassett Neighbourhood Plan	
3.	Decision Statement	
4.	Information Statement / Information for Voters Document	
5.	Examiner's Report	
6.	Regulation 16 Publication Stage – Schedule of Representations	
<b>Equality Impact Assessment</b>		
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>		<b>No</b>
<b>Privacy Impact Assessment</b>		
<b>Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.</b>		<b>No</b>
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at:</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
1.	None	

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# **BASSETT NEIGHBOURHOOD DEVELOPMENT PLAN**

**FINAL VERSION  
JULY 2016**

## FOREWARD

### NATIONAL PLANNING POLICY FRAMEWORK

***'Local and neighbourhood plans should develop robust and comprehensive policies that set out the quality of development that will be expected for the area. Such policies should be based on stated objectives for the future of the area and an understanding and evaluation of its defining characteristics'*** (National Planning Policy Framework 2012 – Section 7, paragraph 58).

### THE OBJECTIVE OF THIS NEIGHBOURHOOD PLAN

This Neighbourhood Plan seeks to address the challenges that a vibrant community will place on the area. It will outline the vision and aspirations of the local community in maintaining the distinctive, spacious but urban character of the area, whilst taking into account the demands for development.

Bassett is renowned for its green spaces and abundance of trees, which encourage a large variety of wildlife. We look to encourage all sections of society into the area, particularly growing families.

The plan accepts that there will be development and change, and seeks to ensure this is to the benefit of both the area and its residents.

The plan is designed to run from 2014 for 15 years to 2029 and should be reviewed every 5 years to ensure it is up to date and takes full account of the National Planning Policy Framework, other planning legislation, the Council's Local Development Plan and additional supporting documents.

The boundaries and area covered by this Plan and the Bassett Neighbourhood Development Forum that developed the Plan have both been formally agreed following public consultation.

Under the Localism Act 2011 and in conformity with the Neighbourhood Planning (General) Regulations of 2012, I submit this Bassett Neighbourhood Development Plan on behalf of the residents of Bassett Ward and the Residents Associations and groups who have worked exceedingly hard over the last two and a half years consulting on and preparing this plan.

**Les Harris**

Les Harris  
PhD MSc BA(Hons) PGCE FCIEA CEA FIFL FInstLM

Councillor  
Chairman Bassett Forum

## **CONTENTS**

1. Production of the Plan
2. Overview and Demographic Profile of the Area
3. Sustainability
4. Economic Sustainability
5. Social Sustainability
6. Environmental Sustainability
7. Housing Site Allocations
8. New Development
9. Windfall Sites
10. Character of Bassett
11. Housing Density
12. Development of Student Accommodation and HMOs
13. Highways, Traffic and Transport
14. Open Spaces and Woodland
15. Bassett Green Village (including The Orchard)
16. Trees and Grass Verges
17. Shops and Local Services
18. Business and Industry
19. Sports Centre and Golf Course
20. Drainage
21. Community Infrastructure Levy Payments

## **INDEX OF POLICIES**

- BAS 1 New Development
- BAS 2 Consultation
- BAS 3 Windfall Sites
- BAS 4 Character and Design
- BAS 5 Housing Density
- BAS 6 Houses of Multiple Occupation
- BAS 7 Highways and Traffic
- BAS 8 Bassett Green Village
- BAS 9 Trees
- BAS 10 Grass Verges
- BAS 11 Local Shops
- BAS 12 Business and Industry
- BAS 13 Southampton Sports Centre and Southampton City Golf Course
- BAS 14 Drainage

## **ANNEX**

### **RATIONALE AND JUSTIFICATION OF DENSITIES AND CHARACTERISTICS OF AREAS DEFINED ON DENSITY AREA MAP**

- A1. Low Density Areas (Up to 35 dwellings per hectare)
- A2. Medium Density Areas (From 35 to 50 dwellings per hectare)
- A3. High Density Areas (Above 50 dwellings per hectare)

## 1. PRODUCTION OF THE PLAN

- 1.1 The plan was commenced, after publication of the Localism Bill, in August 2011 following consultation and meetings with local residents and residents associations.
- 1.2 Following an agreement to proceed with the plan, a committee was formed and a constitution formulated and published. It was to be known as the Bassett Neighbourhood Development Forum.
- 1.3 This Forum, "The Qualifying Body", formed a Steering Committee to co-ordinate consultations and to produce the draft plan.
- 1.4 From the outset the residents of the Bassett Ward of Southampton City have produced the overall plan with community involvement. The process has been overseen and assisted by the Ward Councillors, one of whom acted as the Chairman of a Steering Committee.
- 1.5 The Steering Group committee consisted of the chairman and/or secretary of each Residents Association in the Ward and other residents who expressed an interest in attending the steering committee meetings. It was agreed that this steering committee should consist of no more than 30 members.
- 1.6 This steering committee met approximately every two months to collate views, share information and keep updated with progress over a two year period from August 2011 to August 2013.
- 1.7 The Ward was divided into areas for the purpose of consultation and followed the boundaries of Residents Associations (see Figure 4 on page 32).
- 1.8 The Residents Associations were responsible for the consultation with their residents and formulation of individual draft plans for their specific area. The Residents Associations consulted residents by a variety of methods, including public meetings, individual letters to home addresses, one-to-one meetings with residents, circulars and leaflets, plus newsletters.
- 1.9 Where there was an area with no established Residents Association, community involvement was initiated by a local Councillor. All the residents in these areas were contacted with at least two letters of explanation, plus requests for views, surveys, and many by personal contacts over this period of two years.
- 1.10 The views expressed, feedback forms and other replies received were all taken into account when formulating the plan. The annex to the plan describes the characteristics of the different areas within Bassett and the rationale for the densities defined on the density map (see Figure 2 on page 12). This material does not form part of the plan's policies but is included in this document so as to provide background information.
- 1.11 We are confident that there was comprehensive community involvement of a high standard and that all households in Bassett Ward have been contacted and encouraged to give their comments and views, by a variety of means, including meetings, letters, electronic and personal contact and surveys. Most Residents Associations also used web pages to assist in the circulation of views.
- 1.12 Also consulted were Southampton University, Local Businesses, Churches, Schools, and Landowners; their views and comments have been included in the supporting documents.
- 1.13 Southampton City Council's Planning and Development Division was consulted throughout the plan process and had an opportunity to comment on the plan and its supporting documents.

- 1.14 The evidence to support the plan has been taken from the information supplied by Residents Associations and Councillors' consultations with all the residents of the Ward. In addition, the evidence to support the plan is in general accordance with the National Planning Policy Framework, Southampton Local Plan, Southampton Core Strategy, Bassett Avenue Development Control Brief, and statistical information from various official sources and surveys. All the evidence referred to is available in the supporting documents and their appendices.
- 1.15 The steering group committee is satisfied that all the residents in the area covered by the proposed Neighbourhood Development Plan in the Bassett Ward had an opportunity to comment on and contribute to the plan over a period of 30 months and that all their comments were recorded and discussed by the various Residents Associations or Councillors. These are included in the appendices to the supporting documents and where relevant were considered for inclusion in the plan.
- 1.16 The designated Neighbourhood Area for the Bassett Neighbourhood Development Plan, and the Bassett Neighbourhood Forum, including the Constitution, following proper community involvement and agreement by the Local Planning Authority, were finally agreed and published for public consultation on 6 September 2013.

## **2. OVERVIEW AND DEMOGRAPHIC PROFILE OF THE AREA**

### **SOUTHAMPTON CITY**

- 2.1 Southampton City as a whole covers 52 sq km and comprises over 98,000 homes (2011 Census).
- 2.2 Southampton City has twice the national average of privately rented accommodation (including well over an estimated 9,000 Houses in Multiple Occupation) and below the national average number of owner occupied homes. There is also a higher proportion of council homes, which equates to 1 in 6 homes or 17%, compared with 10% nationally.
- 2.3 Statistically, flats and maisonettes comprise 39.9% (20% nationally), terraced houses 21.1% (24.5% nationally), and semi-detached and detached houses 38.9% (53% nationally). (All figures taken from the 2011 Census).
- 2.4 The latest City population figure is 236,900 (2011 Census). This figure includes 41,500 Student population (University figures), and a high recent immigrant population estimated at over 30,000. (Southampton City Figures 2013).

### **BASSETT WARD**

- 2.5 Bassett Ward is the most northern ward in Southampton, bounded by Swaythling to the East and Coxford to the west, the M27 Motorway to the north and Burgess Road, the Common and the University of Southampton to the south.
- 2.6 The Ward has a population of 14,841, which is predicted to rise to 15,453 by 2020 (Hampshire County Council Small Area population Forecasts (SAPF) 2014). Of this population, the 2011 Census statistics show that nearly 22.9% of the population of Bassett are between 18 and 24 years old and is the 5<sup>th</sup> ranked ward in Southampton in terms of the population in this age category. It is the northern gateway and main route into Southampton via the M3 and A33 and is an area of contrasts. The western side of the Ward, such as Hollybrook and Dale Valley, has developed as semi-detached and terraced family houses in a tight-knit community as has the Eastern side, the Flowers Estate. The central part has developed as larger detached family houses and a large amount of open space such as the Outdoor Sports Centre and Southampton City Golf Course on the north western side, with the north east side being residential houses and a large number of bungalows. More recently, the change of use of many smaller houses

to HMOs near the University of Southampton, and some near the Southampton General Hospital, has significantly altered the character of some parts of Bassett Ward.

- 2.7 Much of the area of Bassett was previously heathland with wooded areas, some open spaces and an arboretum. This legacy now gives Bassett a unique setting and character provided by the trees and undulating terrain. The original builders and developers took great care to work with the natural landscape features and included extensive tree planting in their development plans. The trees are a particular feature, notably magnificent Redwood, Sweet Chestnut, Cedar, Oak, and Western Hemlock. Much of the wooded and open areas remain, notably Daisy Dip, Southampton Golf Course, the Outdoor Sports Centre and other smaller copses, with the Common on the southern boundary.
- 2.8 The central area of Bassett was originally developed with large properties but most of these estate properties have been further developed into areas of family housing and flats. These developments include for example, Brampton Towers, a 14-storey high rise block of apartments, and large enclosed developments such as Providence Park, which now provides some 76 flats and houses, and Newitt Place, a mixture of flats and town houses, as well as areas of large family houses.
- 2.9 More recently, many of the family houses, particularly the family houses at the southern end of the Ward, have been converted to Houses of Multiple Occupancy (HMOs). Based on the Housing Condition Survey 2008 (CPC 2008), and as quoted in section 5.3 of Houses in Multiple Occupation Supplementary Planning Document (Adopted March 2012), approximately 10.4% of the family housing stock in Bassett were HMOs. These figures are based on old statistics and numbers have risen significantly over the last 6 years. In the Flowers Estate, for example, in a small area of five roads with about 150 houses, a visual survey by local Councillors in 2013 recorded that there appear to be 80 unregistered HMOs. It is estimated by the local residents associations, that over the last 6 years the percentage of HMOs in Bassett Ward has risen nearer to 15%.
- 2.10 It is estimated that out of 6,219 residences in the Ward (Ward local statistics and voters register and Southampton City Statistics 2014), 2,397 are now flats and only 3,822 remain as houses, with some 15% of these now estimated as being HMOs leaving only 2,249 (36% as contrasted with 54% nationally) as actual family homes. This has now left the Ward and the City with a shortage of family homes, especially the larger type.

### **3. SUSTAINABILITY**

- 3.1 This Bassett Neighbourhood Plan supports sites for development, as outlined in the Southampton Local Plan, and has been subject to Strategic Environmental Assessment (SEA), Sustainability Appraisal (SA), and Habitat Regulations Assessment (HRA) screening, by Southampton City Council's Planning Policy Team.
- 3.2 The issue of sustainability has been considered at all stages of the consultation process and taken into account. The Ward does not contain sensitive natural or heritage assets that may be affected by the proposals in the plan; in fact the plan aims to conserve and enhance all the area's assets.
- 3.3 The Bassett Plan does not have any significant environmental effects that have not already been considered and dealt with through the Sustainability Appraisal and Strategic Environmental Assessment in the adopted Southampton Core Strategy and Local Plan Review.

## 4. ECONOMIC SUSTAINABILITY

4.1 PUSH (Partnership for Urban South Hampshire) gives the following guidance.

***“Larger homes and high value homes: high-end industries will need to recruit or attract skilled and experienced managers and technicians, likely to be of reasonably mature ages and many with families. Access to high quality owner-occupied homes in a well-maintained public realm, with good social (schools, health) infrastructure is essential. This is primarily a planning and private sector concern, and local authorities will want to ensure that new developments are sustainable.”*** (PUSH Annual Market Monitoring Report – 2011 (May 2012))

4.2 Bassett is an area which is sought after by a diverse range of wealth creators including managers, professionals, technicians and a broad range working in other skilled and manual trades who seek larger and high value homes. It is important to retain and improve these areas of Bassett containing these types of property as they are, as stated by the PUSH Homes for Growth Survey 2007-2011.

4.3 In order to develop and maintain a strong sustainable economy in the City, new wealth creators and entrepreneurs need to be encouraged to live and work in the city, alongside the workforce, young growing families, students and young people.

4.4 To maintain and develop this environment for a diverse population there is a need to retain the present mix of housing and to actually try and support no net loss of family homes on sites capable of accommodating a mix of residential units unless there are overriding policy considerations justifying a loss of family homes. The plan supports the retention and provision of executive housing (4 bed or more family homes in larger plots so long this is consistent with other policies in this plan), many of which we have lost over the past few years by developers changing existing substantial dwellings on generous plots into HMOs and other high density development not characteristic of the locality. This has created a significant shortage of all types of family home especially the larger executive family homes (Core Strategy Policy CS16).

4.5 With proper control of development and the right safeguards on family housing stock, we can maintain and improve the area as a desirable family location, encouraging the business creators and entrepreneurs into the City. This will ensure it becomes more vibrant and wealthy. The Boldrewood campus, which has been redeveloped in partnership by the University of Southampton and Lloyds Register, was completed in 2014 and will bring in excess of 400 highly qualified staff to work in the area. This will benefit the area economically and has already created a healthy demand for high quality family houses.

## 5. SOCIAL SUSTAINABILITY

5.1 The Plan notes the need to meet the housing needs of the area. However, Bassett has very little land left for development. Some land is identified in the Southampton Local Plan Review and Strategic Housing Land Availability Assessment (SHLAA) 2013. However, it is recognised that there may also be a continued demand for residential development on windfall sites.

5.2 A proportion of the older houses in the Ward may need replacing or re-developing. In such cases replacement or development should be done in such a way as to retain the character of the area having regard to, and be in general conformity with, surrounding housing densities as well as meeting the housing need.

5.3 Bassett Ward has over 34.7% of flats, maisonettes or apartments (2011 Census). By way of comparison the City-wide statistic is 39.9% and nationally it is 25%.



- 5.4 Residents of Bassett Ward consider that a higher percentage of these types of properties would unbalance the housing mix and impact on the sustainability of the family housing stock.
- 5.5 The plan therefore promotes development of family homes of quality and design of a high standard.
- 5.6 There are very few local shops, no doctor's surgeries, and public transport is restricted mainly to the main Bassett Avenue, Bassett Green, Winchester Road and Hill Lane.

## **6. ENVIRONMENTAL SUSTAINABILITY**

- 6.1 Trees, wooded areas and open spaces must also be protected to ensure the sustainability of wildlife and amenity space, which are important characteristics of the area. These natural assets are particularly evident at the City Golf Course, Outdoor Sports Centre, Bassett Woods and Daisy Dip. The retained policies of the Local Plan as well as Core Strategy Policies CS21 and CS22 help to protect these open spaces and their natural assets.
- 6.2 The use of sustainable sources of energy should be encouraged, and new developments should be as energy efficient as possible as mentioned in Core Strategy Policy CS13, whilst maintaining the character of the area.
- 6.3 There are several areas in the Bassett Ward that suffer from drainage problems and low water pressure. Dale Valley Road and Close has a small river known as Holly Brook. The brook is situated in Dale Valley Close and takes the surface water runoff from the City Golf Course and woods which run along the Outdoor Sports Centre and discharges further downstream but is prone to backing up after heavy rain. Chetwynd Drive has drainage problems of both foul and surface water and is prone to flooding where it runs towards the reservoir in Glen Eyre Road. The student accommodation site in Glen Eyre Road has small diameter pipework and takes both surface and foul water from this area.
- 6.4 Copperfield Road also suffered serious flooding following heavy rain in late 2013 and early 2014. This stemmed from surface water run-off from the surrounding area, natural springs and other drainage problems.
- 6.5 Providence Park has drainage problems as the drainage pipes running from the site to the mains is undersized for the number of residents it has to support. This causes back pressure on the systems, flooding houses in Holly Hill on lower levels.
- 6.6 Where there is new development or re-development every effort must be made to ensure the drainage is capable of coping with extra and peak flows.
- 6.7 Cycle tracks should be extended across the Ward. This is a matter that raised a lot of comment, especially along Bassett Avenue, and will be taken up by the Bassett Neighbourhood Forum as it cannot be adequately dealt with in this plan.

## **7. HOUSING SITE ALLOCATIONS**

- 7.1 The Local Plan (2006) identified housing allocations within the Bassett Ward. The 2013 SHLAA provides further assessment of the potential housing, which could be delivered within the Ward in helping to meet targets identified in the Core Strategy (2010).
- 7.2 In addition to the potential sites in the SHLAA, it should be noted that a new planning permission has been granted on a windfall site in Vermont Close (Old Council Depot) for 120 student flats.

7.3 This Neighbourhood Development Plan relies on higher tier development plans to determine the level and spatial distribution of future housing growth whilst this NDP focuses on policies to control development and protect the character of the area. Southampton City Council is currently in the early stages of preparing a new city-wide Local Plan which will identify future housing needs for the whole of the city.

## 8. NEW DEVELOPMENT

8.1 The inappropriate development of residential gardens where development would cause harm to the local area should be resisted as per the NPPF Section 6 paragraph 53, which states “**Local Planning Authorities should consider the case for setting out policies to resist inappropriate development of residential gardens, for example where development would cause harm to the local area.**”

8.2 There is concern by residents, across the Neighbourhood Area, that there has been a loss of family houses over recent years.

8.3 Policy CS16 of the Southampton Core Strategy supports the retention of family homes whereby the Council aims to provide a mix of housing types and more sustainable and balanced communities such as through preventing the net loss of family homes on sites capable of accommodating a mix of residential units unless there are overriding policy considerations justifying this loss.

8.4 The Southampton Housing Needs Survey also justifies the need for family housing in the area. “**It is essential that this be addressed and that Bassett Ward does not lose any more family homes.**”

8.5 Applicants are expected to work closely with those directly affected by their proposals to evolve designs and take account of the views of the community.

8.6 Family houses are defined in Policy CS16 of the Southampton Core Strategy as dwellings of three or more bedrooms with direct access to usable private amenity space.

8.7 Family homes are referred to in this Bassett Plan. The definition of executive housing shall be identified as being of four bedrooms or more in larger plots, as defined by PUSH July 2012.

8.8 Areas shown on the map as low density areas within the Bassett Neighbourhood Plan are identified as containing mainly large family homes, and where development of these types of property is supported.

### **POLICY BAS 1 – NEW DEVELOPMENT**

- 1. Development proposals which would provide a wide choice of high quality homes, particularly family houses, will be supported.**
- 2. Development proposals should be in keeping with the scale, massing and height of neighbouring buildings and with the density and landscape features of the surrounding area.**

8.9 The number of family houses is well below the national average and there is a demand for these within the ward. Preference should therefore be given to increasing the supply of family houses, and prevention of the loss of existing family houses.

- 8.10 New development and development on windfall sites or in existing gardens should be undertaken in consultation with local residents. Good quality pre-application discussion enables better coordination between public and private resources and improved outcomes for the community. NPPF paragraph 189 states that the local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. They cannot require that a developer engages with them before submitting a planning application, but they should encourage take up of the pre-application service they offer and encourage applicants who are not already required to do so by law, to engage with the local community before submitting their application.

#### **POLICY BAS 2 – CONSULTATION**

**Proposers of development are encouraged to consult the local community and take note of the views expressed by local people and organisations before submitting an application for planning permission.**

### **9. WINDFALL SITES**

- 9.1 Apart from the SHLAA sites identified above, other new development in the Bassett Ward is anticipated to be from windfall sites in established areas. It is therefore important that these developments fit in with the existing surrounds.
- 9.2 NPPF Paragraph 48 states that windfall can be considered as a source for some of the housing allocation, but must be backed up by solid evidence that shows there is “...**a reliable source of supply**” for the future. The NPPF Glossary defines Windfall site as sites which have not been specifically identified as available in the Local Plan process which normally comprise previously-developed sites that have unexpectedly become available. This includes both small and large sites; large sites are considered to be those capable of accommodating 10 or more dwellings.
- 9.3 Where development is proposed as a windfall site on a previous residential garden or residential land, it must conform to the requisite character and density of the area and be in character with the surrounding property.

#### **POLICY BAS 3 – WINDFALL SITES**

**Proposals for housing development on windfall sites will be supported, provided that the proposed development would not conflict with other policies in this Neighbourhood Plan or in other parts of the development plan for Southampton.**

### **10. CHARACTER OF BASSETT**

- 10.1 Bassett Ward is regarded as one of the few prime residential areas in Southampton, popular with young professionals, families and retired people and is characterised by quiet safe streets and attractive housing in a green suburban setting.
- 10.2 Materials used will aim to reflect those of surrounding properties as best as possible following the Government’s decision to cancel the zero carbon homes policy.
- 10.3 The reputation of Bassett as a green and highly desirable area to reside in is supported by Southampton City Council and the University of Southampton, both of whom cite Bassett as a great area for entrepreneurs, professionals and families to live in.

## POLICY BAS 4 – CHARACTER AND DESIGN

**New development must take account of the densities set out in Policy BAS 5 and the existing character of the surrounding area. The design of new buildings should complement the street scene, with particular reference to the scale, spacing, massing, materials and height of neighbouring properties.**

- 10.4 The Character Appraisal from the City Residential Design Guide is taken originally from the Bassett Avenue Control Brief (1982). This states:
- “The main road into Southampton is bordered by low density, two storied housing, apart from Brampton Towers (14 stories) and several high rise flats facing onto The Avenue, but well screened by trees and shrubs. The Avenue is the main road into Southampton and the trees and shrubs are the dominant characteristic creating an impressive entrance into the city. The area is allocated primarily for residential use and overall is of low density family housing.”***
- 10.5 The Bassett Avenue Control Brief also suggested density of rooms per hectare, which translates to a density of approximately 8-10 houses per hectare. Although the suggested density in that brief has been superseded in terms of residential densities, it demonstrates the character of the area that exists. This density falls in line with most properties in the northern part of Bassett, the majority of which have deeds specifying a plot size of quarter of an acre per dwelling.
- 10.6 Although the area has lost many family houses, preventing further loss is an aim of this plan. We need to retain the remaining family housing stock (Core Strategy Policy CS16, NPPF paragraph 50 and paragraph 66).
- 10.7 Bassett Ward as a whole has a mix of housing types catering for all sections of the community, including social and affordable housing located in areas such as Dunkirk Road (Area D Lordswood), the Flower Estate (area EBRA) and Fitzroy Close (area NWBRA), small family houses with tight knit communities such as Pointout Road (area OBRA) and Dale Valley Road (area C), larger family homes, Ridgemount Area (RARA Area) and Holly Hill (area HHRA), and numerous blocks of flats and town houses such as Newitt Place (NWBRA Area) and Brampton Towers (area EBRA). Bungalows are also a feature in areas such as Bassett Green Close (NEBRA area) and Dale Valley Gardens (DVRA).
- 10.8 Residents when surveyed or questioned were very keen that their areas retained their current characters and that any new development reflected this.
- 10.9 The character and design of development in Bassett must take account of The National Planning Policy Framework (Core Planning principles 17) which states that planning should ***“take account of the different roles and characters of different areas, promoting the vitality of our main urban areas”*** and ***“seek to secure high quality design and a good standard of amenity for all existing and future occupants of land and buildings.”***
- 10.10 The Plan supports Policy CS16 of the Southampton Core Strategy and seeks to provide further detailed guidance on design quality for new development specific to the Bassett Neighbourhood Area.
- 10.11 NPPF paragraph 159 highlights how the Plan should address the need for all types of housing which includes the needs of different groups in the community. This can include families with children, older people and people with disabilities in catering for the housing demand they require.

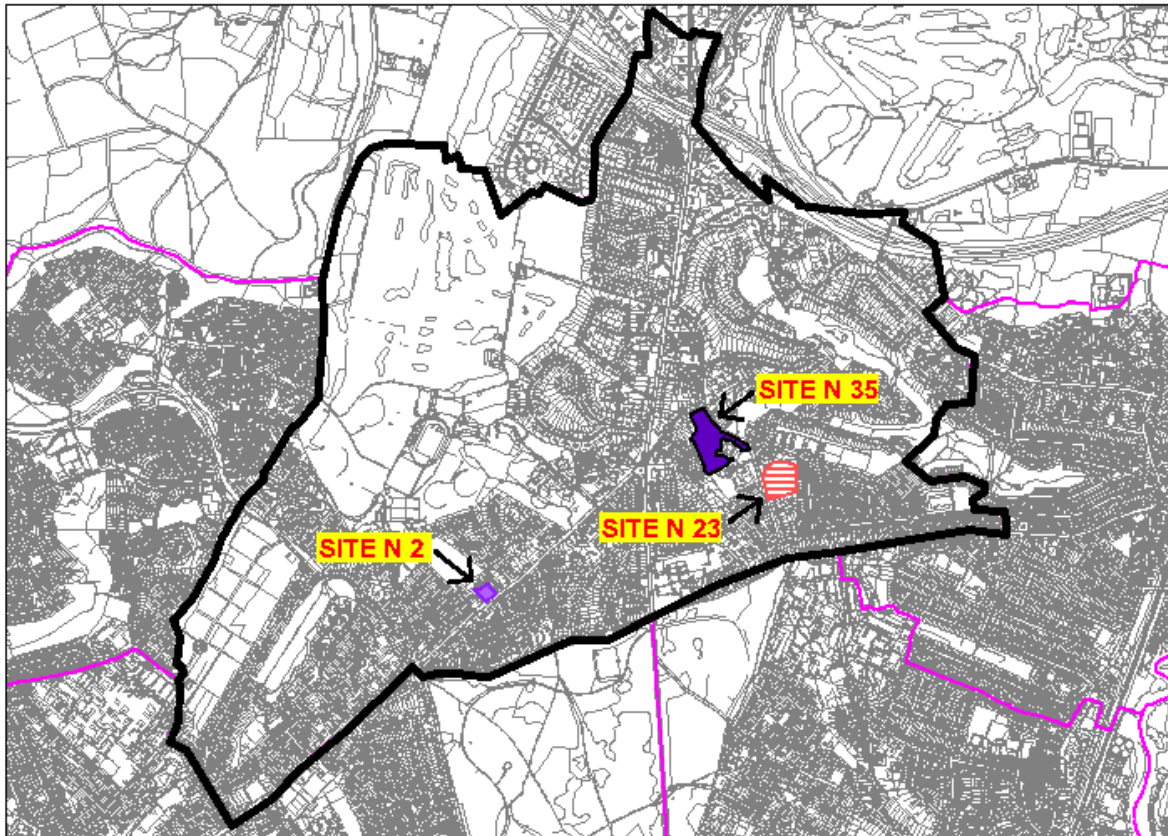
## 11. HOUSING DENSITY

- 11.1 The subject of housing density was one of the most contentious subjects that emerged from discussion across the Ward in the consultations with residents. It has therefore been covered in some detail with housing densities set out for each area. The annex to the plan provides background information explaining the derivation of density criteria.
- 11.2 The piecemeal development of Bassett from an urban family area into its present variety of size and styles of housing has created a unique area. It is dominated on its southern boundary by the University of Southampton and on its western boundary by Southampton General Hospital.
- 11.3 This diversity, therefore, caters for the business professionals and wealth creators who want to live in the larger type of property as well as those who require smaller properties, including some young families, students and single persons. If we rely solely on the un-amended density per hectare of 35 to 50 relevant to Bassett, as outlined in the Core Strategy, the opportunity to preserve the area's character is restricted.
- 11.4 In order to retain this character and mix of housing size and styles, and a sustainable pattern of development, there is a need for the character and design in policy BAS 4 and the housing density in policy BAS 5 to be considered in a balanced way to prevent one taking precedence over the other. It is accepted that on larger plots there may be opportunities to increase the number of dwellings, but any development in these situations must take note of the policies in this Plan and of the guidance in NPPF paragraph 59 regarding the overall scale, density, massing, height, landscape, layout, materials and access of new development in relation to neighbouring buildings and the local area generally.
- 11.5 Overdevelopment of any of these sites would put further pressure on the existing community facilities, local services and transport provision for the area.
- 11.6 The National Planning Policy Framework Paragraph 47 supports this view. ***“To boost significantly the supply of housing, local planning authorities should: set out their own approach to housing density to reflect local circumstances.”*** In many recent local appeal decisions, inspectors have frequently quoted Planning Policy Statement 3 (PPS3) (now replaced by the NPPF), Policy CS13 of Core Strategy, and retained policies SDP7 and SDP9 of the Southampton City Local Plan Review 2006. For example, Appeal APP/D1780/A/11/2157899 (Appeal decision 27 May 2014, 7 Greenbank Crescent, Southampton SO16 7FR) demonstrates that an independent Inspector has highlighted the existing density of the area to be more important to the character of the area than an increase in housing numbers.
- 11.7 The National Planning Policy Framework has removed the density requirement of 30 dwellings per hectare previously included in deleted PPS3: Housing. A Ministerial Statement was released stating that ***“the changes put power back in the hands of local authorities and communities to take the decisions that are best for them, and decide for themselves the best locations and types of development in their areas.”*** These new guidelines also exclude the definition of previously developed land as including residential gardens.





## POLICY BAS 5 – HOUSING DENSITY

Proposals for new residential development must show that they have had regard to the densities shown in Figure 2: Map of Proposed Residential Densities for New Residential Development. Proposals which depart from these densities will only be permitted where it can be shown that there is good reason to make an exception and that the character will not be adversely affected.

FIGURE 1: MAP OF 2013 SHLAA SITES – BASSETT NEIGHBOURHOOD AREA<sup>1</sup>



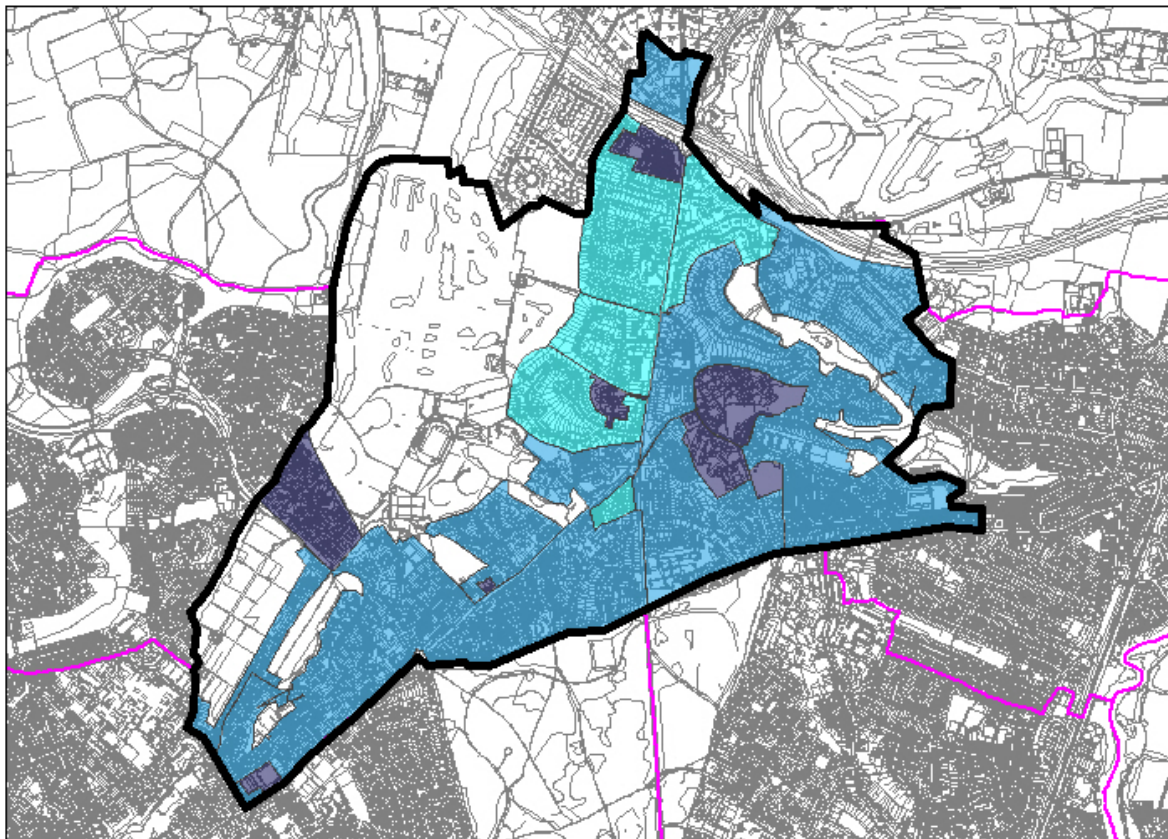
### 2013 SHLAA Map Key (Bassett sites only)

-  Development anticipated within 5 years
-  Development anticipated in years 2017-2022
-  Development anticipated in years 2022-2026
-  Development anticipated post 2026

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<sup>1</sup> The Council's SHLAA (2013) can be found here: <http://www.southampton.gov.uk/planning/planning-policy/research-evidence-base/shlaa.aspx>

**FIGURE 2: MAP OF PROPOSED RESIDENTIAL DENSITIES FOR NEW RESIDENTIAL DEVELOPMENT**



Residential Densities Key	
<span style="display: inline-block; width: 15px; height: 10px; background-color: lightblue; border: 1px solid black;"></span>	Low density = below 35 dwellings per hectare
<span style="display: inline-block; width: 15px; height: 10px; background-color: mediumslateblue; border: 1px solid black;"></span>	Medium density = between 35 and 50 dwellings per hectare
<span style="display: inline-block; width: 15px; height: 10px; background-color: darkslateblue; border: 1px solid black;"></span>	High density = over 50 dwellings per hectare

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## 12. DEVELOPMENT OF STUDENT ACCOMMODATION AND HMOS

- 12.1 The northern end of Bassett originally developed mainly as a residential area of large detached houses. In recent years many areas have been re-developed into a mixture of houses, flats, student accommodation and HMOs. This incremental change has provided a very good mix of houses, providing a balanced community (NPPF Policy 6). However we are now in danger of the character of the area being changed by losing too many family houses by conversion or development into Flats or Houses of Multiple Occupation.
- 12.2 Expansion of the University of Southampton in Highfield, and more recently the Solent University in the City Centre, created the need for a large quantity of student accommodation. This age group accounts for a higher than average representation of the overall population in the area and has created a huge pressure on the need for accommodation and demand for services.

- 12.3 A number of student accommodation blocks have been developed by the University of Southampton in Bassett Ward and a large number of family houses across the Ward have been converted to HMOs and flats. This has had a cumulative impact on the character and amenities in the area. The views expressed in the consultation, undertaken across the Ward, indicated that residents want the character of the area, including the predominance of family houses and larger executive type homes, retained and protected. In particular there should be no further loss of family homes as this will unbalance the character, and impact negatively on sustainability and the housing stock.
- 12.4 It is considered that the stock of family housing in the ward is essential to maintain the character and need of the residents. Any loss of a family house will therefore negatively affect this character and need.
- 12.5 It is also noted that Policy H13 of the Local Plan states that where universities increase their numbers of students, they should also make provision for the extra student accommodation. This policy is supported as it would help alleviate pressures for additional HMO accommodation and subsequent loss of family homes.
- 12.6 There is also a significant number of extra, purpose-built, student accommodation blocks being built in the City, which will accommodate approximately 1,500 students during 2014, with more planned for the future. This will also help reduce the need for HMO accommodation, and will allow some properties to be returned to family occupation.
- 12.7 This is also supported by numerous appeal decisions where it is stated that the proposed HMOs would have significant potential to compromise the living conditions of the residents of adjacent properties, and consequently conflict with Policy H4 of the Local Plan and paragraph 6.5.1 of the HMO SPD. Further, the refusal of HMOs has also highlighted a potential conflict with paragraph 17 of the National Planning Policy Framework, which seeks a good standard of amenity for all existing and future occupants of land and buildings. There was also concern in respect of the loss of family dwellings, for which the Council contends there is a proven demand, referring to Policy CS16 of the Core Strategy, which seeks to provide a mix of housing types and more sustainable and balanced communities.
- 12.8 Inspectors have noted that there was also an acceptance that there were in excess of 10% HMOs in Bassett already, and that exceeding this figure in the area as a whole would be considered over-concentration of this type of premises. In the Appeal APP/D1780/A/12/2/182572, the inspector stated that in an area already over 10% of total residences HMOs, it would alter the balanced mix of dwellings and therefore undermine both Policy CS16 and the SPD. He also referred to the conversion resulting in the net loss of a family home. APP/D1780/A/13/2193861, also in Bassett Ward, stated that other material considerations should be taken into account such as intensification of use and residential amenity of future and existing occupiers. The impact of the proposals will be assessed in accordance with relevant management policies and guidance.
- 12.9 Any extensions to HMOs must be assessed using the criteria of policy BAS 5 to maintain the character and amenity of the area.



- 12.10 At present the Southampton Core Strategy and city housing figures show Bassett Ward as having had 10.4% HMOs in 2004 and it is estimated that it has now risen to 15% of the family houses in Bassett through conversion of these family houses to HMOs (C4<sup>2</sup> and *Sui Generis*). Any further development of HMOs must comply with Policy BAS 6 and

#### **POLICY BAS 6 – HOUSES OF MULTIPLE OCCUPATION**

**Change of use to houses in multiple occupation (HMO) will only be permitted where:**

- a. It is not detrimental to the amenity of residents of adjacent or nearby properties and**
- b. It would not be detrimental to the overall character and amenity of the surrounding area and**
- c. the proposal would not cause unacceptable highway problems and**
- d. the proposal would not result in an over-concentration of HMOs in any one area of the Ward, to an extent which would change the character of the area or undermine the maintenance of a balanced and mixed local community.**

conform to the Local Plan (Policy H4), the Core Strategy (Policy CS16) and the HMO SPD 2012. Further to the noted impacts, it is also necessary to consider that HMOs make an important contribution to housing need and that the 'balanced and mixed community' as referred to in Policy BAS 6 (d) should be judged in accordance with the provisions of the adopted HMO SPD and the Local Plan (Policy H4).

### **13. HIGHWAYS, TRAFFIC AND TRANSPORT**

- 13.1 There are current pressures on the existing on- and off-road parking facilities in the local area. Residents have expressed concern over the low levels of on-site parking provision for the staff, visitors and students of the University of Southampton and Southampton General Hospital (e.g. Public Meeting at Kings Church Hall 2 December 2013 with over 100 attending). This has resulted in the need for local residents' parking schemes and other parking controls in many roads, such as Dunkirk Road. In order to help address this problem and prevent further impact on the already overburdened existing parking facilities, this Plan will support new development that makes sufficient provision for on-site parking.
- 13.2 Bassett Avenue, which is the main route into the city from the north, is very busy especially during the rush hours, with bottlenecks at the junction with Winchester Road. This often backs up to the north end of Bassett Avenue onto the M3.
- 13.3 This encourages many side roads to be used as 'rat runs' which creates further traffic problems. Traffic tends to divert off the main route down various side roads, using them as short cuts to avoid the traffic jams, which cause complaints from residents such as in Bassett Crescent East, a small residential street. A recent survey showed this small road, which runs off Bassett Avenue cutting off the left turn at the traffic lights into Burgess Road, had over 2,000 cars in each direction along it in a 24 hour period, with an average

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<sup>2</sup> The C4 Use Class of the Town and Country Planning (Use Classes) Order 1887 (as amended) covers houses in multiple occupation. This is defined as small shared houses occupied by between three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen or bathroom.

speed of 33.8 mph (Local Highways survey – see the Consultation Statement August 2014 for further details).

- 13.4 The high concentration of traffic along Bassett Avenue, the main gateway into Southampton, also creates noise, congestion and pollution, including poor air quality. Bassett Avenue and Winchester Road, during the peak morning and evening rush hour periods, experience slow-moving commuter traffic. At other times a large percentage of HGVs and other heavy traffic use the route to the docks area.
- 13.5 Bassett Ward is described as a deprived area for public transport and local services. (Indices of Multiple Deprivation 2007, Southampton City Council) although the 2010 IMD shows an improved picture.
- 13.6 Where there is new development, re-development or change of use or intensity of a property, preference will be given to development that includes adequate provision for parking on site, as there will be a need for personal transport. When looking at development, any proposals must take account of the lack of service provision, particularly the inconvenience and random nature of public transport, and take account of the Council's maximum parking standards.
- 13.7 Any new development feeding directly onto these routes should therefore take account of the high volume of traffic on these roads.
- 13.8 Any further increase in traffic volume needs to be monitored and addressed.
- 13.9 Dale Road, Dale Valley Road, Norham Avenue and the roads leading onto these are also used as 'rat runs' with notable parking issues. Every effort should be made to reduce this problem in these roads and regard made to the parking issues in these narrow roads. Traffic management should be considered that prevents side roads becoming 'rat-runs'.
- 13.10 Parking has become an issue in the whole Ward. Residents' feedback raised concerns over a lack of planned parking spaces in new developments within the Ward and of having to rely on restrictive parking measures to give them access to parking in their own streets.
- 13.11 New development must comply with the standards of parking provision set out in Policy CS 19 of the Core Strategy and in the City Council's Parking Standards Supplementary Document. Where proposed development is likely to generate additional demand for parking, the information submitted with planning applications should include the results of a local survey carried out on at least two occasions at different times showing the parking spaces available on the street in the immediate vicinity.
- 13.12 Bassett Green Road has houses on the southern side which front onto Bassett Green Road, but have access only via the rear, which is in Bassett Green Close. This is to prevent a large number of vehicular access points straight on to Bassett Green Road, which is one of the main A routes from the motorway and airport into the City. This arrangement should be retained for safety reasons.
- 13.13 Bassett Green Road, Bassett Wood Road and Bassett Avenue are the main roads into the City from the north. They are very busy and have a 40 mph limit. In the past there have been restrictions on the number of access points onto these roads for road safety reasons. Local residents feel that, due to the danger posed by further accesses onto these roads, they should continue to be restricted as a policy. This was supported in an appeal against a refusal to allow such an access (APP/D1780/D/13/2194642, 172 Bassett Green Road).
- 13.14 Sustainable modes of transport should be encouraged to alleviate the traffic and parking problems especially in relation to cycle paths and routes. There are few cycle routes in the area, but these could be increased and enhanced.

- 13.15 It is noted that Southampton General Hospital and the University of Southampton both encourage sustainable travel for their staff, and there are some park and ride facilities. We would like to encourage these, which would have a very positive effect on some local

#### **POLICY BAS 7 – HIGHWAYS AND TRAFFIC**

- 1. Proposals to protect and mitigate the impact of traffic within residential areas will be supported and encouraged. Such proposals may include:**
  - a. Traffic calming and gateway treatments, which will identify residential streets in a different manner to through routes, such as Bassett Crescent East and Bassett Crescent West; and Glen Eyre Road, Dale Road, Dale Valley Road, Norham Avenue and the roads leading onto these.**
  - b. Shared space treatments to create 'home zones' as per Criterion 7 Policy CS18 of the Southampton Core Strategy.**
  - c. 20 mph limits on suitable roads with appropriate traffic calming measures.**
  - d. The restriction of vehicular access points onto Bassett Green Road, Bassett Wood Road and Bassett Avenue (40 mph Areas) as a road safety measure, with no further access points permitted.**
  - e. Sustainable travel plans being promoted to the staff at Southampton General Hospital and the University of Southampton.**
- 2. The 2011 Parking Standards SPD in respect of meeting the maximum parking standards will be relevant for all new development proposals.**

traffic and parking issues.

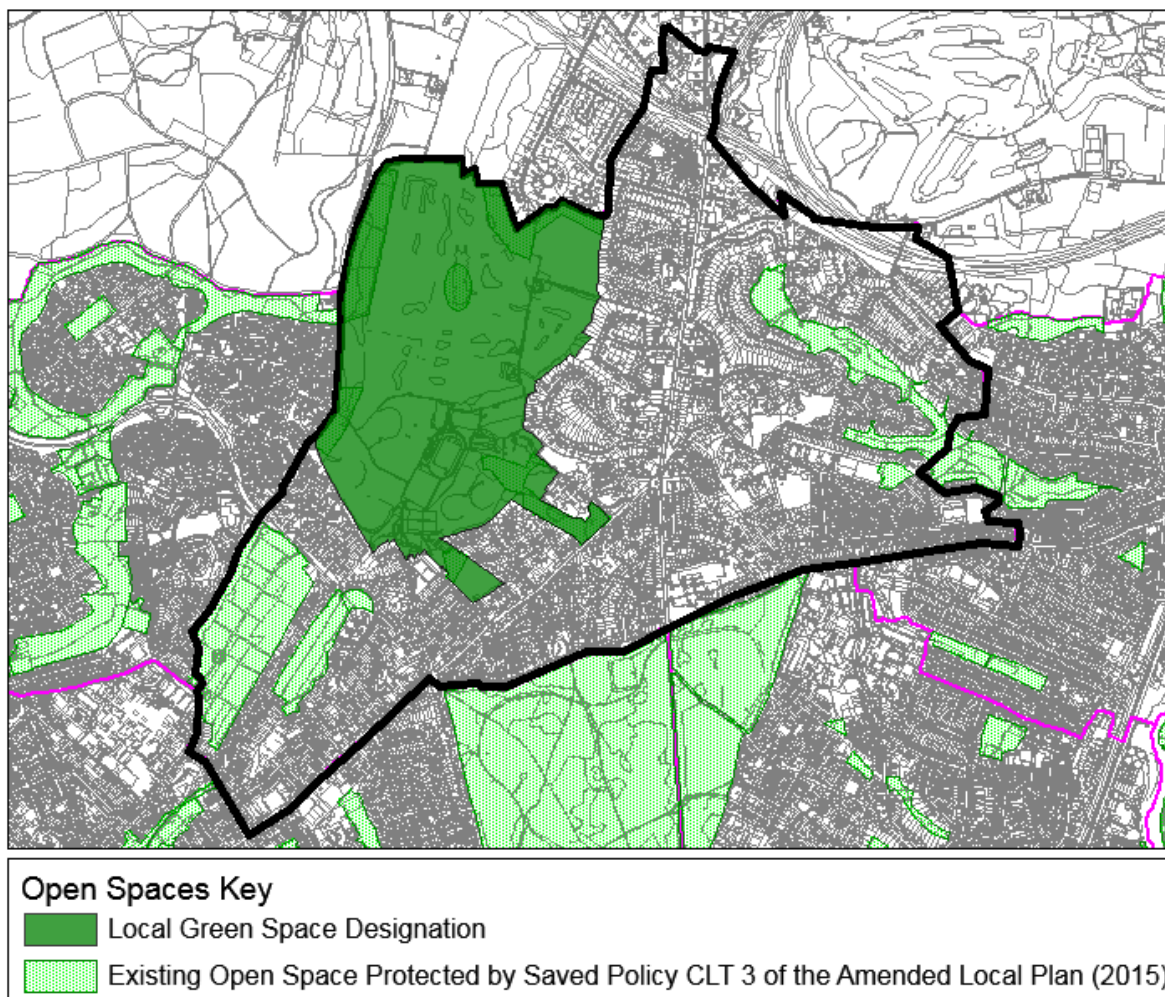
- 13.16 These proposals take note of financial restraints related to the need to set city-wide priorities, and may require funding from Section 106 payments of CIL monies and therefore may be subject to the Council setting priorities for the distribution of funding across the City as a whole.

#### **14. OPEN SPACES AND WOODLAND**

- 14.1 As well as Southampton City Golf Course and Outdoor Sports Centre that are important City assets with significant areas of open space and woodland, there are other open space areas that are valuable havens for wild life, trees and shrubs. To illustrate this point, Bassett Wood is included in the Hampshire Register of Historic Parks and Gardens, reflecting its local importance as a historic landscape resource. All amenities are well used by a large proportion of the City's population.
- 14.2 These should be retained and preserved. At present there is no anticipated development of these areas.
- 14.3 Bassett Wood and Daisy Dip extend to the east of the Ward, creating a natural boundary to Bassett Green Village. These assets incorporate both open space and wooded areas and are significant sites for wild life and amenity space for all City residents. In other areas of Bassett, the woodland and open space creates natural boundaries to smaller areas as well as havens for wildlife.

- 14.4 Around the University of Southampton Glen Eyre Halls of Residence and the accommodation blocks off Glen Eyre Road there are large areas of woodland, which should be retained. The Vermont Close area and by Redhill Close are wooded areas adjacent to Southampton City Golf Course and the Outdoor Sports Centre. These are also valuable assets to the area and wildlife, and should be retained.

**FIGURE 3: MAP OF PROTECTED OPEN SPACES INCLUDING THE SOUTHAMPTON CITY GOLF COURSE AND THE OUTDOOR SPORTS CENTRE LOCAL GREEN SPACE DESIGNATION**



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## **15. BASSETT GREEN VILLAGE (INCLUDING THE ORCHARD)**

- 15.1 A large proportion of Bassett Green Village is a Conservation Area, having been designated in September 1977, and a number of the buildings within it are Listed.
- 15.2 The village green, which is a significant part of the area, is owned by the City Council and is preserved as amenity space.
- 15.3 The City Council has Policies and Proposals for conservation and enhancement of Bassett Green Village Conservation Area, with references back to 1791.
- 15.4 These Policies and Proposals are:

- a. The City Council will preserve the Village as public open space and will look at proposals for its proper maintenance and enhancement.
  - b. Careful control over alterations and extensions to historic buildings and other buildings within the Conservation Area will continue to be exercised to ensure that the design, scale and materials used are appropriate to the character of the area.
  - c. The existing cast iron lighting columns are appropriate to the character of the Conservation Area and will therefore be retained. In addition, the City Council will continue to preserve the 'country lane' character of Bassett Green with special attention given to the retention of surfaces and street furniture.
  - d. The character of the area is predominantly residential and the City Council will not permit any change of use which will involve the loss of residential accommodation.
- 15.5 This plan supports the designation of Bassett Green Village as a Conservation Area and the maintenance of the village green.

**POLICY BAS 8 – BASSETT GREEN VILLAGE**

**Proposals for development in or adjacent to the designated conservation area at Bassett Green village will only be permitted if it is shown that they have had regard to the desirability of preserving or enhancing the appearance or character of the area.**

**16. TREES AND GRASS VERGES**

- 16.1 Bassett was originally a very wooded area, and many trees remain. The main road into Southampton 'Bassett Avenue' is tree lined and eventually crosses the Common, which is still wooded. Most other areas in Bassett have a large number of established trees and it is most important that the trees are retained and we would encourage new planting where appropriate and the replanting of any that die naturally.
- 16.2 This policy complements Core Strategy Policy CS21 (Protecting Open Space) and seeks to retain and improve the City open spaces and CS22 (Promoting Biodiversity and protecting habitats) with the aim of safeguarding and extending the existing network of open space within the City.
- 16.3 This policy complements Local Plan policies SPD12 (Landscape and Biodiversity) and NE 6 (Protection / Improvement of Character) in respect of the character of the northern approach to the city.
- 16.4 Most trees of good arboricultural and amenity value have tree preservation orders on them when on private land. All trees on public land are automatically covered by preservation orders by the City.
- 16.5 Established trees of good arboricultural and amenity value need to be assessed by a Southampton City Council Tree Officer to evaluate whether they fall within the definition of this policy.

### **POLICY BAS 9 – TREES**

- 1. Development that damages or results in the loss of trees protected by tree preservation orders or trees of good arboricultural and amenity value will not be permitted (see paragraph 16.5).**
- 2. Proposals which could affect existing trees should be accompanied by a tree survey that establishes the health and longevity of any affected trees and a management plan setting out how they will be maintained, to preserve the sylvan character of Bassett.**

- 16.6 Some of the roads in the Ward have grass verges, some are planted with trees. They add to the green space, give character to the roads and provide amenity to residents. The retention and enhancement of these grass verges will contribute towards the creation of a healthy community by creating a safer environment and improved quality of life, and toward the conservation and enhancement of the natural environment (NPPF Policy 8 and Policy 11).
- 16.7 The verges are under threat from increased vehicles and on-road parking and therefore require protection. Another major source of damage occurs during development. For example, during construction of new houses the grass verge outside the development is destroyed or damaged, and instead of replacing it with grass, it is either left damaged or tarmacadamed over. This then affects the character and amenity of the area. Therefore a standard condition with all planning permissions must be to reinstate and repair any damage by developers once the building works are complete.

### **POLICY BAS 10 – GRASS VERGES**

**New developments or re-developments will be required to retain existing grass verges and reinstate any areas of verge that are damaged during the construction process.**

## **17. SHOPS AND LOCAL SERVICES**

- 17.1 There are very few shops in the Bassett Neighbourhood area.
- 17.2 There is a local centre of shops in Winchester Road at the junction of Hill Lane, and round into Burgess Road. (Identified in Core Strategy and Amended Local Plan Review.)
- 17.3 There are also local shops in Copperfield Road. This parade of shops is in a large area of family homes with no other shops in the near vicinity. They are well used by local residents, are fully occupied, and serve a useful purpose as this is an area poorly served by public transport and the nearest other shops are some long distance from this area. At present these are not mentioned as such in the Core Strategy or Local Plan and therefore need to be identified specifically as a valuable local service and retained.
- 17.4 There are garage shops at the top end of The Avenue adjacent to the Chilworth roundabout, at the Burgess Road junction of Glen Eyre Road, and adjacent to The Range Store in Winchester Road. These garage shops are not protected by the Core Strategy or Local Plan.
- 17.5 There are also some shops and two large stores on the northern side of Winchester Road between Hill Lane and Dale Road, such as Multiyork and The Range. It may be that they

offer potential at a later date as windfall sites. These two large stores have on-site car parking and cause no parking issues, and provide some local jobs.

- 17.6 Other shops lie just outside the area such as Shirley Retail Park on Winchester Road. This is an out of centre destination which serves residents in the West Bassett and Shirley areas.
- 17.7 It is important that these local shops are retained as part of the character and an important service and employment opportunity for the area. There are no obvious sites for new shops in the area.
- 17.8 Further to the above and Policy BAS 11, it should be noted that Permitted Development Rights in relation to shops (A1 uses as defined by the Use Class Order<sup>3</sup>) are evolving and changing, and that it is now possible to change to more uses without the need for planning permission. However, it is felt that this policy will help to ensure that existing shops are retained, whilst still allowing other local services and provisions to locate within the Copperfield Road local shopping parade. It is possible that the situation regarding permitted development rights could also further change over the period of the Plan.

#### **POLICY BAS 11 – LOCAL SHOPS**

**Proposals for development which would cause the loss of the local shops and community uses in Copperfield Road will be resisted.**

### **18. BUSINESS AND INDUSTRY**

#### **18.1 Industrial Estate – Hollybrook**

This is a well-run industrial estate and is the only designated estate in the Neighbourhood Plan area. It has adequate parking provision and is considered to be a valuable asset in providing local jobs.

18.2 The Estate is in a good state of repair and can facilitate a variety of business types.

18.3 Most businesses operating in this estate are well established, and their loss would reduce substantially the number of local job opportunities.

#### **POLICY BAS 12 – BUSINESS AND INDUSTRY**

**Hollybrook Industrial Estate is safeguarded for employment. Proposals for development which would help to generate employment will be encouraged.**

### **19. SPORTS CENTRE AND GOLF COURSE**

19.1 Southampton Sports Centre occupies some 270 acres of municipal open space in the northwest of the Ward and comprises Southampton City Golf Course and Southampton Outdoor Sports Centre and a small area of amenity woodland lying between the facilities

<sup>3</sup> The A1 Use Class of the Town and Country Planning (Use Classes) order 1987 (as amended) covers shops. This is broadly defined as shops, retail warehouses, hairdressers, undertakers, travel and ticket agencies, post offices, pet shops, sandwich bars, showrooms, domestic hire shops, dry cleaners, funeral directors and internet cafes.

and Winchester Road. The land was purchased in 1934 using a loan from the Ministry of Health. It is held in Trust from the Ministry of Health and its antecedents under the Public Health Acts of 1875 and 1925, and is classified as 'open space' for the purposes of the Local Government Act 1972. The facilities were formally opened in 1938. It is also an area of Green Space of Particular Importance in the City (NPPF paragraph 75).

19.2 At the time of writing, operation of the facilities is contracted out to two charitable sports management organisations: Active Nation (Outdoor Sports Centre) which is a registered charity and Mytime Active (City Golf Course), which is a social enterprise with charitable objectives.

19.3 The provision of outdoor facilities for the benefit of all the residents of Southampton was the brainchild of Sir Sidney Kimber who proposed “**...to create for the present and future generations another civic centre – an outdoor sports and recreation centre under one management and control, large, central, compact, beautifully situated for the use of thousands of both sexes, young and old, robust and frail, rich and poor, for the provision of all known outdoor games, which centre is bound to promote health, enjoyment and happiness to untold numbers; and, as the years roll on and the population multiplies enormously, will prove to be one of the outstanding assets of a town and port destined for unrivalled supremacy.**”

19.4 Historically there has been a presumption for development that:

- benefits multiple different user groups;
- minimises the impact of buildings in the valley floor;
- is in sympathy with the overall appearance and vision of the site; and
- accords with the Bassett Avenue Development Control Brief 1982 (now largely superseded).

and against development that:

- is piecemeal;
- would set a precedent of benefit solely or largely to a single user group;
- results in loss of open space / development of indoor sports facilities; and
- conflicts with the Bassett Avenue Development Control Brief 1982 (now largely superseded).

19.5 There has also been a consistent policy of granting only time-limited consent for placing of temporary buildings (containers and portacabins) as these have been considered unacceptable as permanent solutions / development. Those consents have long expired and proposals to replace temporary facilities with sympathetic, permanent structures are appropriate.

19.6 Sports and recreational needs change over time as activities grow and decline in popularity, as population demographics and health profiles change, and Southampton Outdoor Sports Centre must be allowed to evolve and develop to cater for these changing needs.

19.7 There is a proven need for all the facilities within this Sports Centre and City Golf Course. The surrounding woodland is valued open space. It is very well used, and was highlighted by nearly all residents in the consultation process that they consider it an essential part of the City infrastructure.

19.8 The buildings within the Sports Centre and City Golf Course may need to be developed and improved to provide suitable facilities, but these should be restricted to those required for sporting or recreational purposes only.

19.9 Open spaces and sport and recreational facilities should not be built on except under exceptional conditions (NPPF paragraph 74).



- 19.10 Local communities through their neighbourhood plan should be able to identify for special protection, green areas of particular importance (NPPF paragraph 76). Policy BAS 13 takes this into account with the designation of the open and undeveloped land at Southampton City Golf Course, the Outdoor Sports Centre and nearby amenity woodland as Local Green Space whereby any development will only be permitted in very special circumstances.
- 19.11 Very special circumstances could include circumstances where development would help either to fund improvements to sports or recreation facilities, or to improve or provide such facilities directly, or where it can be shown that there is an essential need for the provision of utility infrastructure. Figure 3 on page 17 shows the Local Green Space designation.

**POLICY BAS 13 – SOUTHAMPTON SPORTS CENTRE AND SOUTHAMPTON CITY GOLF COURSE**

**All the open or undeveloped land within the boundaries of the Outdoor Sports Centre, City Golf Course and the nearby amenity woodland as shown on Figure 3 is designated as Local Green Space. Within this area, proposals for development will not be permitted except in very special circumstances.**

**20. DRAINAGE**

- 20.1 There have been concerns raised in the past of drainage problems in many areas of Bassett due to poor drainage pipework, poor land drainage and some cases of flooding.
- 20.2 Southern Water have also commented that the sewerage and drainage system in the Bassett area is poor and in places inadequate. Southern Water are not suggesting that these problems constrain development, but point out the need for a policy to support the provision of local infrastructure.

**POLICY BAS 14 – DRAINAGE**

**Proposals for new housing development of more than one dwelling must provide evidence that the means of drainage has been examined to ensure it is capable of coping with the extra peak flows.**

**21. COMMUNITY INFRASTRUCTURE LEVY PAYMENTS**

- 21.1 CIL receipts raised from development in the local area will be spent in accordance with the latest Government Regulations. Subject to those, the following projects were put forward in the community consultation process, for the use of any CIL payments due from local development:
- Support for the improvement of facilities in St Michaels Church Hall for use as the only community centre in Bassett Ward;
  - The provision, extension and improvement of cycle tracks across the Ward; including present schemes such as along Bassett Avenue and Winchester Road.

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<b>DECISION-MAKERS:</b>	COUNCIL CABINET		
<b>SUBJECT:</b>	COMBINED AUTHORITY		
<b>DATE OF DECISION:</b>	20 <sup>TH</sup> JULY 2016		
<b>REPORT OF:</b>	LEADER OF THE COUNCIL		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Mark Heath	<b>Tel:</b> 023 8083 2371
	<b>E-mail:</b>	Mark.heath@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>	
None	
<b>BRIEF SUMMARY</b>	
To seek approval from the Executive as to the Solent Governance Review and its conclusions. If agreed, to approve in draft the Solent Combined Authority Governance Scheme for consultation.	
<b>RECOMMENDATIONS:</b>	
	<b>Council</b> is recommended to:
(i)	Note the report; and
(ii)	In the context that the formal decision-making needs to be undertaken by the Executive, consider and express whatever views Full Council has prior to the Executive's decision.
	Having complied with paragraph 15 of the Council's Access to Information Procedure Rules, <b>Cabinet</b> is recommended to:
(i)	Note the report;
(ii)	Endorse the findings of the Solent Governance Review and its conclusion that in principle a Mayoral Combined Authority is in the best interests of Southampton;
(iii)	Approve, in draft, the Solent Combined Authority Governance Scheme for consultation; and
(iv)	Delegate to the Chief Executive any actions necessary to fulfil the resolutions in this report.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
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 the relevant Scrutiny Panel and the public
2.	This report has been brought forward in this timeframe following discussions between the Leaders of Southampton, Portsmouth and Isle of Wight Councils to enable a decision to be made on the Governance Review and

	draft Governance Scheme and to enable the subsequent commencement of formal consultation with the public over the draft Governance Scheme.
3.	There are significant benefits for Southampton and the wider Solent area in being part of a Combined Authority with the Isle of Wight and Portsmouth. To create this Combined Authority we need to undertake a governance review and approve a Governance scheme. The recommendation enables the City Council to fulfil this requirement. We will then need to consult extensively on the scheme, in conjunction with the other participating councils, and report back to Cabinet with the results of this consultation.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
4.	To not undertake this process (and hence not propose a Combined Authority)
<b>DETAIL (Including consultation carried out)</b>	
<u>Background</u>	
5.	Council has previously discussed the possibility of a Combined Authority and on 16 <sup>th</sup> March 2016 Council resolved: (i) that following consideration of the updated position, approval be given in principle for the Leader to sign an agreement to be party to any Combined Authority; and (ii) that delegated authority be granted to the Leader, following consultation with the Chief Executive and Group Leaders, to undertake detailed negotiations with relevant government departments and public bodies in respect of a proposed devolution deal and to agree final terms subject to public consultation and ratification by Council.
6.	Last summer the expectation was that the devolution proposals would be based on a Hampshire & Isle of Wight geography. However as the work on these proposals progressed, and the Government insisted that it would be necessary to have a directly elected mayor, it became apparent that it would not be possible to secure an agreement on the governance arrangements that would be needed to have a combined authority covering 15 local authorities, 2 national parks and 2 local enterprise partnerships.
7.	As the Hampshire & Isle of Wight proposal was unravelling, HM Treasury invited representatives from authorities in the Solent area to explore whether it would be possible to agree a devolution deal for the Solent area. The hope was that a deal could be announced at the March Budget. A draft deal was agreed very quickly and this provided significant opportunities for authorities in the Solent area although as part of the deal the authorities had to agree to set up a Combined Authority with a Directly Elected Mayor. The draft deal included.
	<ul style="list-style-type: none"> <li>• £900m funding for the area over 30 years (£30m p.a.) to invest in economic growth and housing.</li> <li>• Keeping all business rates generated in the area (approximately £400m) and leaving the current system of government funding for local councils - meaning the area would have better control of its own financial future and piloting the new approach</li> <li>• Powers over strategic planning, such as future spatial plans</li> </ul>

	<ul style="list-style-type: none"> <li>• Increase productivity and create more jobs and better jobs by simplifying and strengthening support for business growth, innovation, and global trade and investment</li> <li>• Control of the budget for adult education and training in the area, enabling a focus on the skills businesses want people to have, therefore people get jobs and businesses prosper</li> <li>• Development of a new programme to help the hardest to help claimants back into work and provide them with support</li> <li>• Delivering 52,000 homes in the area by 2026</li> <li>• Control of a dedicated transport budget, franchised bus services and key network of local authority roads</li> <li>• Innovative and integrated approaches to public service reform, including health</li> </ul>
8.	<p>The expectation was that the deal would be announced by the Chancellor of the Exchequer at the Budget in March. Initially the deal was agreed by representatives from Hampshire County Council, the three unitary authorities and the five district councils in the Solent area. Unfortunately before the deal was announced Hampshire County Council (HCC) changed their mind and stated that they were no longer prepared to sign up to the deal. The Government asked the Solent authorities to work with HCC in the hope that a deal could be agreed with all partners allowing a deal announcement to be made. Despite the best efforts of the City Council and partner authorities it has not proved possible to persuade HCC to sign up to the deal and the creation of a Solent Combined Authority. Without HCC's agreement to be part of the Solent Combined Authority it is not possible for the Solent district councils to be part of the formation of a Solent Combined Authority. The District Councils outside of the Solent area were also seeking to create a Combined Authority (the Heart of Hampshire Combined Authority) and negotiate a devolution deal. HCC were actively involved in these discussions from the outset but are currently not supporting the proposition.</p>
9.	<p>In this situation, encouraged by central government, the three unitary authorities within the Solent area (Portsmouth, Southampton and the Isle of Wight) are looking to create a Solent Mayoral Combined Authority to deliver on the draft devolution deal. The first stage in creating a combined authority is to undertake a Governance Review and approve a Scheme for the combined authority. The Scheme has to be approved by the Council's Executive.</p>
<b>Combined Authorities</b>	
10.	<p>A combined authority is a legal structure that may be established, via an Order issued by the Secretary of State, at the request of two or more local authorities. The combined authority's executive consists either of one representative of each member authority; or one representative of each member authority plus a directly-elected Mayor (hence a 'Mayoral combined authority').</p>
11.	<p>The legislation on combined authorities can be found in sections 103-113 of the Local Democracy, Economic Development and Construction Act 2009, which has been substantially amended by the Cities and Local Government Devolution Act 2016. The power to create a combined authority extends to</p>

	England only (but not to London).
12.	There are multiple routes to establishing a combined authority
13.	Under the original procedure from the 2009 Act, a local authority or authorities may carry out a 'governance review', which must publish a 'scheme' recommending the creation of a combined authority. Publication of the scheme requires the consent of the local authority areas included in the scheme. The Secretary of State may then agree to create a combined authority by Order under the 2009 Act.
14.	Alternatively, via the 2016 Act, the Secretary of State may decide to establish a combined authority, if the councils in the relevant area consent. The Secretary of State must hold a public consultation, unless one has already been carried out locally and a 'scheme' has been published. The Secretary of State must be satisfied that the establishment of a combined authority is likely to "improve the exercise of statutory functions" in the area in question.
15.	An existing combined authority may be changed into a mayoral combined authority via a further Order from the Secretary of State. All the member authorities must consent to this. However, the 2016 Act provides that any authorities that do not consent must be removed from the combined authority when the elected mayor is established
<b>Functions</b>	
16.	The 2009 Act originally provided that a combined authority could only undertake functions related to economic development, regeneration, or transport, or other functions that its member authorities agreed to transfer upwards to it. The 2016 Act removes these limitations, and permits the Secretary of State to transfer statutory functions or the functions of public bodies to combined authorities. This is to be done via an Order for each individual combined authority. The powers of the Secretary of State in this regard are wide, though the 2016 Act includes a number of qualifications with regard to the transfer of health service functions.
17.	As well as statutory functions, the devolution deals agreed so far provide for the transfer of a number of Government-funded programmes to combined authorities. Where such programmes are not statutory, they will not be covered by the combined authority's Order, and can be transferred as soon as the Government and the relevant combined authority can agree on terms. In Greater Manchester, which was the first area to agree a devolution deal, many programmes have already been transferred.
18.	The actual scope of the functions and powers that the combined authority could undertake will depend on the specific powers granted to that authority under the establishing Order made by the Secretary of State. This may include the following: <ul style="list-style-type: none"> <li>• Transport functions delegated by the Secretary of State that the Secretary of State considers can be appropriately exercised by the combined authority (excluding the power to make legislative instruments and the power to fix fees or charges).</li> <li>• Transport functions of a local authority in relation to an area comprised in the combined authority area, which the Secretary of State considers can appropriately be exercised by the combined authority. The orders that are made transferring transport functions</li> </ul>

to the combined authority may be made subject to conditions.

- Functions that are transferred from an integrated transport area of Passenger Transport Executives (local government bodies with responsibility for public transport within large urban areas).
- Local authority functions for the area. However, before an order can be made the consent of the constituent councils, and where the combined authority already exists additionally the combined authority, is required.
- Public authority functions for the area. The Secretary of State may, by order, transfer functions from other public authorities to a combined authority in relation to the combined authority area. Any order that transfers functions from a public authority to a combined authority may also require the transfer of property, rights and liabilities associated with that function. If the result of the order and transfer of functions means the public authority will no longer have any functions, the order will provide for the abolition of the public authority. Any order that is made in relation to public authority functions may include provisions concerning the exercise of that function, including:
  - making the exercise subject to conditions or limitations. For example, such a condition might be used to specify that a transfer of health powers would not change responsibilities in relation to the NHS Constitution or mandate;
  - jointly working in connection with the function (such as a provision requiring the function to be exercised by a joint committee); and
  - any public authority function for the area that is transferred under an order may be transferred on the basis of being undertaken separately, with the combined authority taking over the function of the relevant public authority; concurrently, with the combined authority and public authority each exercising the function simultaneously; jointly, with the combined authority and public authority working together to exercise the function; or jointly and solely, with the combined authority and public authority working together to exercise the function while the public authority also continues to exercise the function alone.
- Police and Crime Commissioner functions where a mayor is in place. The Secretary of State may make an order providing for the transfer of functions from a Police and Crime Commissioner to the mayor of a combined authority. The 2009 Act contains provisions in connection with an order which transfers those functions. In this case, the Constabulary boundary is not co-terminus with the proposed Combined Authority boundary.
- For mayoral combined authorities, issuing precepts. The function may only be exercised by the mayor on behalf of the combined authority.
- Health service functions. An order transferring health service functions to a combined authority must:
  - not transfer any of the Secretary of State's core duties

	<p>in relation to the health service;</p> <ul style="list-style-type: none"> <li>○ not transfer health service regulatory functions vested in national bodies; and</li> <li>○ make provision about the standards and duties to be placed on the combined authority, having regard to the national service standards and the national information and accountability obligations.</li> </ul>
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**Mayoral Combined Authorities(MCA)**

19.	The 2016 Act permits a combined authority to have a directly-elected mayor. This can be done by either a new or an already existing combined authority.
20.	Of the five existing combined authorities, four (Greater Manchester, Sheffield, North-East and Liverpool) have agreed to establish a directly-elected Mayor as part of their deal. The new combined authorities proposed for Tees Valley and West Midlands will also do so, making a total of six mayoral combined authorities. The draft 'North Midlands' deal also includes provision for an elected mayor. The Mayors will be elected using the Supplementary Vote system, used for local authority Mayors and the Mayor of London. The Government currently anticipates all seven MCA "mayoralities" holding their first elections in 2017.
21.	The principles behind an MCA are that the Mayor will chair the Combined Authority and be a member of the combined authority. The Mayor will be able to allocate 'Cabinet' portfolios to each of the combined authority members. The 'Cabinet' will be made up of representatives from the member local authorities. There may be non-constituent (ie non-voting) members. They may receive expenses but may not be paid. The Mayor will have no control over who these representatives are; thus an incoming Mayor would only be able to reshuffle a 'cabinet', not change its personnel without their consent.
22.	The Mayor must appoint a deputy mayor, who must act if the Mayor becomes incapacitated. Where a Mayor is also a Police and Crime Commissioner they may appoint a 'deputy PCC mayor', separate from the deputy mayor. This person will be able to take on most of the mayor's PCC functions. So far, only Greater Manchester (plus the draft 'North Midlands' agreement) has agreed to the elected mayor becoming the PCC..
23.	The Order setting up the combined authority may confer functions solely on the Mayor or on the combined authority. Subject to any limitations in the Order, the Mayor may delegate functions to Cabinet members, committees, or officers of the combined authorities. Regulations may also be made permitting agreements with other authorities to exercise functions jointly, under section 101 of the Local Government Act 1972.
24.	Each devolution deal provides some outline details of scenarios when the combined authority membership may overrule the Mayor. For instance, in each deal, the combined authority membership may reject the Mayor's budget on a two-thirds majority. In some deals, the Mayor's 'strategies' may also be amended on a two-thirds majority. These provisions can be anticipated in the Orders setting up the mayoral combined authorities.

**Financial Powers**



25.	Mayoral Combined Authorities have a number of powers to raise small quantities of additional funding:
	<ul style="list-style-type: none"> <li>• Mayors will be able to raise a precept on constituent authorities' council tax bills, providing that the Order establishing them allows them to do so.</li> </ul>
	<ul style="list-style-type: none"> <li>• Combined authorities (with or without Mayors) may raise a levy on their members, for any of their functions. This constitutes a shift of funding between tiers rather than a means to introduce 'new money' into the system</li> </ul>
	<ul style="list-style-type: none"> <li>• A number of devolution deals include permitting local retention of 100% of business rate growth above an 'agreed baseline'</li> </ul>
	<ul style="list-style-type: none"> <li>• Mayors will have the power to raise an additional 2p in the pound on business rates, subject to the agreement of the Local Enterprise Partnership.</li> </ul>
	<ul style="list-style-type: none"> <li>• Combined authorities will have the power to borrow money under the local government prudential borrowing regime, though the authority's Order must specify for what purposes the money may be borrowed</li> </ul>
	<ul style="list-style-type: none"> <li>• Many of the devolution deals provide combined authorities with an investment fund (£30 million per annum in most cases).</li> </ul>
26.	The powers and functions that are to be transferred to combined authorities are likely to come with existing funding streams, but this is not a statutory requirement. Future levels of funding for these activities will be dependent on Government decision-making.
<b>Overview &amp; Scrutiny</b>	
27.	The 2016 Act requires each combined authority to set up at least one overview and scrutiny committee. The committee must publish a plan indicating how it will exercise its powers, and it will have the power to suspend decisions of the combined authority whilst it reviews them. It will be able to require members and officers of the authority to attend and answer questions. A majority of members of an overview and scrutiny committee must come from member authorities. Its members cannot hold executive positions in those authorities. The chair of the committee must come from a different political party from the Mayor (or the combined authority's majority party, if there is no Mayor).
28.	The 2009 Act did not require combined authorities to establish overview and scrutiny committees. Of the existing combined authorities Sheffield, West Yorkshire, Liverpool and the North-East are required to do so by their Order, but there is no such requirement in Greater Manchester's Order. The Greater Manchester Combined Authority has established a 'scrutiny pool', made up of three backbench members from each of the constituent local authorities.
29.	There is no requirement in either Act for the overview and scrutiny committee to reflect political proportionality across the combined authority area – though combined authorities have done this so far. Brandon Lewis, then Minister for Local Government, stated during the debate on the 2014 Orders that "Good governance practice will mean that such committees will be politically balanced, enabling appropriate representation of councils' minority parties".
<b>The Governance Review</b>	
<b>Page 73</b>	

30.	The first stage in the process of creating a new Combined Authority is for the relevant authorities to carry out a Governance Review. The purpose of the review is to determine whether the existing governance arrangements for economic development, regeneration and transport in the area are effective, or whether the area would benefit from changes, including the establishment of a new Combined Authority. In undertaking such a review, councils look at economic development and regeneration landscape in the round, including the activities of other arrangements. However, the review is required to focus on the governance arrangements for local authority functions that might be addressed in the formation of a new sub-regional body and not the functions and performance of those other bodies.	
31.	The relevant legislation require that the authorities, in undertaking such a review must address the issue of the effectiveness and efficiency of arrangements to promote economic development and regeneration in particular within the area to be covered by the review and, therefore, to be covered by the Combined Authority. This is because a review has to be carried out before the governance scheme (covered later in this report) can be considered, and the review will need to have shown before a governance review can be considered, that the creation of (in this case a Combined Authority) would be likely to improve:	
	a.	The exercise of statutory functions relating to economic development, regeneration and transport in the area;
	b.	The effectiveness and efficiency of transport in the area; and
	c.	The economic conditions in the area.
32.	The outcome of a governance review should, therefore, be:	
	a.	An assessment of the effectiveness and efficiency of existing governance arrangements for economic development, regeneration and transport across the area;
	b.	An analysis of the options available for making changes to these governance arrangements, such as leaving governance unchanged, strengthening or restructuring existing governance arrangements, establishing an Economic Prosperity Board and establishing a Combined Authority; and
	c.	A view as to which option is likely to be most beneficial.
33.	Stakeholders are considered to be an important source of evidence of how will the existing arrangements in the area are functioning and whether there is scope for improvements to be made. As part of the governance review, local authorities are required to identify who their relevant stakeholders are and engage with them to seek their views. This includes representatives of the business community, service providers and other delivery partners, relevant regulatory bodies and relevant public bodies, including Government advisors on the natural and built environment and rural champions. Engagement with stakeholders is part of the governance review process and the engagement exercise is addressed later in this report (paragraphs 39-42).	
34.	A copy of the Governance Review document as sent out to stakeholders is appended at Appendix 1. The document analyses the existing governance arrangements, considers the Page 74 available and concludes that a Mayoral	

	<p>Combined Authority is the preferred option with the biggest potential to:</p> <ul style="list-style-type: none"> <li>• Enable devolution of central government functions to the sub region to ensure decision making happens closer to local people;</li> <li>• Optimise economic growth on a sub-regional level and create further efficiencies through Public Service Reform;</li> <li>• Provide the legal identity and statutory basis to be the accountable body for key decisions and functions;</li> <li>• Enhance the transparency and democratic accountability of sub-regional arrangements;</li> <li>• Integrate and streamline growth, transport and reform functions into one single body, removing potential duplication and confused accountabilities;</li> <li>• Enable effective engagement with businesses and other key partners;</li> <li>• Is recognised by central Government as a robust mechanism that allows sub-regions to speak with one voice;</li> <li>• Can be established in a way that meets local circumstances;</li> <li>• Provide the opportunity to pool existing sub regional officer capacity and make the best use of resources; and</li> <li>• Improve the exercise of statutory functions in the sub-region and so meets the requirements of the legislation.</li> </ul> <p>Having taken account of the outcome of the stakeholder engagement, it is for the three councils to decide whether or not they accept this as a conclusion. This is matter for the Executive to determine.</p>
35.	A list of the stakeholders to whom the document was sent, is set out in Appendix 2.
36.	The results of that stakeholder engagement exercise will not be known until the day before the meeting so will be made available as soon as possible and reported to the meeting.
<b>Governance Scheme</b>	
37.	The second stage in the process of creating a new Combined Authority is the preparation and publication of a Governance Scheme for the new body. The scheme will be the basis for the creation of the new body and will contain information on the area it will cover, its membership, voting and any executive arrangements, its funding and the way in which it will be funded.

	These details will be included in the statutory order that is needed to create the new body.
38.	The draft Governance Scheme (set out in Appendix 3) contains the following key elements:
	<ul style="list-style-type: none"> <li>• A directly elected Mayor with a term of office of 4 years</li> <li>• A cabinet of one member from each local authority</li> <li>• An overview and scrutiny function</li> <li>• Voting to be by simple majority save on certain key matters where the Mayor will require 2/3 majority to support his / her policies</li> <li>• Arrangements for an interim Mayor for the period between the establishment of the CA and the first Mayoral elections with suitable constraints upon his/her exercise of Mayoral powers during the interim period</li> <li>• Non constituent membership will be offered to the Solent LEP, Fareham BC, East Hants BC, Eastleigh BC, Gosport BC, Hampshire CC, Havant BC, New Forrest DC, Test Valley BC, and Winchester CC</li> </ul>
39.	Subject to the approval by the Executive, the draft Governance Scheme will now be subject to a period of public consultation.
<b>Next Steps</b>	
40.	Subject to the approval by the Executive of the Governance Review, and the adoption of the Governance Scheme for public consultation, following this and the Secretary of State being satisfied that the public consultation fulfils the necessary criteria under the legislation, the Government will draft the orders creating the Combined Authority.
41.	The Orders will then be passed through to each of the councils who will need to formally agree them.
42.	Orders (regulations) are then laid in Parliament as secondary legislation. Timing of how long these orders take to pass is, of course, dependent upon their content, Parliamentary timetable and other factors.
<b>Stakeholder Engagement</b>	
43.	Stakeholders are an important source of evidence of how will the existing arrangements in the area are functioning and whether there is scope for improvements to be made. As part of the governance review, the three local authorities have identified their relevant stakeholders, including representatives of the business community, service providers and other delivery partners, relevant regulatory bodies and public bodies. A full list of stakeholders for Southampton City Council is included in Appendix 2.
44.	In some cases, stakeholders span more than one local authority area; in these cases, a lead authority has been identified to contact that stakeholder to reduce duplication. So, for example Portsmouth City Council has contacted Solent NHS Trust, Hampshire Police Authority and Hampshire Fire and Rescue, amongst others, whilst Southampton has contacted the Hampshire Chamber of Commerce, Hampshire County Council and the LEPs. Appendix 2 includes those stakeholders contacted by Portsmouth City Council on behalf of Southampton City Council.

45.	Engagement with these stakeholders commenced on 1 <sup>st</sup> July 2016. Each stakeholder was sent a letter outlining the current proposals and asking for their views, as well as a two-page summary and the full governance review document. A number of feedback mechanisms were made available for stakeholders to provide their views: via email to 'yourcityyoursay@southampton.gov.uk', by contacting the Leader of the Council, Chief Executive or Head of Economic Development and Skills. Stakeholders were asked to provide feedback by 5 p.m. on 14 <sup>th</sup> July 2016.
46.	Mechanisms are in place to collate and analyse all the feedback received, and officers from each authority are working together to identify common questions, themes and issues and respond accordingly. Feedback will then be analysed and a verbal update provided to Cabinet and Council. Officers from each authority are also working together to develop proposals for the next stage of public consultation.

## RESOURCE IMPLICATIONS

### Capital/Revenue

47.	There are no Capital implications of undertaking the recommendations in this report. The revenue implications of undertaking the governance review and consulting on the Scheme will be met from within existing budgets as directed by the Chief Financial Officer (Service Director, Strategic Finance and Commercialisation).
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### Property/Other

48.	None at this stage.
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## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

49.	The legislation on combined authorities can be found in sections 103-113 of the Local Democracy, Economic Development and Construction Act 2009, which has been substantially amended by the Cities and Local Government Devolution Act 2016. The power to set up a combined authority extends to England only (but not to London).
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### Other Legal Implications:

50	None.
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## POLICY FRAMEWORK IMPLICATIONS

51.	None.
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<b>KEY DECISION?</b>	<b>Yes/No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	ALL
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Copy of the Governance Review document as sent out to stakeholders

2.	List of the stakeholders to whom the document was sent	
3.	Draft Governance Scheme	
<b>Documents In Members' Rooms</b>		
1.	None	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?		Yes
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?		No
Other Background Documents Equality Impact Assessment available for inspection from the Head of Economic Development and Skills		
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	n/a
2.	None	n/a

# The Solent Deal

Greater powers for South Hampshire & the Isle of Wight

## Strategic Governance Review

# 1. INTRODUCTION

- 1.1 The following report is a formal review of strategic governance arrangements. The review has been commissioned to ensure that sufficiently robust governance arrangements are in place to support the devolution of powers and responsibilities from central government to the Solent Mayoral Combined Authority. It has been prepared on behalf of the local authorities for Portsmouth, Southampton and the Isle of Wight, and the Solent Local Enterprise Partnership (LEP). In particular, it examines the case for the Solent Mayoral Combined Authority, and the impact that such a body would have on the effectiveness and efficiency of arrangements to promote economic development and regeneration, and of transport within the area.
- 1.2 Devolution signals the transfer of significant responsibilities relating to economic growth and public service reform. It is based on a shared commitment to bring decision making closer to local communities and to ensure that local powers are in place which will help double the size of the economy and support efficient, sustainable and effective public services.
- 1.3 A clear feature of any devolution agreement is to review governance arrangements to support the accountable, decisive and cooperative exercise of new powers, functions, and responsibilities. In common with other devolution agreements, a Mayoral Combined Authority (MCA) is suggested as the most effective governance arrangement to achieve this goal, subject to the outcome of a formal governance review.
- 1.4 An MCA would involve bringing together the three Councils and the Local Enterprise Partnership into a formal body which supports cooperative decision making on a shared programme relating to economic growth, regeneration, transport and public service reform. The MCA would operate on the principle that powers are not taken away from constituent councils but that decisions are made collectively about prescribed issues that cross local authority boundaries and relate to common themes and challenges that the three local authorities face. It would not replace the existing councils or act as a parent body. It is not Local Government Reorganisation but a mechanism to allow the three councils to cooperate where they wish to do so. A key principle throughout this review is subsidiarity – the practice of taking decisions at the lowest and/or most practical level of geography.
- 1.5 Subject to parliamentary approval, the MCA would be chaired by a directly-elected Mayor who would be able to exercise a number of functions, powers and



responsibilities transferred from central government to the sub-region covered by the three local Councils.

- 1.6 Specific provisions would be in place to allow the Mayor to exercise their powers with reasonable autonomy but also to ensure they fully consider the views of the constituent councils and the LEP.
- 1.7 This governance review is in line with statutory processes within the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Devolution Act 2016.
- 1.8 This document is published in draft form and will be finalised following the completion of a statutory consultation exercise on the Governance Scheme scheduled to take place in the summer and early autumn of 2016.
- 1.9 The purpose of the review is to determine:
  - Whether the areas covered by the Local Authorities of Portsmouth, Southampton and the Isle of Wight constitutes a functional economic area and suitable footprint to coordinate public service reform; and
  - Whether the existing governance arrangements for economic development, regeneration, transport and public service reform are effective or would benefit from changes, including establishing an MCA, particularly in the context of significant devolution.
- 1.10 The report is divided into the following four sections:
  - i. **The case for a Solent Mayoral Combined Authority:** An outline of how the Portsmouth, Southampton and Isle of Wight geography, shared priorities and current devolution agenda lends itself to strengthened governance arrangements.
  - ii. **Current governance arrangements:** An exploration and critical appraisal of existing sub-regional governance arrangements.
  - iii. **Future arrangements:** An appraisal of five potential governance options with a justification for an MCA as the preferred option.
  - iv. **Proposed role and function of a Mayoral Combined Authority:** Information on how the proposed governance arrangements would operate.
- 1.11 In addition, the annex of this report provides a draft governance scheme for the Solent MCA on which work is ongoing.

## **Approach**

- 1.12 The Leaders of Portsmouth, Southampton and Isle of Wight local authorities agreed to commence a formal governance review. A governance group was formed with officers from the three Local Authorities and the Local Enterprise Partnership has provided some input. The group has met regularly to scope potential options and design the process for the review. The group has worked closely with Government officials to ensure the process meets the new statutory requirements of the Cities and Devolution Act 2016 and related legislation. The Council Leaders and the LEP are minded to pursue a Combined Authority to formalise, strengthen and democratise cooperation where there is a consensus to take a joint approach on growth and reform. Clearly governance arrangements will be a factor in any potential devolution agreement but Council Leaders feel that a formal governance review should not wait for any deal to be finalised.
- 1.13 Under the terms of the most recent legislation, the statutory process for a governance review has four main steps:
- i. Production of a document reviewing existing governance arrangements (this document) and analysing the alternative options. For subsequent steps to follow, this must lead to the conclusion following engagement with key stakeholders that these current arrangements can be improved upon by adopting one of the alternative options. This document will be considered by the Councils and the Solent LEP board;
  - ii. Consulting on the proposed governance arrangements to secure engagement across a broad range of stakeholders.
  - iii. The Secretary of State will consider the governance review and scheme. If the Minister is content that adequate consultation has taken place and considers that establishing a MCA is likely to improve the exercise of statutory functions in the area a draft parliamentary order will be developed
  - iv. The constituent councils will need to give their formal consent to any draft order prior to it being laid before Parliament.

## **Engagement and Public Consultation**

- 1.14 It is a legal requirement that a public consultation be undertaken to support the review of governance arrangements and to gain views on additional central government functions that are to be conferred on local bodies. Given the significance of the devolution agreement and the subsequent change to governance arrangements, a two stage approach to consultation has been proposed.

- 1.15 Phase one: Engagement with key stakeholders on the provisional findings of the Governance Review. This includes the proposed changes to governance arrangements required to support devolution from central government. Stakeholders will have the opportunity to respond if they wish to do so. A number of organisations will be contacted directly to invite them make a response.
- 1.16 Phase two: Full public consultation and engagement will take place over the summer / early autumn to gain views on the detailed proposals for the Governance arrangements for the Solent MCA.

### **Options for consideration**

- 1.17 The governance group have considered a range of options that could be appropriate based on experience elsewhere and the objectives of the sub-region. Five options were identified which include:
- i. **Status quo**: This would involve continuing existing arrangements. Current approaches are based on a partnership model that has supported collaboration to date. The challenge will be whether these partnerships are sufficient to drive greater cooperation and reform.
  - ii. **Joint Committee**: This involves creating a board that would incorporate the three Councils and the Solent LEP. Under Section 101 of the Local Government Act 1972, it would have clear terms of reference and be a public meeting. It would have a statutory basis, but would not be able to hold funds, to make many decisions without individual authorisation by constituent members, be able to directly employ staff, be sufficient to receive significant powers from central government and would represent only a minor improvement on current arrangements.
  - iii. **Economic Prosperity Board (EPB)**: This is a formal, legally constituted body that enables greater cooperation on economic growth. An EPB has no borrowing powers and cannot impose levies. It is supported by legislation and could hold powers and funding on behalf of constituent councils and central government. It would not be able to take on informal powers to coordinate transport or wider public service reform
  - iv. **Integrated Transport Authority (ITA)**: An Integrated Transport Authority is a separate legal body responsible for the strategic coordination of transport including strategic highways and public transport. It would be led by a board consisting of the Leaders of the three constituent councils and could also include the Solent LEP. At present these bodies have been within metropolitan areas.
  - v. **Mayoral Combined Authority (MCA)**: This provides a legal body that can enable Local Authorities and the Solent LEP to make joint decisions on a

shared programme of economic growth and public service reform. As it has a legal personality it is able to hold budgets, employ staff, and enter into contracts. The MCA would be chaired by a directly elected Mayor and appears to be the preferred governance mechanism for significant devolution agreements. The role of the Mayor is seen as necessary by central government to provide visible leadership over devolved functions.

### Criteria for options appraisal

1.18 The following seven criteria have been identified to guide the evaluation of the five governance options:

- i. **Enables wider strategic objectives and devolution priorities:** The governance proposals would support the delivery of the economic and reform ambitions and associated devolved powers outlined in section 2 of this document.
- ii. **Efficient and effective decision making:** Arrangements would enable decisive, informed and joined-up decision making rather than create additional bureaucracy.
- iii. **Democratic accountability:** The proposal would be supported by a clear democratic mandate and effective oversight and scrutiny arrangements.
- iv. **Local flexibility and subsidiarity:** The proposal would not threaten the sovereignty of individual constituent members but would enable cooperation on matters that are best governed across administrative boundaries.
- v. **Positive business engagement:** The proposals would ensure that positive relationships with businesses are maintained and enhanced.
- vi. **Cost:** The proposal would not add significant cost to constituent members and could potentially enable efficiency savings.
- vii. **Broad support from stakeholders:** This would involve clear support from the constituent councils, LEP and significant support from our partners, neighbouring councils, the private sector and the wider public. This criterion will be assessed following the completion of a formal engagement exercise.

## 2. THE CASE FOR A SOLENT MAYORAL COMBINED AUTHORITY

### Solent in context

- 2.1 With a population of more than 580,000 and more than 30,000 businesses, the Solent Mayoral Combined Authority area is an internationally-recognised economic hub anchored around the Isle of Wight, the two cities of Portsmouth and Southampton, and the Solent waterway. The economic and communications inter-dependencies between the cities and the Isle of Wight are critical to our continued success.



- 2.2 The economy of the Solent MCA area has a significance that extends beyond the locality, making an important contribution to the national economy. With about 95% of the total volume of UK import and export trade arriving by sea, the maritime services sector is vital to the UK. The Solent has an important role to play in this regard. At just 20 nautical miles from the international shipping lanes in the English Channel, the Ports in the area of the Solent MCA (Portsmouth and Southampton) provide a sheltered haven with unique double tides that allow the world's largest ships easy access. The mass market of mainland Europe is less than 100 nautical miles from the Port of Southampton, which lies in close proximity to the UK's motorway network and has direct links to the national rail network. The Port of Southampton is

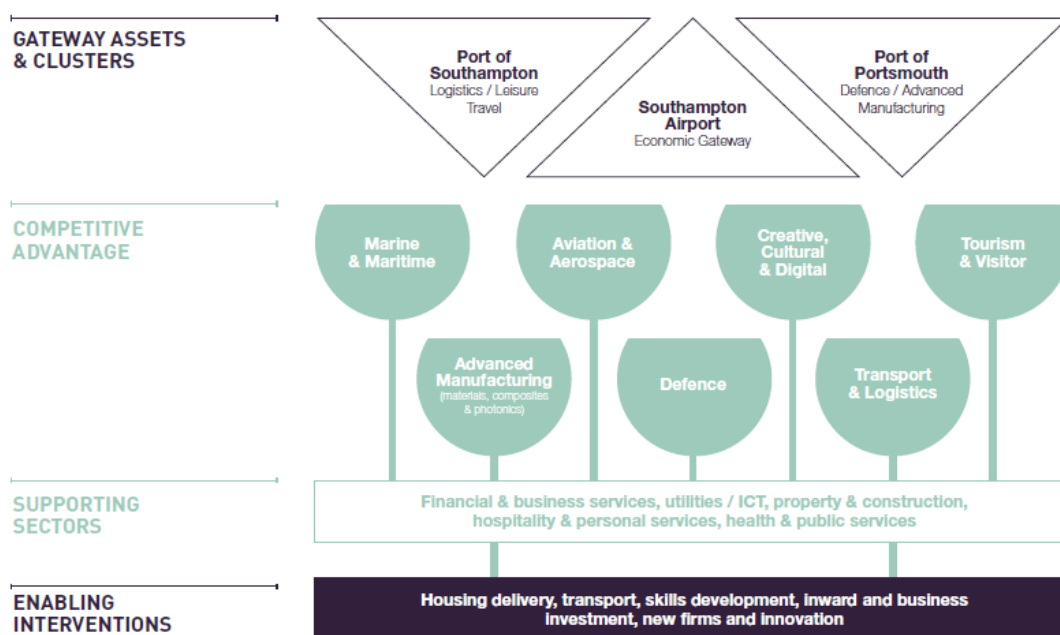
one of the largest, busiest and most diverse ports in the UK, providing a wide range of passenger, freight and cargo functions. It provides, directly and indirectly, 15,000 jobs, contributing over £1.2bn of output per annum. It is a hub for the country's thriving motor industry, exporting 1,000,000 vehicles per annum, more than any other port in the UK. It is also the country's busiest cruise port, home to the UK P&O, Cunard and Carnival cruise fleets, the latter being the largest cruise operator in the world.

- 2.3 Portsmouth international Port is the UK's premier ferry port for the Western Channel and the second busiest Cross Channel ferry port overall. In 2013 the Port's turnover was £15.78 million and the trading surplus was £7.36million. 2 million passengers, 637,000 cars and 220,000 freight units came through the Port in 2013. The Port consists of nine commercial berths; five of them roll on-roll off (Ro-Ro) serving France, Spain and the Channel Islands. Two large conventional berths serve deep-sea world-wide refrigerated cargo and short-sea container vessels and two berths serving dedicated Isle of Wight car ferries. The Old Camber Dock also forms part of the Port and is regularly used as a fishing dock and leisure marina. The Port's income largely derives from three areas of operation, the Continental Ferry Port operating Ro-Ro berths 1 to 5, MMD (Shipping Services) Limited (operating from Albert Johnson and Flathouse Quays) and other activities. Other small private berths and marinas exist within the Harbour.
- 2.4 Whilst not located within the proposed Solent MCA area it should also be noted that Southampton International Airport is adjacent to the city of Southampton and is home to eight airlines and serves up to 49 short haul UK and European destinations for business and leisure travellers. The Airport forms an economic gateway for the Solent and there is a recognized interrelationship between this key gateway and the Port of Southampton and it also sits at the heart of a significant growth hub, across the wider area at sites including; the former Ford site, and the city of Southampton.
- 2.5 Similarly, Portsmouth Naval Base is at the heart of the sub-regional defence cluster providing, directly and indirectly, 20,000 jobs across the sub-region and contributing over £1.6bn GVA of output. Currently, the Naval Base supports the Royal Navy surface fleet, delivering maritime services functions including: integrated ship support; complex software engineering and advanced manufacturing solutions; equipment management; training; and estates and logistics services. This cluster encompasses: the Naval Base; associated naval establishments; the defence industrial base and linked firms, including BAE, Babcock, Lockheed Martin, Northrop Grumman, Qinetiq, Serco Denholm Ltd, Airbus, Thales and Vector Aerospace.
- 2.6 The Isle of Wight covers an area of 147 square miles, with a coastline that runs for 57 miles. The Island is connected to the mainland primarily by the ports of Southampton and Portsmouth. The Island influences and is influenced by the wider sub-regional, regional, national and international context. It is also widely regarded as a leading location for advanced materials, is a world class composites hub supporting the marine, maritime and aerospace industry and home to leading edge companies such as GKN, BAE Systems, Gurit and MHI Vestas. The Solent MCA area is showcase for the leisure marine sector hosting the world-renowned Cowes Week, which is the longest running sailing regatta in the world having started in 1826 (and which does shape the Island's

economy and profile), the Southampton International Boat Show, ACWS and the home of the Land Rover Ben Ainslie’s Racing America’s Cup Race.

- 2.7 Our maritime and marine research base is also amongst the best in the world. We have a robust knowledge infrastructure with strengths in key economic sectors, internationally-renowned companies, world-class universities (2 in Southampton, 1 in Portsmouth) and a network of high quality Further Education (FE) colleges.
- 2.8 The Solent therefore is a significant sub-regional gateway economy with strengths across a range of industries in the private sector.

**Figure 1.1 – Key sectors and specialisations**



- 2.9 As a consequence of these economic assets, the three Solent “ports” and their respective cities and the Isle of Wight contain important clustered sectors and concentrations of economic activity and smart specialisation, most notably in the marine and maritime sector, and also in defence, logistics, and advanced manufacturing (including advanced materials and photonics), aerospace, and digital (creative and cyber security) and tourism/visitor economy are some of the principal industries which benefit from the unique economic environment in the proposed Solent combined authority area. All of these industries are also supported by a wider supply chain that also serves local population based demand - see (Figure 1.1).
- 2.10 Nevertheless, in an era of global competition, and significant change domestically economic assets are only ever relative and require continued investment and support in order to maintain their international attractiveness. There is a shared desire through the Solent MCA to ensure that the area does build on the collective strengths and also tackle the barriers to growth. The drivers of productivity and growth for all are well

understood: a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science built around the following pillars:

- encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and
- promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use. Moving forward we face new challenges around stimulating the economy.

Following the decision to leave the EU on 23<sup>rd</sup> June 2016, it is important to note that the Solent MCA area provides an ongoing and vital future gateway to trade in Europe

### **Public Services**

2.11 Public Services across the area operate on a number of different footprints but increasingly cooperation on service reform initiatives is taking place at a sub-regional level. Paragraphs 2.29-2.34 develop this further.

### **Strong Foundations**

2.12 The mutual interests and interdependencies of the sub-region are well understood and it has long been acknowledged that economic growth can be maximised by working together. This long-standing cooperation has been represented in the past by the Economic Alliance which subsequently became the Enterprise Commission and is continued in the present day by the LEP. Increasingly this cooperation has deepened into areas of public service reform. The following shared priorities have emerged from these arrangements.

### **Emerging agenda**

2.13 Looking forward there are a number of shared priorities that address the challenges and opportunities outlined above at both a spatial and thematic level.

2.14 Unlocking growth and improving productivity is a key challenge for the Solent MCA area, which has productivity levels in the cities and the Isle of Wight way below the UK average. This is best summarised as follows:

- (1) Transport has a vital role to play in the area by bringing businesses and people closer together and fostering the agglomeration that make our two cities of Portsmouth and Southampton work and also connecting the Isle of Wight to the mainland. Transport will connect people to jobs and products to markets and, it underpins the supply chains in key industries (such as marine and maritime, advanced manufacturing and aerospace) and the logistics networks in our area. Given the location of our global gateways it is also fundamental to the domestic and international trade that goes through the Port of Southampton. The connectivity, condition and capacity of our transport



network is therefore critical if we are to secure a step change in productivity in the Solent.

- (2) Linked to this, new and innovative ways of working will also be important to delivering our growth ambitions and here digital infrastructure is vital. With the roll out of superfast broadband in the area, the super connected cities programme and the development of an Island superfast broadband network, it is improving, but there are still too many businesses hampered by slow connections, and households who cannot play their full part in the digital economy.
- (3) Availability of land assets remains important and timely public land release will improve investor confidence and create greater levels of business certainty. In particular the loss of land at strategic waterfront locations and lack of land for industrial development around key transport hubs is inhibiting growth in our world class marine and maritime sector, as well as other areas and we will want to ensure that this is addressed. Providing the right sites and meeting industry demand will be critical to enable the maritime sector to fully realise its potential.
- (4) Housing also has a vital role to play. The UK has not built enough homes to keep up with growing demand. In the Solent area the market does not function properly when viewed from the perspective of new supply, availability and affordability. There is a serious and chronic shortage of housing and steps are being taken to address this with delivery of new housing featuring very prominently in current plans. Notwithstanding this we all need to do much more as it is affecting productivity and restricting labour market flexibility, with many businesses simply unable to fill vacancies and many areas of the health and social sector reporting skills shortages as they struggle to recruit key workers.
- (5) Traditionally productivity growth in the Solent has gone hand in hand with rising human capital, as more people have become educated, and to a higher level. However, the Solent area suffers from several weaknesses in its skills base that has contributed to the widening of the productivity gap. We perform poorly on intermediate, professional and technical skills (particularly in science, technology, engineering and mathematics (STEM)). It is imperative that the Solent addresses these shortfalls if productivity is to improve and the work we are under taking through the Solent area review to re shape and simplify local provision to respond to businesses' call to improve skills training will be increasingly important as we move forward.
- (6) The Solent is home to three world class universities (located in the cities) and this represents an important competitive advantage, as technological change continues to increase demand for higher skilled roles in our area. The creation and application of new ideas is critical for our long-term productivity growth. The Solent benefits from strong links between universities and industry, but there is still more we can do in commercialising discoveries made in the research base and in ensuring the diffusion and adoption of these discoveries and we could perform better on SMEs introducing product or process innovations. There is also an ambition to secure a HE presence on the Isle of

Wight which will build upon the recent investment in the world class composites centre of excellence.

2.15 We will therefore be seeking through devolution to agree a deal that can tackle barriers to productivity by;

1. Supporting the development of a highly skilled workforce, with employers in the driving seat;
2. Supporting the three Solent universities in increasing their collaboration with industry and commercialising research;
3. Delivering new housing and employment growth by unlocking key sites;
4. Establishing a modern integrated transport system that is sustainable and has a secure future efficient and effective transport infrastructure is an essential component in the success and survival of economic clusters and the Solent must act now to strengthen its comparative advantages across its key sectors to realise economic value. This includes strengthening the cross Solent connectivity and island infrastructure; and
5. Delivering world-class digital infrastructure with reliable and high quality fixed and mobile broad band connections for residences and businesses.

2.16 The Solent devolution deal seeks to create a new combined authority to secure the devolution of responsibilities and powers in the following areas:

1. Business support and innovation;
2. Learning, Skills and Employment;
3. Housing and Planning;
4. Transport;
5. Fiscal responsibilities for the local area; and
6. Public Service Reform

2.17 For the Solent MCA that means that we will be able to invest in our economic infrastructure, develop the skills that our economy needs to succeed and ensure that ideas and knowledge are at the forefront of our approach, supporting our businesses to innovate, export and grow. This is critical if we are to build on our sectoral strengths in defence, logistics, and advanced manufacturing (including advanced materials and photonics), aerospace, and digital (creative and cyber security) and tourism/visitor economy and recognise our comparative advantage in marine and maritime.

## **Transportation and Infrastructure**

2.18 The three unitary councils are the highways authorities for their areas. Through the MCA they will:-

1. Take responsibility for a devolved and consolidated multi-year local transport budget for the area of the Combined Authority, including all relevant devolved highways funding;
2. Receive new powers for the franchising of bus services in the area of the Combined Authority, subject to necessary legislation and local consultation. This will be enabled through a specific Buses Bill which is on its passage through Parliament;
3. Take responsibility for the Key Route Network of local authority roads; the management and maintenance of which will be undertaken by the proposed Combined Authority on behalf of the Mayor. To support this all relevant local roads maintenance funding will be devolved as part of the Mayor's consolidated multi-year local transport budget;
4. In establishing the Solent Combined Authority a new, single policy and delivery body will be created covering the same area in order to determine, manage and deliver the Mayor's transport plans and the delivery of integrated public transport networks for the region.
5. The MCA will act as a focus for the One Public Estate programme and develop proposals for public sector locational hubs in city, town and district centres allowing local, regional and national public sector bodies to take advantage of modern integrated working to reduce costs, improve productivity and offer better services to our communities.
6. The MCA will identify opportunities to leverage additional funding, to supplement the government allocation, from a range of sources that may include private sector investment, prudential borrowing and a business rates supplement to create an Investment Fund to enable consistent long term planning and programming of major infrastructure projects.

2.19 Existing arrangements respond to local challenges but there is room for improvement;

1. Partnerships are working well but with the reduced resources within local authorities greater collaboration, joint decision making and pooled funding could improve responsiveness;
2. Communication generally works well but there still needs to be an improvement to ensure information is fed down to relevant colleagues/officers within local authorities;
3. A significant amount of work have been undertaken on transport and infrastructure studies in the regions by local authorities and the LEP. There needs to be significant improvements in cross organisation working in the region that builds on the solid work of existing structures and to reduce duplication;
4. We have grasped opportunities within the region to ensure transport and infrastructure improvements are delivered; however we have not always been successful in obtaining sufficient funding. We need to improve our joined up thinking within the region to provide more efficient transport and infrastructure improvements and solutions;
5. The Solent Transport Local Transport Authorities and the LEP need to continue to develop more synergies and joint working to enable further investment with organisations such as Highways England, Network Rail, Local Bus companies and utility companies.
6. The existing governance arrangements do not allow for enough effective shared expertise;
7. The existing governance arrangements can be short termist in some cases. A good example is whole life asset management. We are spending a significant amount of capital funding in the region but we cannot plan ahead due to funding uncertainties to maintain these new assets. We need to achieve greater certainty over long term funding and have the revenue support programmes in place to ensure they are maintained.

2.20 The Solent MCA area will commission a Strategic Transport Plan which will align with adjoining local authorities and the LEP's Strategic Economic Plan and Transport Investment Plan to connect people and places as well as support economic growth and jobs. The MCA could have an important role as the Local Transport Authority for the Solent MCA area.

2.21 The changes will improve the integration of policy on economic development with, planning and transport policies and the co-ordination and delivery of transport in the MCA area. The MCA will have:

1. A stronger focus on the role of transport in supporting economic development and regeneration, through effective collaboration between Mayor and Leaders and the LEP;

2. Strong interfaces with the LEP alongside the LEP private sector representatives, are central to ensuring that the LEP's growth priorities are fully reflected in the planning, commissioning and delivery of transport in the Solent.
3. Stronger focus on the whole of the Solent's transport network, including cross Solent links, roads, cycling and walking, to ensure effective connectivity to address the needs of our future economy, whilst connecting communities in greatest need with future opportunities;
4. Streamlining of decision-making facilitating more rapid and efficient decision-making;
5. Strong shared commitment to working together to deliver the best outcomes for the Solent.

2.22 The region does not have an effective fully integrated rail and rapid transport network that connects its main centres with quick frequent services, and that increases the number of people who can readily access the main centres. By delivering this, there will be a reduced impact on the environment, improved air quality, reduced carbon emissions and improved road safety. The resulting network will enable the efficient movement of goods to support businesses to connect to supply chains, key markets and strategic gateways.

2.23 The travel to work patterns indicate that there is a high level of inter-connectivity across the Solent area. It is precisely this level of interconnectivity that provides the evidence of employers in one area accessing labour pools in a connected area, and is the basis for the conclusion in respect of the existence of travel to work areas (TTWAs) across our area.

2.24 New powers for bus franchising will provide new opportunities through the MCA. The main features will include:

1. Full control over all ticketing arrangements for franchised services – including fares, ticket types, branding and marketing;
2. Some flexibility to operators to set some or all aspects of ticketing arrangements commercially;
3. Cross-boundary operators will have the right to participate in the ticketing scheme and could be compelled to do so.

2.25 The very nature of the Buses Bill and franchising activity will enable the creation of a more integrated network. The MCA would work in partnership with rail and ferry operators to secure their further involvement.

2.26 The Solent is well positioned to build on the existing smart multi-operator, multi-modal Solent Go scheme which has already secured the involvement of bus and ferry operators. This will be extended to other transport modes with the MCA having the ability to set the pricing of Solent Go products.

## **Housing**

2.27 The PUSH Spatial Position Statement, which covers the housing market areas in South Hampshire, would form the basis of further work by the 3 Unitary Councils.

2.28 Within the 3 Councils, the proposed approach for delivering housing for the devolution agreement is as follows:

- Principle – To build on the PUSH Spatial Position Statement, and the evidence and data that underpinned this, to ensure sustainable housing growth in the Devolution area. Fundamentally, we acknowledge the role of housing in supporting economic growth and the link to productivity.
- Joint Strategic Work – To work together in a professional group with senior officer representatives of the 3 unitary local planning authorities to inform an updated strategic evidence base and Spatial Plan to reflect the devolution geography.
- Local Plans – The strategic evidence base will be used by each local planning authority to deliver up to date Local Plans which will detail how each local planning authority will deliver the housing growth in their area.
- Delivery - The Councils will work together to develop a delivery plan which will be used to identify opportunities for working with the LEP, government agencies such as the HCA and central government to identify funding and delivery opportunities for housing on individual sites, to support the growth and regeneration of the two cities, and to manage development on the Isle of Wight.
- Governance – The Councils and the LEP will work collectively with each other and with surrounding Councils (exercising the statutory ‘duty to co-operate’) to ensure that overall housing needs in the Housing Market areas are met in the appropriate locations and with the necessary infrastructure to ensure this delivery.

## **Transforming Public Services:**

2.29 The public service providers have a strong tradition of collaborative working to grow the local economy and improve outcomes for people through initiatives such as the Partnership for Urban South Hampshire (PUSH), the Southampton – Portsmouth City

Deal, the one public estate programme in the cities and integrated local systems of care projects; Portsmouth Blueprint, Better Care Southampton and My Life a Full Life (Isle of Wight).

- 2.30 Nevertheless the financial pressures on the public sector continue to increase because; productivity levels remain low, the age of the population is increasing, people's dependency on the public sector remains high and the complexity of the care needs in the most vulnerable in our community is growing.
- 2.31 The area has a complex mix of public sector organisations providing the full range of services to the local community. These include 3 unitary local authorities, 3 clinical commissioning groups, 1 NHS Trust, 1 NHS integrated trust, 1 NHS foundation trust, 2 ambulance services, 2 fire and rescue services and a police service which covers the whole of Hampshire and Isle of Wight. There are also 33 town and parish councils on the Isle of Wight.
- 2.32 No single geographical boundary is ever going to ideally suit the range of services covered by local government, health, police, fire and rescue, but it is considered that the close collaboration and additional powers and resources afforded by a Combined Authority can significantly assist with the creation of more efficient and effective services for local people.
- 2.33 An innovative and collaborative way of working to tackle these issues as a package and not each in isolation is needed. This will come from decisions being taken as close as is practically possible to those most affected by them, but driven and informed by:
- A single evidence based approach to strategic planning and decision making.
  - Increased clarity and reduced ambiguity, duplication and time in decision making.
  - Improved targeting of resources to deliver agreed outcomes.
  - Collective approach to securing and using local growth and private sector funds to improve outcomes.
  - The sharing, pooling and integration of resources at scale to improve the overall effectiveness and efficiency of the services being provided.
  - The co-ordinated and timely use of all public sector land and buildings as the catalyst for change.
  - Recognition of the challenging geography and the need to connect and coordinate activity across the whole area.
- 2.34 The new models of working will be built on the pillars of best practice and pilot programmes of activity to prove their effectiveness and impact. They will seek to involve and empower the individual to take responsibility and be accountable for,

themselves, their family and their community; it will only offer public service interventions where there is demonstrable failure in the system.

## Fiscal

### 100% Business Rate Retention

2.35 The proposal to retain 100% Business Rates involves foregoing Revenue Support Grant and other Government Grants in exchange for the retention of 100% Business Rates. This will be achieved in a way that is fiscally neutral for Government. However, it will allow the MCA to retain 100% of any uplift in Business Rates growth in the future which can be re-invested in both further growth opportunities and sustaining public services.

2.36 The current and proposed system of Local Authority funding broadly comprises the following for each of the Authorities

CURRENT FUNDING PROFILE	Portsmouth		Southampton		IOW		TOTAL	
	£m	%	£m	%	£m	%	£m	%
Council Tax	65.0	39%	79.4	41%	72.7	53%	217.1	44%
Business Rates	39.6	24%	46.5	24%	17.1	12%	103.2	21%
Government Grants (Incl. "Top Up" & Public Health)	63.9	38%	65.7	34%	48.3	35%	177.9	36%
<b>Total Funding</b>	<b>168.5</b>	<b>100%</b>	<b>191.7</b>	<b>100%</b>	<b>138.0</b>	<b>100%</b>	<b>498.3</b>	<b>100%</b>

EQUIVALENT FUNDING PROFILE UNDER 100% BUSINESS RATE RETENTION	Portsmouth		Southampton		IOW		TOTAL	
	£m	%	£m	%	£m	%	£m	%
Council Tax	65.0	39%	79.4	41%	72.7	53%	217.1	44%
Business Rates	80.9	48%	94.9	50%	34.1	25%	209.9	42%
"Top Up" / "Tariff" (Note 1)	22.7	13%	17.3	9%	31.2	23%	71.2	14%
<b>Total Funding</b>	<b>168.5</b>	<b>100%</b>	<b>191.7</b>	<b>100%</b>	<b>138.0</b>	<b>100%</b>	<b>498.3</b>	<b>100%</b>

#### Note 1

It is expected that the new 100% Business Rate Retention Scheme will lead to the ending of all Government Grants but that a mechanism to continue the national redistribution of funding for areas of relatively higher need will continue through a mechanism of "Top Ups" and "Tariffs"

2.37 The 100% Business Rates retention proposal shifts the bias considerably, the tables above illustrate that whilst the overall funding level will remain the same at inception, the proportion of Local Authority funding from Business Rates will double from 21%



currently to 42%. Going forward, in monetary terms, for every 1% increase in Business Rates, the funding for Local Authorities will increase by £2.1m (compared to £1m at present). This will sharpen the incentive for the MCA to:

- directly contribute to growth through efficient investments; and
- indirectly create the conditions for growth

2.38 Under the 100% Business Rates proposal, sustaining high quality public services will be directly linked to economic growth and therefore economic affordability of the region. The move to 100% Business Rate retention will create better conditions for growth and greater opportunity for sustainable public services.

2.39 The proposal also involves the pooling of those Business Rates and the re-distribution via a local funding methodology and formula, removing the MCA from the national funding system.

2.40 The key attractions of the proposal are:

- Greater funding certainty and financial planning - freedom from the current nationally determined Local Government Funding system and its inherent uncertainties. Uncertainties such as the level of funding to be allocated, the methodology for allocating funding and its propensity to change over time coupled with the variable nature of medium term funding settlements, inevitably linked to the parliamentary cycle.
- Financial autonomy and accountability - the ability of the MCA to determine a local specific funding system providing the right incentives and tools to deliver and balance Economic Growth and Housing Growth as well as to better target funding towards locally determined need. It also has the potential to overcome current system constraints and imperfections where growth in one locality confers public service or infrastructure burdens in another without recompense. In addition for example, there will be the opportunity to "top slice" an element of growth funding to invest (or co-invest with other stakeholders) for schemes with reach and impact across each other's boundaries
- Removal of barriers to investment for jobs and growth with the right to retain 100% of the proceeds of growth over the long term. This will provide confidence to invest up front in any enabling infrastructure required to facilitate the generation of that future business rate growth
- Greater influence over future funding available arising from the ability to influence future business rate income through the confidence to invest for growth

2.41 The key risks associated with the proposal are:

- There is a serious downturn in the economy that depresses Business Rates for a prolonged period
- There are valuation appeals in the system for particular categories of business that, if successful, could have a knock on effect across similar businesses that result in a significant reduction in overall business rates for the MCA as a whole

- 2.42 The latter of these two key risks is the more likely but of lesser financial impact. Historically, property based taxes have been demonstrated to be relatively stable through economic cycles.
- 2.43 Similarly, whilst a generic reduction in business rates payable across a particular business category could be significant, its impact will be better managed across the combined pool of Business Rates for the three authorities
- 2.44 These risks are limited by the existence of a national "safety net" system that is available as compensating support in the event of a reduction in Business Rate income beyond a certain threshold.

#### Single Pot - £30m per annum

- 2.45 The three Authorities within the Solent MCA have interconnected and dependent economies centered on the marine and maritime sector. There are however significant barriers to growth including a chronic shortage in housing and a significant transport infrastructure deficit, which if left unaddressed will act as a drag on the region's growth potential and jeopardise its existing comparative advantage against global competitors.
- 2.46 The MCA proposal includes the award of an additional £30m per annum for 3 years (£900m in total) of which 75% is capital funding and 25% is revenue funding.
- 2.47 There is a known housing demand for the three Unitary Authorities of 24,000 over the period 2016/17 to 2025/26 and a funding gap for enabling infrastructure of £493m (of which £300m relates to Transport improvements). Additional Local Authority funding and co-invested with the funds of the Solent Local Enterprise Partnership will be vital to meet that need. Without the MCA deal and the additional £30m per annum, the Solent Economy will continue to be held back and not realise the output potential being achieved by its southern comparators. The chronic shortage of housing is affecting productivity and restricting labour market flexibility with many businesses unable to fill vacancies.
- 2.48 Equally, there is a significant Transport Infrastructure deficit across the region which is a barrier to productivity growth. The £30m per annum would, in part, be used to fund (or co-fund with partners) those schemes that would unlock the greatest return.
- 2.49 There is a spectrum of ways that the additional £30m per annum can be leveraged for both housing and economic growth. At one end of the spectrum, the £30m can be used as direct funding for economic growth and housing schemes and allocated on a broadly annual (or short term basis). At the other end of the spectrum, the MCA could use the whole £30m to finance up to £500m of borrowing to inject a significant capital investment into the area.
- 2.50 In terms of overall fiscal Governance, it is fully expected that more efficient investment decisions will be made and as a consequence the economic growth

potential of the region maximised. Decisions will be taken on a whole MCA basis following a robust and transparent criteria based prioritisation methodology. That methodology will follow established guidance and the principles of the Government's "Green Book" 5 Case Model ensuring that investments will be made which are deliverable and where the greatest Benefit/Cost ratio can be achieved, regardless of location rather than one which is constrained (or ring-fenced) by individual local authority boundaries.

- 2.51 This should maximize the economic growth potential for the MCA area as a whole and also maximise the business rate return distributed back to all of the constituent authorities.

### **Welfare**

- 2.52 The three Unitary Authorities each have a higher percentage of their working age population on out of work benefits than the South East, with Southampton at 8.5%, Portsmouth at 6.4% and Isle of Wight at 10.8% against 6.4% for the South East.
- 2.53 By contrast, the wider Hampshire population stands at 5.4%, a percentage point below the South East (figures at February 2016).
- 2.54 In line with national trends, those seeking Job Seekers Allowance (JSA) in the area have reduced. However, there is a significant challenge in supporting those in receipt of Employment Support Allowance (ESA) to gain and sustain employment, as this cohort has multiple barriers to address including mental and physical health issues, low skills levels, substance misuse, debt and poor housing which require locally integrated, aligned and delivered services.
- 2.55 In the three Unitary Authorities, this group amounts to some 24,000 people, who collectively make a significant demand on public service support and funding, around 93% of whom will have left the nationally commissioned Work Programme without gaining employment. Many of these people will present the highest cost to the local and national public purse in terms of health, social and welfare funds.
- 2.56 Locally devolved pilot programmes for this cohort through our City Deal programme have evidenced that at least 30% of this cohort sustain employment for more than six months (against 7% of current national programmes)

### **Delivering on this agenda**

- 2.57 The Councils and the Local Enterprise Partnership recognise that to deliver on this agenda will require strong, visible, and accountable governance. While current arrangements have worked well to date, the next section of this report argues that they are not sufficient to meet the opportunities outlined above.



### 3. CURRENT GOVERNANCE ARRANGEMENTS

Southampton Portsmouth and the Isle of Wight Councils have long displayed examples of collaboration and cooperation in order to provide the best services to their residents and businesses, shown most clearly in the examples below. The local authorities are committed to working together and with other partners to tackle issues in a targeted and coordinated way. There are a number of current projects and combined services that provide examples of collaboration between local authorities.

These include:

- Partnership for Urban South Hampshire (PUSH)
- Solent Transport
- Southampton and Portsmouth City Deal
- Flood Defence Partnership

In the field of economic development there are a very wide range of groups and boards. As an indication, the range of bodies involving the councils include:

- Solent LEP Board
- Solent LEP sub-groups including:
  - Employment & Skills Delivery Panel;
  - Innovation and Business support panel;
  - Land, Property & Infrastructure Delivery Panel;
  - Solent Land property and Infrastructure Board
  - Inward Investment Delivery Panel;
  - Marine & Maritime Steering Group.
- Local/Regional Business Networks and Trade Associations (Business South, Hampshire Chamber of Commerce, Isle of Wight Chamber of Commerce, Federation of Small Businesses, EEF, IOD, British Marine, Marine South East, Southern Enterprise Alliance). It should be noted that several of these organisations collaborate under the Hampshire & Isle of Wight Business Alliance (HIBA).

#### **Governance Bodies**

##### **Partnership for Urban South Hampshire (PUSH)**

PUSH is a statutory joint committee established under the Local Government Acts 1972 and 2000 and the Localism Act 2011. It is a statutory joint committee comprising the unitary authorities of Portsmouth, Southampton and the Isle of Wight, the district councils of Eastleigh, East Hampshire, Fareham, Gosport, Havant, New Forest, Test Valley and Winchester, and Hampshire County Council, . Various other bodies are able to participate

(but do not vote). PUSH was formed in 2003 and has expanded in recognition of the value of working collaboratively. More recently, the formation of the Solent Local Enterprise Partnership (Solent LEP) on the same boundaries as PUSH, has further enhanced PUSH's engagement with private sector businesses.

PUSH operates on the key principle of subsidiarity, being a strategic partnership dealing with sub-regional matters where it can add value to the efforts of individual councils. PUSH does not get involved in direct service delivery or the statutory roles of the partner authorities or those of its wider partners. PUSH's key role is in co-ordination and oversight of both policy development and delivery at a strategic level and the governance structure and arrangements reflect these guiding principles.

PUSH's key priorities are:

- Promoting economic success;
- Providing sustainable communities
- Reducing inequalities;
- Investing in infrastructure;
- Promoting a better quality of life.

The governance arrangements (the joint agreement) can be found at

<http://www.push.gov.uk/partnership/working-arrangements.htm>

### **Solent LEP**

The Solent LEP was formally launched in 2011 following recruitment of the Board. The Board is led by business representatives, working with colleagues from higher education and local authorities.

The vision of the LEP is:

*"... to create an environment that will bring about sustainable economic growth and private sector investment in the Solent. It will assist this globally-competitive area reach its full potential, enabling existing businesses to grow, become more profitable and to be greener; enabling the creation of new businesses and attracting new businesses to the region."*

The 6 objectives of the Solent LEP are:

- **Maximise the economic impact of our economic assets** in the area and sectors with the potential for growth. Promoting the area as the UK's leading growth hub for advanced manufacturing, marine and aerospace both at home and, more importantly, in the global marketplace. Developing the advanced engineering and manufacturing sector through a business-led approach and supporting the visitor economy.

- **Unlock critical employment** sites to enable the Solent businesses, particularly the marine, maritime and advanced manufacturing sectors of their economy, to expand.
- **Provide new housing** to support our growing workforce.
- Ensure people have the **right skills** to access employment and support our growing sectors.
- Provide **effective support to our small and medium-sized enterprises (SMEs)** to enable them to grow – including marine and maritime SMEs; and
- Unlock **innovation led growth** to engage more businesses in knowledge exchange and innovation, develop links to wider Higher Education Institutions (HEIs) and demonstrate the benefits of working with knowledge based partners.

Local authorities including Southampton Portsmouth and Isle of Wight Councils are represented on the LEP Board and have worked with the LEP on developing the Strategic Economic Plan and the delivery of projects funded under the Local Growth Deal and the European Structural and Investment Fund Strategy.

### **Employment and Skills Board**

The Employment and Skills Board, a sub-group of the LEP, provides a private sector-led focus for employment and skills provision for the Solent LEP area, and recommends prioritisation of Local Growth Deal skills capital and specific locally allocated funds. It does not, however, provide governance for DWP, SFA, EFA or EU funds more generally. Its membership is drawn from business communities. This membership includes representatives from Further Education, Higher Education and a number of key public sector organisations at elected member level.

It has sub groups to take forward priority areas identified as critical for the economic development of the Solent LEP area. The priority areas are:

- Further Education College sub -group
- Pre-16 group to consider vocational preparation for young people

The Employment and Skills Board also interfaces with the LEP Board and Panels overseeing capital investment, awards of grants to businesses and innovation. However, all decisions are ratified by the main LEP Board.

### **Solent Growth Forum**

The Solent Growth Forum is an advisory committee composed of the members of PUSH as well as the co-opted members listed below, with the following purposes:

- to review projects funded under the Solent Growth Deal

- to provide recommendations, expert advice, and guidance on any matter relating to Solent Strategic Economic Plan (SEP), the work of the Solent LEP Board, and the is various Delivery Panels;
- to advise on the policies and programmes outlined in the SEP;
- to review the delivery of the SEP;
- to receive updates on the delivery of the European Structural Investment Funds;
- to encourage optimal delivery of the strategic priorities across programmes, and the optimal delivery of strategic priorities;
- to provide a strategic review of the development and delivery of the multi-year SEP.

Co-opted members; representatives are included from the following:

- University/Higher Education sector
- College/Further Education sector
- Business Organisation Representative Organisations
- Trade Unions
- Voluntary and Community Sector
- Government Agencies (e.g. Highways Agency, Network Rail, Environment Agency, Skills Funding Agency)
- Department for Business, Innovation, and Skills
- National Health Service bodies, and the Clinical Commissioning Group

### **Strategic Transport**

Responsibility for transport functions across Southampton Portsmouth and Isle of Wight Councils is divided between a number of different bodies, locally and nationally. Nationally, Highways England is responsible for major/trunk roads and motorways including the M3, M27, M271, M275, A3, A3(M), A27, A31, A34, A36, A303. Network Rail are responsible for railway infrastructure with a number of Train Operating Companies with varying degrees of engagement at a strategic level.

Locally, there are a number of formal and informal mechanisms whereby transport is considered at a strategic level across Southampton Portsmouth and Isle of Wight local authority boundaries.

- Local Transport Plans for each Highway Authority
- Solent Transport
- Local Transport Body(LTB)



## **Solent Transport**

Originally Transport for South Hampshire (and then Transport for South Hampshire and the Isle of Wight), Solent Transport was set up in 2007, following earlier work carried out by the voluntary Solent Travel Partnership to plan transport improvements for the south Hampshire sub-region.

Like PUSH, Solent Transport is a statutory joint committee convened under the Local Government Acts 1972 and 2000 and the Localism Act 2011. The local authorities in the partnership are Hampshire County Council, Portsmouth and Southampton City Councils and the Isle of Wight Council.

Solent Transport works closely with the Solent LEP, Highways Agency, Network Rail, South Hampshire Bus Operators Association and other stakeholders to deliver transport improvements such as the link between Portsmouth and Southampton.

The full governance arrangements are set out in the legal agreement, a copy of which can be accessed here: <http://www3.hants.gov.uk/tfsh/tfsh-who-we-are.htm>

## **European Structural and Investment (ESI) Funds**

The Solent LEP has an ESIF Sub-Committee to advise the Managing Authorities (DCLG, DWP, etc), regarding the local allocation of EU funds in accordance with the local European Investment Strategy. Representatives include local authorities, voluntary sector agencies, trades unions and government departments. Responsibility for decisions ultimately rests with the Managing Authorities.

## 4. OPTIONS APPRAISAL

To ensure compliance with the relevant legislation (the Local Democracy, Economic Development and Construction Act 2009), the Governance Review must establish if a Combined Authority or Economic Prosperity Board would be likely to bring about an improvement in Portsmouth, Southampton and the Isle of Wight Councils regarding:

- The exercise of statutory functions relating to economic development, regeneration, and transport in the area;
- The effectiveness and efficiency of transport; and
- The economic conditions in the area.

The unitary councils have a responsibility for the economic, social and environmental well-being of their area, a duty to produce local transport plans and prepare local land use plans.

In terms of transport, the Department for Transport have noted that partners should address the following major issues when formulating governance arrangements:

- Political leadership for transport at the most senior level;
- Ability to take difficult decisions;
- A long term (ten year) investment programme, focusing on the top priorities for the functional economic area as a whole;
- A local investment budget combining local resource in addition to Departmental resource;
- Evident links to strategies and decision making processes on economic growth, housing and planning; and
- Efficient use of transport resource across the area (e.g. joint procurement, maintenance contracts, rationalisation of highway functions).

In line with other Governance Reviews, this Governance Review explores the following options:

- Option 1 - Leaving existing governance unchanged (the status quo);
- Option 2 - Establishing a Joint Committee;
- Option 3 - Establishing an Economic Prosperity Board; and
- Option 4 - Establishing a Mayoral Combined Authority.

For each option a number of hypotheses are set out. They are designed to stimulate and highlight issues on which stakeholders and councils will want to express their own views.

## Status quo

### **Background Information**

- From the Government guidance for LEPs on Growth Deals is clear that local authorities will require greater collaboration, commitment and strengthened governance arrangements to seize any devolution opportunities.
- Demonstrating commitment to the growth agenda and the clear expectation that Local Authorities will put economic development at the heart of all that they do and work collaboratively across the functional economic area is part of the Government's response to Lord Heseltine's review.
- There is no formal link between decision making in relation to economic development (including inward investment, employment, skills and housing), regeneration and transport for the area;
- The framework within which local authorities now operate has changed fundamentally since 2010, as have the funding mechanisms. The abolition of regional bodies and the regional planning framework has been replaced with Local Enterprise Partnerships and an emphasis on City Regions and government funding is increasingly devolved to these structures rather than to individual councils (Local Growth Funding, for example).

### **Hypotheses**

- Maintaining the status quo means existing fragmented decision making processes would continue and set Portsmouth, Southampton and the Isle of Wight Councils aside from those other parts of the country that are in the process of strengthening and aligning decision making.
- The statutory and non-statutory arrangements leave space for ambiguity and overlap between the roles and functions of various sub-regional bodies and are dependent on agreements by constituent authorities and partners. It is, therefore, more challenging for decisions to be aligned in a way that secures maximum economic and social benefit.
- Strengthening and clarifying these relationships would also increase transparency, accountability, democratic legitimacy and the certainty of local decision making.
- Whilst the current arrangements may have served Portsmouth, Southampton and the Isle of Wight Councils sufficiently well in the past, the changes in the national framework coupled with the current economic conditions suggest that the areas needs are unlikely to be met by its existing governance structures. The voluntary partnership between local authorities is no longer sufficient to underpin authorities' ambitions, and does not meet the expectations of government. It is in danger of selling the area short. This will not only impact on Hampshire/IOW, but significantly on the wider UK economy due to the trade and export potential of the Ports
- Portsmouth, Southampton and the Isle of Wight Councils would benefit from a single democratically and financially accountable model, a legal entity in its own right, to

provide the necessary certainty, stability and democratic accountability to allow for long-term strategic economic and social decisions to be made.

- No change would mean that Portsmouth, Southampton and the Isle of Wight are disadvantaged both economically and politically. The challenge however is to ensure any new arrangement also enhances democratically elected councillors' ability to influence the wider agenda, without undermining discretion on matters of more local significance.
- Overall, keeping the status quo would mean accessing new funding and powers that would contribute to economic growth would be more difficult. It is likely to deprive the area of a stronger voice both nationally and internationally and would continue the current fragmented, overlapping and democratically deficient governance arrangements.

## **Establishing a Joint Committee**

### **Background Information**

- In this model two or more local authorities agree that a certain function or range of activities will be carried out by those authorities jointly and therefore on a collaborative basis. Such arrangements can, if properly managed, result in a reduction in duplication, and in the case of more specialised services, (where each authority may have small numbers of staff seeking to cover a wide range of activities), the creation of a critical mass resulting in improvements in service.
- The joint committee has no separate legal identity and no corporate status and so cannot own property or enter into contracts in its own right. Therefore it is usual for any agreement referred to above to also address such issues (e.g. with one authority acting as a "lead" or for the responsibilities being shared between participating authorities, following agreed principles, dependent upon the nature of the issue arising).
- The Joint Committee model allows an area to demonstrate effective decision making and political oversight for the management of funding that is allocated to the LEP (this being the Solent Growth Forum).

### **Hypotheses**

- However, a Joint Committee model may not address the current fragmented and separate decision making processes in place; especially in relation to transport and its integration with economic regeneration.
- A Joint Committee does not have a statutory remit and is not a formal legal entity. Each constituent authority will have to authorise and delegate functions to the Joint Committee. Councils are also able to withdraw the delegation in the future leading to short termism and potential instability.
- Non-local authority members are able to be co-opted but cannot vote.
- Joint Committees cannot be accountable bodies for funding purposes, nor employ staff, due to their lack of legal status. Ultimate responsibility for finances remains with the constituent councils or a delegated lead local authority.
- A Joint Committee may represent only a minor improvement on current arrangements at best.

## **Establishing an Economic Prosperity Board**

### **Background Information**

- Economic Prosperity Boards(EPB) share many of the features of a Combined Authority in that they have legal personalities and would provide a strong basis for taking on devolved powers and funding relating to economic development and regeneration, for example Accountable Body status for government and EU funding.
- Economic Prosperity Boards cannot levy or borrow money.
- Economic Prosperity Boards do not include transport functions.

### **Hypotheses**

- Transport is an essential component to achieving growth.
- An EPB could lead to some efficiencies and improvements around economic development, housing, employment and skills, but it would miss out the opportunity for integration with transport: this would leave this model of governance with some inherent inefficiencies.
- An EPB would not address the issues around strategic transport at the pan-Portsmouth, Southampton and the Isle of Wight Councils footprint / level.
- There is a key role for transport to play within a wider integrated approach to economic development, regeneration, employment and skills and strategic housing and ensuring that these decisions are taken in full accordance with their transport implications, and equally, ensuring that transport fully supports wider policy objectives.

## **Creating a Mayoral Combined Authority**

- A Mayoral Combined Authority (MCA) is not a merger of existing Local Authorities and would take over some functions with a very specific remit.
- MCAs are corporate bodies with their own legal identity which are able to take on the functions and responsibilities of sustainable economic development and regeneration and in addition transport functions available to Integrated Transport Authorities. Like EPBs, they can act as the Accountable Body for government and EU funds.
- An MCA can be set up by two or more local authorities whether contiguous or not. They must cover an area's natural economic footprint and want to collaborate, on a voluntary basis, more closely together to improve economic outcomes.
- An MCA can have statutory powers and duties conferred on it that it can exercise in its own right.
- The legislation allows for considerable flexibility in establishing an MCA

## **Hypotheses**

- An MCA would be able to bring together strategic decision making powers into a single body, so improving the alignment, coordination and delivery of economic development and transport related initiatives.
- It would provide a visible, stable and streamlined body corporate to which Government would be more confident in devolving powers and funding.
- The maximum benefit would be gained by integrating and bringing together at a strategic level those functions across the area that enhance economic prosperity. These are likely to include economic development, transport, housing, strategic land use, employment and skills, and the ability to develop joint governance arrangements for health and wellbeing, community safety, police and crime and wider functions. The extent of the decision making powers that are given to the MCA is a crucial detail in the scheme that is developed. Full powers could be given for some functions (e.g. transport) whilst for other functions, the powers could be limited to co-ordination and recommendation (e.g. strategic land use).
- It is the enhancement of decisions and information at a strategic level and those decisions best taken across a functional economic area that are most frequently cited as the advantages of an MCA.
- It is anticipated that a rationalisation of the existing regional / sub-regional structures will take place following on from the governance review. Therefore, although it would be wrong at this stage to make any pre-determination as to any consequences should an MCA be created, it would seem logical (if not inevitable) that the constitution of bodies such as Solent Transport / the Partnership for Urban South Hampshire (PUSH) would be effected by the creation of an MCA.
- It would be able to own property and enter into contracts, levy funding and borrow

## **Summary of Preliminary Findings**

A summary of the information above is shown below:

**Status quo:** maintaining the status quo would not make sufficient improvements in the economic conditions of the area. The existing and fragmented decision making process would continue and without a formal link between economic development, regeneration and transport functions it is more challenging for decisions to be co-ordinated in a way that secure maximum economic and social benefit or provide for longer-term planning and clear accountability.

**Establishing a Joint Committee:** a Joint Committee would address some of the governance and accountability issues around economic development and regeneration but would not dramatically improve the effectiveness and efficiency of transport. Due to a lack of new powers the existing and fragmented decision making structures would remain.

**Establishing an Economic Prosperity Board:** an Economic Prosperity Board would address some of the governance and accountability issues around economic development and regeneration but, as above, would still leave the issues around transport outside the formal joint arrangements, limiting the scope for increased effectiveness and efficiency.

**Creating a Mayoral Combined Authority:** building on existing arrangements and supporting the Solent LEP, the creation of a Solent (Portsmouth, Southampton and the Isle of Wight Councils) Mayoral Combined Authority, with the alignment of accountability, governance and geographies for economic development, regeneration and transport would provide the area with the best possible chance of securing significant and lasting improvements in economic development, regeneration and transport. Acting across the administrative boundaries of the area in pursuit of common interests would enhance the area's economic growth potential. This model would further strengthen democratic and financial accountability and lead to improvements and efficiency in transport by replacing the existing and fragmented arrangements.



## Summary of benefits

Based on the analysis above, an MCA is the preferred option with the biggest potential to:

- Enable devolution of central government functions to the sub region to ensure decision making happens closer to local people;
- Optimise economic growth on a sub-regional level and create further efficiencies through Public Service Reform;
- Provide the legal identity and statutory basis to be the accountable body for key decisions and functions;
- Enhance the transparency and democratic accountability of sub-regional arrangements;
- Integrate and streamline growth, transport and reform functions into one single body, removing potential duplication and confused accountabilities;
- Enable effective engagement with businesses and other key partners;
- Is recognised by central Government as a robust mechanism that allows sub-regions to speak with one voice;
- Can be established in a way that meets local circumstances;
- Provide the opportunity to pool existing sub regional officer capacity and make the best use of resources; and
- Improve the exercise of statutory functions in the sub-region and so meets the requirements of the legislation.

The next section provides further detail on how an MCA for Solent would operate.

## 5. MAYORAL COMBINED AUTHORITY: PROPOSED POWERS AND COMMITTEE STRUCTURE

- 5.1 The Solent MCA would bring together strategic decision making powers relating to growth and service reform into a single accountable body. It would operate as a construct of the three councils and the LEP bringing sovereign bodies together on a voluntary basis to make joint decisions on agreed issues. The Mayor's role would be to provide visible leadership particularly in matters relating to devolved growth and transport functions.
- 5.2 The following sections outline the suggested approach to the functions, powers and committee structure required to ensure the MCA will achieve its objectives. A draft governance scheme is included in Annex One which following consultation and Parliamentary approval would need to be further developed into a Constitution.

### **Powers and functions**

- 5.3 The directly-elected Mayor will receive new powers over transport and the Mayor would be able to exercise these functions autonomously, though he/she and the MCA Cabinet will be required to be scrutinised and held to account by the Overview and Scrutiny Committee. The Mayor will also be required to consult the Cabinet on his/her strategies, which it may reject if a two thirds majority of the members agree to do so. The MCA Cabinet will also examine the Mayor's spending plans and will be able to amend his/her plans, again if the majority of the members agree to do so. A newly elected Mayor will receive the following powers from central Government:
- Responsibility for a devolved and multi-year transport settlement
  - Responsibility for franchised bus services
  - Expected to propose a Local Transport Plan for the sub-region
  - The Chair of a Land Commission to ensure that barriers to the appropriate development of land owned by the public and private sector are addressed
  - Granted power to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the local enterprise partnership, up to a cap.
- 5.4 On creation, the MCA will receive the following new powers from central Government with further powers to follow:
- Control over a Housing and Employment investment Fund including the recycling of increased land values from Government owned assets;
  - Responsibility for the commissioning of Adult Skills working closely with the LEP, employers and local providers;
  - Working with the LEP on a devolved approach to business support including strengthened joint working with UKTI;

- The creation of a statutory spatial plan;
- Discharging duties common to Integrated Transport Authorities including coordinating action to meet transport requirements, commissioning of subsidised bus services implementing and enforcing the statutory concessionary travel scheme, setting a transport levy for the sub-region if required, providing information to the public in relation to public transport;
- Greater flexibility over the use of EU funding through the granting of Intermediary Body Status;
- Coordinating the sub-regional approach to developing a “One Public Estate” that supports service transformation and growth;
- Overseeing a Public Service Transformation Fund that supports the integration of services with a particular focus on tackling worklessness and low paid employment;
- Powers to hold the Regional Schools Commissioner to account, to ensure local priorities are being addressed.

5.5 The constituent councils and the LEP need not cede responsibility for local functions to the MCA unless they believe pooling responsibility would demonstrably improve economic conditions and wider service reform. Potential local powers and functions that could sit with the MCA, be undertaken by the LEP or be undertaken jointly between the LEP and MCA include:

- the Investment Plan for the area;
- an inward investment strategy for the sub-region;
- the strategy and activity for place based marketing across the sub region;
- economic assessment and research to provide an evidence base for economic strategy;
- the long-term strategic vision for housing and regeneration investment to support economic growth;
- the accountable body for interventions, projects and programmes that correspond to priorities that cover the whole of the sub-region;
- strategic plan for skills delivery across the sub-region;
- enabling the MCA to act as the forum for local authorities to exercise the Duty to Cooperate, in respect of strategic planning matters;
- the key decision making forum and accountable body for public service reform programmes and external funding opportunities that enable reform and cover the Sub region;
- appointing staff required to administer the MCA and support the implementation of its decisions

5.6 It is likely that the Combined Authority would also benefit from the flexibility of holding the General Power of Competence, introduced by the Localism Act 2011 and

which gives the power to do anything an individual can do provided it is not prohibited by other legislation”.

### **Representation**

- 5.7 On the creation of the MCA, pending the election of a Mayor, an interim Mayor shall be created. They must be an elected person, shall be nominated by a full voting member of the MCA, and must be agreed (unanimously) by the full voting members of the MCA. The interim Mayor shall not have the same powers as the directly elected Mayor, in that any decision which would be exercisable by the directly elected Mayor may only be exercised by the Interim Mayor if they have the (unanimous) support of the constituent members of the MCA.
- 5.8 The Mayor will act as the Chair of the MCA. The Mayor will have a term of 4 years and is elected by the local government elected for the areas covered by the constituent councils.
- 5.9 Each constituent council will have one representative who will be the Leader of the Council, Deputy Leader, directly elected mayor or deputy mayor of the relevant Constituent Council. It is also proposed that the LEP would have a member as a non-constituent member. In total this represents 5 representatives including the Mayor, constituent councils and the LEP.
- 5.10 The constituent councils and the LEP will act as a Cabinet for the Mayor. The Mayor will allocate portfolios across his/her cabinet. The Mayor will also act as the public figurehead of the MCA and as the single point of contact with central Government, neighbouring councils and key partners.
- 5.11 Further associate Members or observers could be co-opted to the MCA but would not have any voting rights. In addition, the following will be invited to be non-constituent members:
- Fareham BC
  - East Hants BC
  - Eastleigh BC
  - Gosport BC
  - Hampshire CC
  - Havant BC
  - New Forest DC
  - Test Valley BC
  - Winchester CC

## **Voting**

- 5.12 Proposals for decision by the MCA can be put forward by the Mayor or any Cabinet Member. All constituent Members including the Mayor have one vote. The LEP will have a vote on specific matters (such as infrastructure and on the Growth Board) but no vote in issues that result in overturning a Mayoral decision. Any questions that are decided by the MCA are set to be decided by a majority of the constituent members present and voting save where otherwise expressed.
- 5.13 Matters relating to the Mayor's responsibilities can be overturned by a two thirds majority of constituent councils. The Mayor can vote on MCA matters but the constituent councils and LEP do not require their support for decisions relating to their shared remit.
- 5.14 A number of reserved matters would require the unanimous support of the three constituent councils:
- The co-option of additional voting or non-voting members onto the MCA;
  - Amendments to the governance scheme and its successor Constitution;
  - Adoption of the Spatial Strategy;
  - Adoption of a medium term financial plan, including the determination of any contributions from the constituent councils;
  - Approval of borrowing limits, the treasury management strategy and the investment strategy;
  - Establishment of arms-length companies;
  - Setting of any transport levy;
  - The adoption of key plans and strategies as determined by the MCA in its standing orders; and
  - Approval to receive new powers and responsibilities from central Government.

## **Committee structure**

- 5.15 It is intended that the two main committees of the MCA will be the Growth Board and the Public Services Reform Board. The Growth Board would be formed from the existing Local Enterprise Partnership and continue to ensure private sector influence over strategic growth matters. The Public Services Reform Board would bring together key public agencies to drive the efficiency and effectiveness of local services.
- 5.16 Below these, committees could be established a number of panels that would lead on specific sub-regional priorities including transport, investment, skills, and complex dependency. Detailed terms of reference for each committee including membership arrangements will be developed subject to and following the consultation process.

## **Overview and scrutiny**

- 5.17 An overview and scrutiny committee will be established to hold the Mayor and the Combined Authority to account. This committee will have the power to:
- Invite the Mayor and members of the MCA to attend before it to answer questions;
  - Invite other persons, including members of the public to attend meetings of the committee;
  - Review or scrutinise decisions made or decisions that could be made in the future relating to the functions which are the responsibility of the MCA;
  - Make reports or recommendations to the MCA in relation to their functions; and
  - Review or scrutinise a decision made but not implemented including the power to recommend that the decision be reconsidered by the MCA.
- 5.18 In so far as possible, the committee would reflect the political proportionality of the constituent councils. Its members cannot hold executive positions in those authorities. The chair of the committee would come from a different political party from the combined authority's majority party / the Mayor. The committee will also have the power to co-opt non-voting members.

## **Officer capacity**

- 5.19 The MCA will need to have in place the relevant staffing resources, systems and procedures to deliver its functions. Statutory officers including the Head of Paid Service, Section 151 Officer and Monitoring Officer will be sourced from existing constituent bodies and ideally one will be appointed from each constituent council. Existing sub-regional officer capacity will be maximised to provide an opportunity to ensure the best use of resources. Technical and policy support will be pooled as required or be provided through a constituent council.
- 5.20 A consistent and professional secretariat function will be formed. The overriding principle will be that the total officer resource will build on the capacity already in place across the 3 councils, existing sub-regional bodies and the LEP and any additional costs would be offset by efficiencies and savings.

## **Draft Scheme for the establishment of a Solent Mayoral Combined Authority**

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### **Establishment of the Solent Mayoral Combined Authority**

1. A Mayoral Combined Authority will be established pursuant to section 103, 105 and 113D of the Local Democracy, Economic Development and Construction Act 2009. It shall come into existence in XXXXX

### **Area of the Authority**

2. The Mayoral Combined Authority's area shall be whole of the following constituent authority areas:

- Portsmouth
- Southampton
- Isle of Wight

Each of the above authorities will be the Mayoral Combined Authority's constituent members ("Constituent Authority" and "Constituent Authorities" will be construed accordingly).

### **Name of the Authority**

3. The name of the Mayoral Combined Authority will be the Solent Mayoral Combined Authority.

### **Membership of the Solent Mayoral Combined Authority**

4. The membership of the Mayoral Combined Authority shall be as follows:

- (1) Each Constituent Council must appoint one of its elected members to be a Member. The elected member appointed must be the leader, deputy leader, directly elected mayor or deputy mayor of the relevant Constituent Council (as appropriate).
- (2) The Mayoral Combined Authority shall consist of 4 members with one Mayor and one elected member from the following 3 constituent authorities, referred to as a "Constituent Member" namely Portsmouth, Southampton and Isle of Wight Councils.

A new, directly elected Mayor will act as chair of the Mayoral Combined Authority and will exercise powers and functions devolved from central government. Note that on the creation of the Mayoral Combined Authority, pending the election of a Mayor, an interim Mayor shall be created. They must be an elected person, shall be nominated

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by a full voting member of the Mayoral Combined Authority, and must be agreed (unanimously) by the full voting members of the Mayoral Combined Authority. The interim Mayor shall not have the same powers as the directly elected Mayor, in that any decision which would be exercisable by the directly elected Mayor may only be exercised by the Interim Mayor if they have the (unanimous) support of the Mayoral Combined Authority.

Non-constituent members will be appointed, with a representative from the LEP.

The term “Members” will refer to both Constituent Members and Non-constituent members.

5. Each Member will also appoint one additional representative to act as a Substitute Member for the Mayoral Combined Authority in the absence of the named member. Any Substitute Member will have the same decision-making authority and voting rights and the person whose place they are taking.

6. Each Member will act in the best interest of the Mayoral Combined Authority as whole, taking into account all relevant matters.

7. A Constituent Authority may at any time terminate the appointment of a member appointed by it to the Mayoral Combined Authority, by notifying the Monitoring Officer in writing save it may not terminate the appointment of the Mayor.

8. If a member or substitute member of the Mayoral Combined Authority ceases to be a member of the Constituent Authority which appointed them for whatever reason, the member will automatically cease to be a member of the Mayoral Combined Authority on the expiry or termination of their term of office with the Constituent Member and the Constituent Authority will appoint a replacement as soon as possible.

9. The Mayor will allocate portfolios to the remaining members of the Mayoral Combined Authority. Appointments will be the first business transacted at the Annual Meeting of the Mayoral Combined Authority and the appointments will be for the forthcoming municipal year.

10. No additional remuneration shall be payable by the Mayoral Combined Authority to its members other than allowances for travel and subsistence. A constituent council may, on the recommendation of its independent remuneration panel, pay a special responsibility allowance to any elected member appointed by it to the Mayoral Combined Authority in respect of duties and responsibilities undertaken as a member of the Mayoral Combined Authority.



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11. The Mayoral Combined Authority recognises the benefits which additional members may bring to the MCA in carrying out its functions. If there is a unanimous decision to do so, the Mayoral Combined Authority may co-opt additional members onto the Mayoral Combined Authority on such terms as determined by the Mayoral Combined Authority and detailed within the constitution of the Mayoral Combined Authority.

### Quorum

12. The quorum for meetings of the Mayoral Combined Authority shall be three (3).

### Voting

13. Save for any functions only exercisable by an elected Mayor, constituent members of the Mayoral Combined Authority will have one vote. The Chair will have a casting vote.

14. Non-constituent members will not have voting rights save for the Local Enterprise Partnership who will be able to vote on matters relating to economic development, infrastructure, transport and on the Growth Board but will not be permitted to vote where constituent councils seek to overturn a decision of the elected Mayor or on matters outlined in paragraph 16.

15. On the requisition of any one member, made before the vote is taken, the voting on any matter shall be recorded so as to show how each member voted and there shall also be recorded any member abstaining from voting. Where any member abstains from voting then they shall be deemed to have consented to the decision of the majority such that:

- a. in any decision which require unanimity and where the abstaining member represents a council directly affected by the decision the matter may pass notwithstanding that the abstaining member does not form part of the majority provided that all other directly affected councils (through their appointed member) vote in favour or abstain; and
- b. in any decision requiring unanimous support the abstention of a member will not prevent the matter passing provided all other members vote in support or abstain (if all members abstain the matter shall not pass).

16. It is intended that decisions will be made by consensus. When this is not possible, matters will be put to a vote and will require a majority vote of the members present and voting, apart from the following matters which require unanimity of constituent members present:

- The co-option of additional voting or non-voting members onto the Mayoral Combined Authority;

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- Amendments to the governance scheme and its successor Constitution;
- Adoption of the Spatial Strategy;
- Adoption of an annual budget and medium term financial plan, including the determination of any contributions from the constituent councils;
- Approval of borrowing limits, the treasury management strategy and the investment strategy;
- Establishment of companies and/or other structures;
- Setting of any transport levy;
- The adoption of key plans and strategies as determined by the Combined Authority in its standing orders;
- Approval to receive new powers and responsibilities from central Government;
- Consideration of Members Allowances.

**Note:** It is not intended that the Chair has a casting vote in the case of equality of voting. In such circumstances, if a simple majority cannot be achieved the motion before the Mayoral Combined Authority is defeated.

### Executive arrangements

17. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the Mayoral Combined Authority. The discharge of the functions of the Mayoral Combined Authority will be subject to scrutiny arrangements set out in paras 18 -22 below.

### Scrutiny arrangements

18. The requirement to ensure accountability and transparency will be fulfilled by the Mayoral Combined Authority by establishing a joint Overview and Scrutiny Committee which reflects the political balance of the constituent councils to exercise scrutiny functions over the Mayoral Combined Authority (including, where appropriate, over its boards, sub-boards) in accordance with the provisions of S.104 and Schedule 5A of the Local Democracy, Economic Development and Construction Act 2009.

19. Overview and Scrutiny membership must not include a Mayoral Combined Authority member or a member of the Executive of a constituent council.

20. The Overview and Scrutiny Committee will have the power to-

- Invite Mayoral Combined Authority members and officers to attend meetings and answer questions;
- Invite others to attend the meetings;

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- Review or scrutinise decisions or other actions taken by the mayoral Combined Authority;
- Make reports or recommendations to the Mayoral Combined Authority;
- Require that a decision that has not been implemented be reconsidered by the members of the Mayoral Combined Authority.

21. The joint Overview and Scrutiny Committee may appoint sub-committees to deal with matters within its remit and will have the power to co-opt additional representatives for specific scrutiny tasks.

22. Where the Overview and Scrutiny Committee makes a report it may also publish it and require a response from the Mayoral Combined Authority. The notice published must give the Mayoral Combined Authority two months to consider the report.

### **Audit Committee**

23. The Mayoral Combined Authority will establish an Audit Committee responsible for

- Reviewing and scrutinising the Mayoral Combined Authority's financial affairs;
- Reviewing and assessing the Mayoral Combined Authority's risk management control and corporate governance arrangements;
- Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Mayoral Combined Authority's functions;
- Making reports and recommendations to the Mayoral Combined Authority in relation to reviews conducted under the above.

### **Functions, Powers and Duties of the Mayoral Combined Authority**

24. The mayoral Combined Authority's ambition will be to create more skilled and better paid jobs, bring more investment into the area, reform public services and reduce the regions welfare bill. Unless otherwise stated, where the powers listed below are also vested in the Constituent members, they will be exercised by the Mayoral Combined Authority on a concurrent basis and no powers are intended to be ceded to the Mayoral Combined Authority by the Constituent members.

25. By virtue of Sections 99 and 102A of the Local Transport Act 2000, the Mayoral Combined Authority will have broad wellbeing powers, which can be exercised in conjunction with the general powers granted to it by Section 113A of the LDEDCA and section 164 of the Transport Act 2000.

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26. The Mayoral Combined Authority requests the Secretary of State to delegate to the Mayoral Combined Authority the General Power of Competence under Part 1 of the Localism Act 2011.

27. The Mayoral Combined Authority requests the Secretary of State to designate the Mayoral Combined Authority as a 'Specified Body' pursuant to Section 33(3) (k) of the Value Added Tax Act 1994.

### **Functions – Economic Development and Regeneration**

28. The Mayoral Combined Authority will have responsibility for a significant programme of investment in transport and economic infrastructure and will influence and align with government investment in order to boost economic growth. The related interventions will have differential spatial impacts across the Mayoral Combined Authority area, but should aid delivery of key growth projects in the emerging and future local plans of Constituent Authorities. Having regard to the duty to co-operate, effective alignment between decision-making on transport and decisions on other areas of policy, such as land use, economic development and wider regeneration, will be a key aim.

29. Unless otherwise stated, powers will be exercised by the Mayoral Combined Authority on a concurrent basis.

30. It is proposed that the Mayoral Combined Authority will be focused on strategic economic growth. The constituent councils and the LEP need not cede responsibility for local functions to the Mayoral Combined Authority unless they believe pooling responsibility would demonstrably improve economic conditions and wider service reform. Potential local powers and functions that could sit with the Mayoral Combined Authority, be undertaken by the LEP or be undertaken jointly between the LEP and Mayoral Combined Authority include:

- the Investment Plan for the area;
- an inward investment strategy for the sub-region;
- the strategy and activity for place based marketing across the sub region;
- economic assessment and research to provide an evidence base for economic strategy;
- the long-term strategic vision for housing and regeneration investment to support economic growth;
- the accountable body for interventions, projects and programmes that correspond to priorities that cover the whole of the sub-region;
- strategic plan for skills delivery across the sub-region;

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- the key decision making forum and accountable body for public service reform programmes and external funding opportunities that enable reform and cover the Sub region;
- Appointing staff required to administer the Mayoral Combined Authority and support the implementation of its decisions.

31. The powers and duties set out in Schedule 1 shall be held by the Mayoral Combined Authority in support of any functions.

### **Functions - Transport**

32. The Mayoral Combined Authority will fulfil directly or commission the role of Local Transport Authority for each of the three authorities.

33. The Mayoral Combined Authority will exercise any function of the Secretary of State delegated to the CA by the order of the Secretary of State pursuant to Section 86 LTA and Section 104( and 148 1) (1 LDEDCA. Such functions will be exercised subject to any condition imposed by the order.

34. The Mayoral Combined Authority's role in this will encompass:

- Setting the long-term strategic transport vision and outcomes for the sub-region;
- Agreeing the development and approval of a single, sub regional Local Transport Plan (or its equivalent), which will include high level policy responsibility for major investments (e.g. freight, cycle, rail, highway maintenance, new transport infrastructure, traffic management);
- Agreeing a long-term transport investment strategy as part of the Strategic Economic Plan to deliver the strategic economic vision and outcomes (which includes housing, employment and skills);
- Acting as accountable body for Transport Schemes, e.g. devolved major transport scheme funding;
- Setting the transport levy for the sub region if required.

35. The powers and duties set out in Schedule 2 shall be held by the Mayoral Combined Authority in support of any functions.

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### Functions – Public Service Reform

36. The Mayoral Combined Authority will also act as a forum to coordinate the development and delivery of a public service reform plan alongside wider partners in the public, private and voluntary sectors.

### Funding, Transfer of Property, Rights and Liabilities

#### Funding

37. The Mayoral Combined Authority as a levying body under Section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its Constituent Authorities in respect of the expenses and liabilities of the Mayoral Combined Authority which are reasonably attributable to the exercise of its functions relating to transport.

38. The core principle in determining the Levy or the Differential Levy shall be that the total contribution from each Constituent Authority for funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.

39. The costs of administering the Mayoral Combined Authority, that are reasonably attributable to the exercise of its functions (and any start-up costs) relating to economic development, housing and regeneration, and public service reform shall be met by the Constituent Authorities on a proportionate and equitable basis. Equitable basis also means where possible the constituent councils will meet these costs in kind.

40. Any cost incurred by the Mayoral Combined Authority that is not in relation to the administration of the Mayoral Combined Authority or subject to the Levy and Differential Levy shall be met by the Constituent Authorities on a suitable apportionment basis.

41. The Mayoral Combined Authority will approve the annual budget for the purpose of expenditure.

#### Transfer of Property, Right and Liabilities

42. All property, rights and liabilities existing at the transfer date shall transfer to the Mayoral Combined Authority, including rights and liabilities in relation to contracts of employment, but these will be ring-fenced under the terms of a Mayoral Combined Authority agreement to the Constituent Authorities and the LEP

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### **Statutory Officers**

43. The Mayoral Combined Authority has a duty to appoint to the three statutory positions being:

- Head of Paid Service;
- S151 Officer;
- Monitoring Officer.

It is anticipated that these positions will be undertaken by officers already serving in one or more of the constituent councils.

### **Delegations**

44. The Mayoral Combined Authority may establish such committee or sub-committees as it considers appropriate and may delegate powers and functions accordingly.

45. As lawfully permitted, the Mayoral Combined Authority may make arrangements for the exercise of any of the Mayoral Combined Authority's Functions by Committees, Sub-Committees, Officers, joint committees or other local authorities pursuant to section 101 of the Local Government Act 1972. Where the Mayoral Combined Authority elects to make such arrangements the detail of the Functions to be discharged and any conditions on such discharge shall be recorded in the Scheme of Delegation within the Constitution.

46 The Mayoral Combined Authority will review the Scheme of Delegation at least annually as part of any review of its Constitution.

### **Powers and duties transferred to the Mayor**

47. Transport

(a) Functions of Central Government

The Mayor shall exercise any function of Central Government delegated to the Mayoral Combined Authority pursuant to any order made by the Secretary of State under Section 86, Local Transport Act 2008 and/or Section 104(1)(b), Local Democracy, Economic Development and Construction Act 2009 and/or Sections 15 to 19, Localism Act 2011.

(b) Section 108, Section 109 and Section 112, Local Transport Act 2000

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The duty to develop and keep under review policies relating to transport in its area and to carry out its functions to implement those policies.

(c) Section 2, Road Traffic Reduction Act 1997

The duty to prepare a report on the levels of local road transport and a forecast of the growth in those levels.

### **48. Powers and duties transferred to the Mayoral Combined Authority**

Economic Development and Regeneration

(a) Localism Act 2011

Such functions of the constituent councils as are exercisable for the purpose of economic development and regeneration in reliance on the general power of competence under Section 1, Localism Act 2011.

(b) Section 99 and Section 102A, Local Transport Act 2008

The power to promote well-being in the area of the Mayoral Combined Authority.

(c) Section 113A, Local Democracy, Economic Development and Construction Act 2009

The power to do anything the Mayoral Combined Authority considers appropriate: for the purposes of carrying out any of its functions; purposes incidental to and/or indirectly incidental to carrying out its functions; connected to any of its functions; for a commercial purpose.

(d) Section 69, Local Democracy, Economic Development and Construction Act 2009

The duty of a local authority to prepare an assessment of economic conditions in its area.

(e) Section 142(2), Local Government Act 1972

The power of a local authority to arrange for the publication within their area of information relating to the functions of the authority, etc.

(f) Section 144, Local Government Act 1972

The power of a local authority to encourage persons to visit their area, etc.

(g) Sections 15ZA, 15ZB, 15ZC, 17A, 18A, 514A and 560A, Education Act 1996 (as inserted by Part 2 of the Apprenticeships, Skills Children and Learning Act 2009)



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The duty to secure that enough suitable education and training is provided to meet the reasonable needs of 16-19 year olds, 19-25 year olds who are subject to learning difficulty assessment and persons who are subject to youth detention. The duty to co-operate with local authorities exercising these duties.

(h) Section 88(1)(a) and (b), Local Government Act 1985

Power to exercise the functions under the above provisions relating to the research and collection of information whether or not a scheme is made under Section 88.

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### Appendix 2

#### **Solent Combined Authority Governance Review. List of stakeholders contacted by Southampton City Council.**

- Allied Developments
- Associated British Ports
- Aster Group
- Basingstoke and Deane Borough Council (*on behalf of the three unitary authorities*)
- Business South
- City College Southampton
- East Hampshire District Council (*on behalf of the three unitary authorities*)
- Eastleigh Borough Council (*on behalf of the three unitary authorities*)
- EM3 LEP Chair (*on behalf of the three unitary authorities*)
- Fareham Borough Council (*on behalf of the three unitary authorities*)
- Federation of Small Businesses
- First Bus Hampshire and Dorset
- Fleet Town Council (*on behalf of the three unitary authorities*)
- Go South Coast
- Gosport Borough Council (*on behalf of the three unitary authorities*)
- Great Western Railway
- Hammerson
- Hampshire & Isle of Wight Community Rehabilitation Company
- Hampshire and Regional Property Group
- Hampshire Chamber of Commerce (*on behalf of the three unitary authorities*)
- Hampshire County Council (*on behalf of the three unitary authorities*)
- Hampshire Road Safety Partnership
- Hart District Council (*on behalf of the three unitary authorities*)
- Havant Borough Council (*on behalf of the three unitary authorities*)
- Highways England
- Hythe Ferry
- Itchen Sixth Form College

- Jobcentre Plus (*on behalf of the three unitary authorities*)
- Marina Developments Limited
- National Oceanography Centre
- New Forest District Council (*on behalf of the three unitary authorities*)
- Old Mutual Health
- Red Funnel
- Richard Taunton Sixth Form College
- Royal Pier Waterfront Southampton
- Rushmoor Borough Council (*on behalf of the three unitary authorities*)
- Skills Funding Agency
- Solent LEP (*on behalf of the three unitary authorities*)
- Solent University
- Southampton Airport
- Southampton Business Improvement District
- Southampton City Commissioning Group
- Southampton Football Club
- Southampton Primary Heads Conference
- Southampton Schools Forum
- Southampton Secondary Heads Forum
- Southampton Special Heads Conference
- Southampton University Hospital Trust
- Southampton Voluntary Services
- Southern Health
- Spectrum Housing
- Stonewater Housing
- Sustrans
- Test Valley Borough Council (*on behalf of the three unitary authorities*)
- University of Southampton
- Winchester City Council (*on behalf of the three unitary authorities*)

**Stakeholders contacted by Portsmouth City Council on behalf of the three unitary authorities**

- Affinity Sutton Group
- First Bus
- First Wessex Housing Association
- Hampshire Constabulary
- Hampshire Fire and Rescue Service
- Hampshire Probation Trust
- HCA Hospitals
- Radian Housing Association
- Solent National Health Service
- South Central Ambulance Service
- South West Trains
- Southern Housing
- Stagecoach
- Wessex Public Health

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# The Solent Deal

Greater powers for South Hampshire & the Isle of Wight

## **SOLENT Governance Scheme (Draft for consultation)**

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Annex 1

**Draft Scheme for the establishment of a Solent Mayoral Combined Authority**

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*This scheme is prepared and published by Portsmouth City Council, the Isle of Wight Council, and Southampton City Council under section 112 of Local Democracy Economic Development and Construction Act 2009, ("the 2009 Act") as amended by the Cities and Local Government Development Act 2016 ("the 2016 Act") . It is prepared to support an analysis of whether the creation of a combined authority under section 109 of the 2009 would improve the exercise of statutory functions in relation to the area.*

**Establishment of the Solent Mayoral Combined Authority**

1. A mayoral combined authority (Mayoral Combined Authority) will be established pursuant to section 103, 105 and 113D of the 2009 Act. It shall come into existence on

**Area of the Authority**

2. The area of the Mayoral Combined Authority shall be whole of the following constituent local authority areas:

- Portsmouth City Council
- Southampton City Council
- The Isle of Wight Council

Each of the above authorities will be the Solent Mayoral Combined Authority's constituent members, and "Constituent Authority" and "Constituent Authorities" will be construed accordingly.

**Name of the Authority**

3. The name of the Mayoral Combined Authority will be the Solent Mayoral Combined Authority.

**Non-Constituent Authorities and the Solent Local Enterprise Partnership**

3A. The Mayoral Combined Authority shall invite Members from the following local authorities:

- Hampshire County Council
- Fareham Borough Council
- East Hampshire Borough Council
- Eastleigh Borough Council
- Gosport Borough Council
- Havant Borough Council
- New Forest Borough Council



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- Test Valley Borough Council
- Winchester City Council

Together with the Solent Local Enterprise Partnership

### **Membership of the Solent Mayoral Combined Authority**

4. The membership of the Mayoral Combined Authority shall be as follows ("and Member and Members shall be construed accordingly"):

- (1) The Mayor of the Mayoral Combined Authority (or Interim Mayor appointed in accordance with sub-paragraph (4) below).
- (2) Each Constituent Authority shall appoint one of its elected members to be a member of the Mayoral Combined Authority. The elected member appointed must be the leader, deputy leader, directly elected mayor or deputy mayor of the relevant Constituent Authority (as appropriate).
- (3) Each Constituent Authority is to appoint another of its elected members (which shall be either the Leader, or directly elected mayor, or deputy leader, or deputy mayor (as the case may be)) to act as a member of the Mayoral Combined Authority in the absence of the member appointed under sub-paragraph (1) ("the substitute member").
- (4) An additional member appointed up until the time that a directly elected Mayor is appointed (and appointed for a period of up to two years only, unless reappointed) to be known as Interim Mayor, appointed by the Constituent Authorities together, deciding unanimously, provided that member is an elected member of a Constituent Authority, holding office at the date of application for the position of Interim Mayor and on the date of appointment.
- (5) A member appointed by each of the Non-Constituent Authorities, and the Solent LEP

### **Mayor and Interim Mayor**

5. Upon appointment and taking office, a directly elected Mayor (Mayor) will chair the Mayoral Combined Authority and will exercise the powers of the Mayoral Combined Authority (including those powers and functions developed to the Mayoral Combined Authority) in accordance with this scheme.

6. Up until the appointment and taking office of the Mayor the powers and functions of the Mayoral Combined Authority shall be exercisable by the Members acting unanimously.

7. Each Member shall when acting in their role as Member, promote the best interests and objectives of the Mayoral Combined Authority.

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8. A Constituent Authority may at any time terminate the appointment of a Member (including a Substitute Member), upon a notifying to the Monitoring Officer of the Mayoral Combined Authority in writing (including by email) save it may not terminate the appointment of the Mayor.

9. If a Member (including a Substitute Member) of the Mayoral Combined Authority ceases to be a member of the Constituent Authority, the Member will automatically cease to be a member of the Mayoral Combined Authority, and the Constituent Member and the Constituent Authority will appoint a replacement as soon as possible.

10. The Mayor will allocate portfolios of functions to Members. Appointments will be the first business transacted at the Annual Meeting of the Mayoral Combined Authority and the appointments will be for the forthcoming municipal year.

### **Remuneration of Members**

11. No additional remuneration shall be payable by the Mayoral Combined Authority to its members other than allowances for travel and subsistence. A Constituent Authority may, where its independent remuneration panel established under regulation 20 of the Local Authorities (Members' Allowances) (England) Regulations 2003 so resolves, pay a special responsibility allowance to any elected member appointed by it to the Mayoral Combined Authority in respect of those duties and responsibilities undertaken in role as Member of the Mayoral Combined Authority. The cost of any such Special Responsibility Allowance will be met by the relevant Constituent Authority.

### **Co-Opted Members**

12. The Mayoral Combined Authority recognises the benefits that additional members may bring to it in the in carrying out its functions. Where there is a unanimous decision to do so, the Mayoral Combined Authority may co-opt additional members onto the Mayoral Combined Authority on such terms as determined by the Mayoral Combined Authority and detailed within the constitution of the Mayoral Combined Authority.

### **Quorum**

13. The quorum for meetings of the Mayoral Combined Authority shall be three (3).

### **Voting**

14. Save for any functions and powers exercisable only by the Mayor, Constituent Members of the Mayoral Combined Authority will have one vote. The Chair will have a casting vote.

15. Members appointed by the Non-Constituent Authorities will not have voting rights save for the Member appointed by the Local Enterprise Partnership may vote on matters relating to economic development, regeneration, infrastructure, transport and on the Growth Board but will not be permitted to vote on the Constituent Authorities the matters described

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at paragraph 17 below, or on a given decision the Mayor votes the observe of all of the Constituent Authorities vote.

16. On the requisition of any one Member, made before a vote is taken, the voting on any matter shall be recorded so as to show how each Member voted and there shall also be recorded any member abstaining from voting. Where any member abstains from voting then they shall be deemed to have consented to the decision of the majority such that:

- a. in any decision which requires unanimity and where the abstaining member represents a Constituent Authority directly affected by the decision the matter may pass notwithstanding that the abstaining Member does not form part of the majority provided that all other directly affected Constituent Authorities (through their appointed member) vote in favour or abstain; and
- b. in any decision requiring unanimous support the abstention of a Member will not prevent the matter passing provided all other Members vote in support or abstain (if all Members abstain the matter shall not pass).

17. It is intended that decisions will be made by consensus. When this is not possible, matters will be put to a vote and will require a majority vote of the members present and voting, apart from the following matters which require unanimity of constituent members present:

- The co-option of additional voting or non-voting Members onto the Mayoral Combined Authority;
- Amendments to the governance scheme and its successor Constitution;
- Adoption of the Spatial Strategy;
- Adoption of an annual budget and medium term financial plan, including the determination of any contributions from the Constituent Authorities;
- Approval of borrowing limits, the treasury management strategy and the investment strategy;
- Establishment of companies and/or other structures;
- Setting of any transport levy;
- The adoption of key plans and strategies as determined by the Mayoral Combined Authority in its standing orders;
- Approval to receive new powers and responsibilities from central Government;
- Consideration of questions relating to Members allowances.

**Note:** It is not intended that the Chair has a casting vote in the case of equality of voting. In such circumstances, if a simple majority cannot be achieved the motion before the Mayoral Combined Authority is defeated.

### Executive arrangements

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18. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the Mayoral Combined Authority. The discharge of the functions of the Mayoral Combined Authority will be subject to scrutiny arrangements set out in paras 19 -23 below.

### Scrutiny arrangements

19 The requirement to ensure accountability and transparency will be fulfilled by the Mayoral Combined Authority by establishing a joint Overview and Scrutiny Committee of at least 3 members drawn from the Constituent Authorities which reflects the political balance of the Constituent Authorities to exercise scrutiny functions over the Mayoral Combined Authority (including, where appropriate, over its boards, sub-boards) in accordance with the provisions of S.104 and Schedule 5A of the 2009 Act.

20. The membership of the Overview and Scrutiny Committee must not include a Mayoral Combined Authority Member or a Member of the Executive of a Constituent Authority.

21. The Overview and Scrutiny Committee will have the power to-

- Invite Mayoral Combined Authority members and officers to attend meetings and answer questions;
- Invite others to attend the meetings;
- Review or scrutinise decisions or other actions taken by the Mayoral Combined Authority;
- Make reports or recommendations to the Mayoral Combined Authority;
- Require that a decision that has not been implemented be reconsidered by the members of the Mayoral Combined Authority.

22. The Overview and Scrutiny Committee may appoint sub-committees to deal with matters within its remit and will have the power to co-opt additional representatives for specific scrutiny tasks.

23. Where the Overview and Scrutiny Committee makes a report it may also publish it and require a response from the Mayoral Combined Authority. The notice published must give the Mayoral Combined Authority two months to consider the report.

### Audit Committee

24. The Mayoral Combined Authority will establish an Audit Committee of 3 members drawn from the Constituent Authorities and will be responsible for

- Reviewing and scrutinising the Mayoral Combined Authority's financial affairs;
- Reviewing and assessing the Mayoral Combined Authority's risk management control and corporate governance arrangements;

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- Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Mayoral Combined Authority's functions;
- Making reports and recommendations to the Mayoral Combined Authority in relation to reviews conducted under the above.

25. The members of the Audit Committee will reflect the political balance of the constituent councils, must not include a Mayoral Combined Authority member or a member of the Executive of a constituent authority, and the expectation will be that the members chosen will have the skills and experience as set out in the CIPFA guidance on Audit Committees.

### **Functions, Powers and Duties of the Mayoral Combined Authority**

26. The Mayoral Combined Authority's ambition will be to create more skilled and better paid jobs, bring more investment into the area, reform public services and reduce the regions welfare bill. Unless otherwise stated, where the powers listed below are also vested in the Constituent Authorities, they will be exercised by the Mayoral Combined Authority on a concurrent basis and no powers are intended to be ceded to the Mayoral Combined Authority by the Constituent Authorities.

27. By virtue of Sections 99 and 102A of the Local Transport Act 2000, the Mayoral Combined Authority will have broad wellbeing powers, which can be exercised in conjunction with the general powers granted to it by Section 113A of the 2009 Act and section 164 of the Transport Act 2000.

28. The Mayoral Combined Authority requests the Secretary of State to order that the General Power of Competence under Part 1 of the Localism Act 2011, has effect in relation to the Mayoral Combined Authority, pursuant to section 113D of the 2009 Act.

29. The Mayoral Combined Authority requests the Secretary of State to designate the Mayoral Combined Authority as a 'Specified Body' pursuant to Section 33(3) (k) of the Value Added Tax Act 1994.

30. The powers and duties of the Mayoral Combined Authority in relation to the exercise of the functions shall be as described below.

### **Functions – Economic Development and Regeneration**

31. The Mayoral Combined Authority will have responsibility for a significant programme of investment in transport and economic infrastructure and will influence and align with government investment in order to boost economic growth. The related interventions will have differential spatial impacts across the Mayoral Combined Authority area, but should aid delivery of key growth projects in the emerging and future local plans of Constituent Authorities. Having regard to the duty to co-operate, effective alignment between decision-making on transport and decisions on other areas of policy, such as land use, economic development and wider regeneration, will be a key aim.

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32. Unless otherwise stated, powers will be exercised by the Mayoral Combined Authority on a concurrent basis.

33. It is proposed that the Mayoral Combined Authority will be focused on strategic economic growth. The Constituent Authorities and the Solent Local Enterprise Partnership need not cede responsibility for local functions to the Mayoral Combined Authority unless they believe pooling responsibility would demonstrably improve economic conditions and wider service reform. Those local powers and functions that could sit with the Mayoral Combined Authority, be undertaken by the Solent Local Enterprise Partnership or be undertaken jointly between the Solent Local Enterprise and Mayoral Combined Authority include:

- the Investment Plan for the area;
- an inward investment strategy for the sub-region;
- the strategy and activity for place based marketing across the sub region;
- economic assessment and research to provide an evidence base for economic strategy;
- the long-term strategic vision for housing and regeneration investment to support economic growth;
- the accountable body for interventions, projects and programmes that correspond to priorities that cover the whole of the sub-region;
- strategic plan for skills delivery across the sub-region;
- acting as the key decision making forum and accountable body for public service reform programmes and external funding opportunities that enable reform and cover the Sub region;
- Appointing staff required to administer the Mayoral Combined Authority and support the implementation of its decisions.

### Functions - Transport

34. The Mayoral Combined Authority will fulfil directly or commission the role of Local Transport Authority for each of the Constituent Authorities.

35. The Mayoral Combined Authority will exercise any function of the Secretary of State delegated to the Mayoral Combined Authority by order of the Secretary of State pursuant to Section 86 LTA and Section 104( and 148 1) (1 LDEDCA. Such functions will be exercised subject to any condition imposed by the order).

36. The Mayoral Combined Authority's role in this will encompass:

- Setting the long-term strategic transport vision and outcomes for the sub-region;
- Agreeing the development and approval of a single, sub regional Local Transport Plan (or its equivalent), which will include high level policy responsibility for major

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investments (e.g. freight, cycle, rail, highway maintenance, new transport infrastructure, traffic management);

- Agreeing a long-term transport investment strategy to contribute to the Strategic Economic Plan as it is from time to time adopted by the Solent Enterprise Partnership to deliver the strategic economic vision and outcomes (which includes housing, employment and skills);
- Acting as accountable body for Transport Schemes, e.g. devolved major transport scheme funding;
- Setting the transport levy for the sub region if required.

### **Functions – Public Service Reform**

37. The Mayoral Combined Authority will act as a forum to coordinate the development and delivery of a public service reform plan alongside wider partners in the public, private and voluntary sectors.

### **Funding, Transfer of Property, Rights and Liabilities**

#### Funding

38. The Mayoral Combined Authority as a levying body under Section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its Constituent Authorities in respect of the expenses and liabilities of the Mayoral Combined Authority which are reasonably attributable to the exercise of its functions relating to transport.

39. The core principle in determining the Levy or the Differential Levy shall be that the total contribution from each Constituent Authority for funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.

40. The costs of administering the Mayoral Combined Authority, that are reasonably attributable to the exercise of its functions (and any start-up costs) relating to economic development, housing and regeneration, and public service reform shall be met by the Constituent Authorities on a proportionate and equitable basis. Equitable basis also means where possible the constituent councils will meet these costs in kind.

41. Any cost incurred by the Mayoral Combined Authority that is not in relation to the administration of the Mayoral Combined Authority or subject to the Levy and Differential Levy shall be met by the Constituent Authorities on a suitable apportionment basis.

42. The Mayoral Combined Authority will approve the annual budget for the purpose of expenditure.

#### Transfer of Property, Right and Liabilities

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43. A transfer scheme of property, rights and liabilities existing at the transfer date and relevant to the transport functions of each Constituent Authority shall be prepared by each of the Constituent Authorities as soon as reasonably practicable including rights and liabilities in relation to contracts of employment, but these will be ring-fenced under the terms of a Mayoral Combined Authority agreement to the Constituent Authorities and the Solent Local Enterprise Partnership

### **Statutory Officers**

44. The Mayoral Combined Authority shall appoint any statutory or proper officer posts, and in particular:

- Head of Paid Service;
- S151 Officer;
- Monitoring Officer.

It is anticipated that these positions will be undertaken by officers already serving in one or more of the Constituent Authorities whether as appointees to those statutory roles or not.

### **Delegations**

45. As lawfully permitted, the Mayoral Combined Authority may make arrangements for the exercise of any of the Mayoral Combined Authority's Functions by Committees, Sub-Committees, Officers, joint committees or other local authorities pursuant to section 101 of the Local Government Act 1972. Where the Mayoral Combined Authority elects to make such arrangements the detail of the Functions to be discharged and any conditions on such discharge shall be recorded in the Scheme of Delegation within the Constitution.

46. The Mayoral Combined Authority will review the Scheme of Delegation at least annually as part of any review of its Constitution.

47. The Mayoral Combined Authority may establish such committee or sub-committees as it considers appropriate and may delegate powers and functions accordingly.

### **Powers and duties transferred to the Mayor**

48. Transport

(a) Functions of Central Government

The Mayor shall exercise any function of Central Government delegated to the Mayoral Combined Authority pursuant to any order made by the Secretary of State under Section 86, Local Transport Act 2008 and/or Section 104(1)(b), Local Democracy, Economic Development and Construction Act 2009 and/or Sections 15 to 19, Localism Act 2011.

(b) Section 108, Section 109 and Section 112, Local Transport Act 2000



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The duty to develop and keep under review policies relating to transport in its area and to carry out its functions to implement those policies.

(c) Section 2, Road Traffic Reduction Act 1997

The duty to prepare a report on the levels of local road transport and a forecast of the growth in those levels.

### **49. Powers and duties transferred to the Mayoral Combined Authority**

Economic Development and Regeneration,

(a) Localism Act 2011

Such functions of the constituent councils as are exercisable for the purpose of economic development and regeneration in reliance on the general power of competence under Section 1, Localism Act 2011.

(b) Section 99 and Section 102A, Local Transport Act 2008

The power to promote well-being in the area of the Mayoral Combined Authority.

(c) Section 113A, Local Democracy, Economic Development and Construction Act 2009

The power to do anything the Mayoral Combined Authority considers appropriate: for the purposes of carrying out any of its functions; purposes incidental to and/or indirectly incidental to carrying out its functions; connected to any of its functions; for a commercial purpose.

(d) Section 69, Local Democracy, Economic Development and Construction Act 2009

The duty of a local authority to prepare an assessment of economic conditions in its area.

(e) Section 142(2), Local Government Act 1972

The power of a local authority to arrange for the publication within their area of information relating to the functions of the authority, etc.

(f) Section 144, Local Government Act 1972

The power of a local authority to encourage persons to visit their area, etc.

(g) Sections 15ZA, 15ZB, 15ZC, 17A, 18A, 514A and 560A, Education Act 1996 (as inserted by Part 2 of the Apprenticeships, Skills Children and Learning Act 2009)

The duty to secure that enough suitable education and training is provided to meet the reasonable needs of 16-19 year olds, 19-25 year olds who are subject to learning difficulty

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assessment and persons who are subject to youth detention. The duty to co-operate with local authorities exercising these duties.

(h) Section 88(1)(a) and (b), Local Government Act 1985

Power to exercise the functions under the above provisions relating to the research and collection of information whether or not a scheme is made under Section 88.

### 50. Powers and duties transferred to the Mayoral Combined Authority

Housing, Health, and Environmental

(a) The duty under section 8(1) of the Housing Act 1985 (duty of local housing authorities to consider conditions in their district and the needs of the district with respect to the provision of further housing accommodation).

(b) The duties under section 82 of the Environment Act 1995 (duty to cause a review to be conducted of quality for the time being, and the likely future quality within the relevant period, of air within the authority's area and associated duties), section 83 of the Environment Act 1995 (duty to designate air quality management areas), and section 84 of the Environment Act 1995 (duties in relation to designated area).

(c) The function of a local authority under Section 2B of the National Health Service Act 2006, to take such steps as it considers appropriate for improving the health of the people in its area (this duty would be exercised concurrently with the Constituent Authorities).

### 51. Incidental Powers of the Mayoral Combined Authority

(a) Section 142(2) of the Local Government Act 1972 (the power to arrange for publication of information etc. relating to the functions of the authority).

(b) Section 222 of the Local Government Act 1972 (the power to instigate and defend legal proceedings).

(c) the power to exercise any of the functions described in subsection 1(a) and (b) of section 88 of the Local Government Act 1985 (research and collection of information) whether or not a scheme is made under that section.

(d) The Mayoral Combined Authority shall have such other powers and duties as are conferred on a combined authority by any enactment. Without prejudice to the generality of the foregoing, such powers and duties include:

- (i) the duty to appoint a Head of Paid Service, a Monitoring Officer and an Officer with responsibility for the administration of the Mayoral Combined Authority's financial affairs (the Treasurer);

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- (ii) the power to borrow money for a purpose relevant to its transport functions only;
- (iii) the power to appoint staff and to enter into agreements with other local authorities for the secondment of staff;
- (iv) the power to acquire land by agreement or compulsorily for the purpose of any of its functions and to dispose of such land;
- (v) the power to pay subscriptions to the funds of local authority associations;
- (v) the duty (without prejudice to any other obligation) to exercise its functions with due regard to the need to prevent crime and disorder, the misuse of drugs and alcohol or re-offending in its area;

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<b>DECISION-MAKER:</b>	<b>COUNCIL</b>		
<b>SUBJECT:</b>	REVISIONS OF THE CONSTITUTION		
<b>DATE OF DECISION:</b>	20 JULY 2016		
<b>REPORT OF:</b>	SERVICE DIRECTOR: LEGAL & GOVERNANCE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Richard Ivory</b>	<b>Tel:</b> 023 80832794
	<b>E-mail:</b>	richard.ivory@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	<b>Suki Sitaram</b>	<b>Tel:</b> 023 80832060
	<b>E-mail:</b>	suki.sitaram@southampton.gov.uk	

<b>STATEMENT OF CONFIDENTIALITY</b>	
None	
<b>BRIEF SUMMARY</b>	
Various matters were raised by members at the AGM in May as part of the annual report reviewing the Constitution. Council resolved that Group Leaders (GLs) consider the points raised and a further report be submitted. This has happened and the various discrete matters are detailed below for adoption or further consideration.	
<b>RECOMMENDATIONS:</b>	
(i)	That an additional paragraph is added to the Council Procedure Rules covering Aldermen speaking at Council as per this report.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>	
1.	Council at the AGM in May 2016 requested that Group Leaders considered various questions posed regarding the Constitution and report back to Council.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	None in light of the above request.
<b>DETAIL (Including consultation carried out)</b>	
3.	<u>Aldermen – Questions at Council</u> It was originally proposed that in light of increased activity by Honorary Aldermen at Council that it may be prudent to include a small paragraph in the Constitution covering this area rather than leave to the discretion of the Mayor. On reflection it is recommended that a maximum of 5 minutes per question. This can be reviewed in due course if necessary.
4.	<u>Public Participation</u> Public and member participation in local authority decision making is a core tenet of public accountability, democracy, transparency and sound decision making. The Council's various schemes are as wide, and in many cases wider than other authorities. Accordingly, it is believed we accord with best practice

	both in respect of meetings such as Council generally and in quasi judicial meetings such as planning and licensing.				
5.	There is no formal or prescribed best practice or formulaic approach; it must be what fits the Council's requirements best. To date it is believed this has generally worked well. Ultimately it must, as a common law rule, be within the gift of the chair of the meeting to control the proceedings. Accordingly, it is the view of GLs and the Service Director: Legal and Governance that no revisions to the Constitution are needed. Chairs have been reminded of the need to involve the public and members as appropriate especially in quasi-judicial meetings such as Planning Panel and Licensing Committee.				
6.	A broad summary of what other authorities do at Council is below. There are different rules and lead in times for Licensing and Planning and Rights of Way Panel.				
	Southampton	Portsmouth	Brighton	Eastleigh	Fareham
	Questions and Deputations – 7 days before the meeting	Notice - 12 noon day before meeting	Fifth working day prior to meeting	(Area Committees) No notice needed but only taken at the start of meeting – 5 minutes for item and 5 minutes to speak against in total.	Noon 2 days prior to meeting
7.	<p><u>Confidentiality</u></p> <p>A question was posed as to the policies in place regarding confidential information and what happens when breached?</p> <p>In summary, appropriate rules and sanctions are in place. The Code of Conduct for Members and other contractual terms and policies governing officers are as strong as they can be within the law. Members and officers have been reminded by the Service Director: Legal and Governance of the provisions, the need to maintain confidential information as exactly that and the sanctions. GLs agreed no further action was required as the systems are as robust as the law permits.</p>				
<b>RESOURCE IMPLICATIONS</b>					
<b><u>Capital/Revenue</u></b>					
8.	None				
<b><u>Property/Other</u></b>					
9.	None				
<b>LEGAL IMPLICATIONS</b>					
<b><u>Statutory power to undertake proposals in the report:</u></b>					
10.	Local Government Act 2000, Localism Act 2011.				
<b><u>Other Legal Implications:</u></b>					

11.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
12.	None.

<b>KEY DECISION?</b>	No	
<b>WARDS/COMMUNITIES AFFECTED:</b>	none	
<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	None.	
<b>Documents In Members' Rooms</b>		
1.	None.	
2.		
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND REVENUE OUTTURN 2015/16		
<b>DATE OF DECISION:</b>	20 JULY 2016		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Sue Poynter	<b>Tel:</b> 023 8083 4153
	<b>E-mail:</b>	<a href="mailto:Sue.Poynter@southampton.gov.uk">Sue.Poynter@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:Melanie.Creighton@southampton.gov.uk">Melanie.Creighton@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>	
None	
<b>BRIEF SUMMARY</b>	
<p>The purpose of this report is to summarise the overall General Fund revenue outturn for 2015/16. It compares actual spending against the revised budget approved at Council in February 2016 adjusted for approved changes made since that date.</p> <p>The report also considers any requests for carry forwards and the allocation of funds for corporate purposes or other additional expenditure.</p> <p>The overall position on the General Fund shows that Portfolios had a net over spend of £4.65M against the working budget. After taking into account the outturn on other spending items and approved movements from balances, the Councils outturn was a balanced position, following a transfer to earmarked reserves of £2.1M, and a transfer to the revenue grant reserves of £1.15M</p> <p>This report also seeks to fund £0.13M of carry forwards.</p> <p>The level of General Fund balances at 31 March 2016 is £12.8M which, after taking into account planned draws from General Fund balances, reduces to £8.9M over the medium term to 2019/20.</p>	
<b>RECOMMENDATIONS:</b>	
It is recommended that Council:	
	(i) Notes the final outturn for 2015/16 detailed in Appendix 1 is a balanced position following the transfer to earmarked reserves and the revenue grants reserve totalling £3.25M as noted in paragraph 7.
	(ii) Notes that the level of General Fund balances at 31 March 2016 was £12.8M, reducing to £8.9M by 31 March 2017.
	(iv) Notes the performance of individual Portfolios in managing their budgets as set out in paragraph 8 of this report and notes the major variances in Appendix 2.

	(v)	Approves the carry forward requests totalling £0.13M and as outlined in paragraph 12 and set out in Appendix 3 to be funded from reserves.
	(vi)	Notes that £1.15M has been transferred to the Revenue Grants Reserve as detailed in paragraph 13.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
1.		The reporting of the outturn for 2015/16 forms part of the approval of the statutory accounts.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
2.		Reporting of outturn is undertaken in line with Local Government Accounting Practice. This is the only option appropriate.
<b>DETAIL (Including consultation carried out)</b>		
	<b>CONSULTATION</b>	
3.		Not applicable.
<b>GENERAL FUND BUDGET</b>		
4.		The original budget as approved by Council in February 2015 was revised by Council in February 2016. Each Portfolio within the General Fund is responsible for monitoring net controllable spend against the working budget throughout the financial year.
5.		Whilst there are significant numbers of under and over spends highlighted in this report (Appendix 2), many of these have already been reported to Cabinet and Scrutiny as part of the corporate financial monitoring process throughout the year. In general terms, Portfolios are required to manage their budgets “within allocated resources” and where potential problems have been identified, Directors have prepared and implemented action plans to bring spending back in line.
6.		This report covers the outturn position for 2015/16 and analyses spending against the working budget, identifying where applicable, where any under spend has been requested to be carried forward into 2016/17.
<b>OVERALL GENERAL FUND REVENUE POSITION</b>		
7.		The overall year end position is a balanced position following a transfer to earmarked reserves of £2.1M and a transfer to the revenue grants reserve of £1.15M as summarised in Appendix 1 and in the table below:

			<b>(Under) / Over Spend £M</b>
		<b>Portfolio Total</b>	<b>4.65</b>
		Levies & Contributions	(0.07)
		Capital Asset Management	(2.11)
		Other Expenditure & Income	(4.70)
		Transfers to reserves in year	(0.44)
		Transfer to reserves - year-end balance	2.10
		Transfer to Revenue Grants Reserve	1.15
		Grants	(0.60)
		<b>Final Position following transfer to reserves</b>	<b>0.00</b>
8.	As shown in the above table the Portfolio revenue outturn is an overspend of £4.65M and this is analysed in the table below:		
			<b>(Under) / Over Spend</b>
			<b>£M                  %</b>
		Communities, Culture & Leisure	(0.23)          3.7
		Education and Children's Social Care	6.84            17.5
		Environment & Transport	(1.10)          5.0
		Finance	(1.57)          4.1
		Health & Adult Social Care	3.50            6.0
		Housing & Sustainability	(0.14)          5.1
		Leader's Portfolio	(2.65)          21.6
		Transformation	(0.00)          0.2
		<b>Net Controllable Spend Total</b>	<b>4.65          2.6</b>
9.	Details of corporate issues and significant variations in net controllable spending on Portfolios are given in Appendix 2.		
	<b>NON-PORTFOLIO VARIANCES</b>		
10.	<u>Capital Asset Management (£2.1M Favourable)</u> The net underspend of £2.1M against budget was due to: <ul style="list-style-type: none"> <li>• £2.3M lower borrowing costs due to lower than expected need to borrow.</li> <li>• £0.5M increase in interest received on investments</li> <li>• Offset by £0.7M increase Minimum Revenue Provision (MRP) requirement as a result of a change in the policy for funding MRP to generate additional revenue savings.</li> </ul>		

11.	<u>Other Expenditure &amp; Income (£4.7M Favourable)</u> The main element of this favourable variance is the release of the risk fund to offset the net portfolio overspend.										
<b>CARRY FORWARD REQUESTS AND OTHER NEW SPENDING</b>											
12.	A carry forward requests of £0.13M has been put forward by Officers. This is detailed in Appendix 3. Council is asked to approve the carry forward, and note that the spend will be incurred in 2016/17 and be funded from the Medium Term Financial Strategy reserve.										
13.	It should also be noted that a sum of £1.15M has been transferred to the revenue grants reserve which was set up for the carry forward of grants. Spend will be incurred in 2016/17 and funded from this reserve.										
<b>MEDIUM TERM POSITION ON RESERVES AND BALANCES</b>											
14.	The General Fund balance stands at £12.8M. This is a net reduction of £7.13M compared to a balance of £19.9M at the end of 2014/15. This is line with the approved budget for 2015/16.										
	The General Fund Balance consists of the following allocations:										
	<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><b>£M</b></th> </tr> </thead> <tbody> <tr> <td>Amount Required to support 2016/17 budget</td> <td style="text-align: right;">3.9</td> </tr> <tr> <td>Minimum Balance as per Risk Assessment</td> <td style="text-align: right;">5.5</td> </tr> <tr> <td>Amount over and above minimum balance</td> <td style="text-align: right;">3.4</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>12.8</b></td> </tr> </tbody> </table>		<b>£M</b>	Amount Required to support 2016/17 budget	3.9	Minimum Balance as per Risk Assessment	5.5	Amount over and above minimum balance	3.4	<b>Total</b>	<b>12.8</b>
	<b>£M</b>										
Amount Required to support 2016/17 budget	3.9										
Minimum Balance as per Risk Assessment	5.5										
Amount over and above minimum balance	3.4										
<b>Total</b>	<b>12.8</b>										
15.	The level of General Fund balances at 31 March 2016 is £12.8M which, after taking into account planned draws from General Fund balances, reduces to £8.9M over the medium term to 2019/20. The minimum level of General Fund balances as recommended by the CFO is £5.5M.										
16.	Within the Medium Term Financial Strategy (MTFS), the financial risks facing the Council in the medium term are identified. This includes assessing the risk of continuing reductions in Central Government Funding. The subsequent budget shortfalls that the Council then faces and overall local and national economic factors which can affect the financial stability of the council.										
17.	In light of the increasing level of risk and uncertainty identified within the MTFS and the increased probability of resources being required to support its delivery, a full review of useable reserves and provisions has been undertaken. In closing the accounts for 2015/16 a view has been taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk resulting in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside.										
18.	The Council transferred £2.1M to the Organisation Design Reserve to meet the costs of redundancy over the medium term, where it has previously been identified as there being a shortfall in resources										

19.	The Council maintains a number of useable reserves these totalled £72.3M at year end. This includes £63.9M of General Fund Reserves and £8.5M of school balances are also held. A breakdown of useable reserves is shown in Appendix 4.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
20.	As set out in the report details.
<b><u>Property/Other</u></b>	
21.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
22.	The Council's accounts must be approved by Council in accordance with the Accounts and Audit Regulations 2011.
<b><u>Other Legal Implications:</u></b>	
23.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
24.	The proposals contained in the report are in accordance with the Council's Policy Framework Plan.

<b>KEY DECISION?</b>	Yes/No	
<b>WARDS/COMMUNITIES AFFECTED:</b>	All	
<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	General Fund Revenue Outturn 2015/16	
2.	Main Variances on Controllable Portfolio Spending	
3.	Carry Forward Requests	
4.	Useable Reserves at 31 <sup>st</sup> March 2016	
<b>Documents In Members' Rooms</b>		
1.	None	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		Yes/No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
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.	GENERAL FUND REVENUE BUDGET 2015/16 TO 2017/18 – Council 11 February 2015	

# Agenda Item 12

## Appendix 1

### GENERAL FUND REVENUE OUTTURN 2015/16

Revised Budget 2015/16 £M		Working Budget 2015/16 £M	Portfolio Outturn £M	Outturn Variance £M
	<b>Portfolios</b>			
5.79	Communities, Culture & Leisure	6.12	5.89	(0.23)
38.96	Education and Children's Social Care	39.07	45.91	6.84
23.60	Environment & Transport	22.15	21.05	(1.10)
31.90	Finance	38.76	37.19	(1.57)
59.62	Health & Adult Social Care	58.08	61.58	3.50
2.86	Housing & Sustainability	2.69	2.55	(0.14)
11.11	Leader's Portfolio	12.24	9.60	(2.65)
0.02	Transformation	0.64	0.64	(0.00)
<b>173.86</b>	<b>Sub-total for Portfolios</b>	<b>179.75</b>	<b>184.41</b>	<b>4.65</b>
0.63	<b>Levies &amp; Contributions</b>	0.63	0.57	(0.07)
10.27	<b>Capital Asset Management</b>	1.95	(0.16)	(2.11)
4.43	<b>Other Expenditure &amp; Income</b>	4.50	(0.19)	(4.70)
2.28	<b>Transfer to Provisions/Reserves In Year</b>	5.33	4.90	(0.44)
0.00	<b>Transfer to Grants Reserve at Year End</b>	0.00	1.15	1.15
0.00	<b>Transfer to Reserves - Year End Surplus</b>	0.00	2.10	2.10
<b>191.48</b>	<b>Net Revenue Expenditure</b>	<b>192.17</b>	<b>192.77</b>	<b>0.60</b>
	<b>Funded By:</b>			
(7.13)	Addition to / (Draw From) Balances	(7.13)	(7.13)	0.00
(77.27)	Council Tax	(77.27)	(77.27)	0.00
(51.37)	Non-Specific Government Grants & Other Funding	(52.06)	(52.47)	(0.41)
(50.14)	Business Rates	(50.14)	(50.32)	(0.19)
(3.21)	Council Tax Collection Fund (Surplus) / Deficit	(3.21)	(3.21)	0.00
(2.37)	Business Rates Collection Fund (Surplus)/Deficit	(2.37)	(2.37)	0.00
<b>(191.48)</b>	<b>Total Funding</b>	<b>(192.17)</b>	<b>(192.77)</b>	<b>(0.60)</b>
<b>0.00</b>	<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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### COMMUNITIES, CULTURE & LEISURE PORTFOLIO

#### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£0.23M** at year-end, which represents a percentage variance against budget of **3.7%**. The Portfolio outturn variance has moved **favourably** by **£0.52M** from the position reported at Quarter 3.

	<b>Outturn Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	0.23 F	3.7	0.52 F	8.5
Grant Carry Forwards	0.00	0.0	-	-
<b>Final Portfolio Outturn</b>	<b>0.23 F</b>	<b>3.7</b>	<b>0.52 F</b>	<b>8.5</b>
Carry Forward Requests	0.13	2.2	0.13	2.2

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Leisure Client	0.11 F	0.07 F	0.04 F	COMM 1
Gallery & Museums	0.09 A	0.18 A	0.09 F	COMM 2
Heritage, Collection & Mgmt	0.12 F	0.05 F	0.07 F	COMM 3
Social Fund & Property	0.15 A	0.17 A	0.02 F	COMM 4
Major Projects	0.15 F	0.01 F	0.14 F	COMM 5
Other	0.09 F	0.07 A	0.16 F	
<b>Total</b>	<b>0.23 F</b>	<b>0.29 A</b>	<b>0.52 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**COMM 1 Leisure Client (£0.11M favourable, £0.04M favourable movement)**

**Contractual adjustments on the Sports & Recreation and Golf Course contracts.**

There is a saving of £0.07M on the Sports & Recreation contract, due to the forecast for utility inflation being no longer required and savings on indexation, this is a favourable movement of £0.02M from quarter 3. This saving offsets an adverse variance of £0.05M due to the non-achievement of an approved savings proposal to review Leisure contracts.

There is a saving on the Golf Course contract of £0.05M, no movement from quarter 3, due to an adjustment of indexation in part relating to prior years. There is an unchanged saving of £0.01M on the NorthGuild contract, due to indexation issues, and, there is a favourable variance of £0.01M from unspent community fund, not reported at quarter 3. There is also a variance of £0.01M on supplies and services due to reduced electrical maintenance costs, no movement compared to quarter 3.

**COMM 2 Gallery & Museums (£0.09M adverse, £0.09M favourable movement)**

**There is a shortfall in venue income due to lower visitor numbers than anticipated.**

The income for SeaCity Museum is adverse by £0.14M, following a draw of £0.17M from the Risk Fund, to partially cover an income shortfall. There is a favourable movement of £0.04M compared to quarter 3 due to banking transaction adjustments.

There is also a shortfall in actual income of £0.05M for Tudor House Museum, a favourable movement of £0.01M compared to quarter 3. However, there is a favourable variance on venues utilities (mainly SeaCity) for rates, geothermal & electricity and other operating costs of £0.10M, a favourable movement of £0.07M compared to quarter 3.

**COMM 3 Heritage, Collection & Management (£0.12M favourable, £0.07M favourable movement)**

**There is a favourable variance due to lower operational costs.**

There are lower operational costs with savings of £0.06M on repairs & maintenance (mainly Monuments), a favourable movement of £0.03M compared to quarter 3, and £0.02M on employee budgets, no movement compared to quarter 3. Also various premises costs are favourable by £0.03M, a favourable movement of £0.02M compared to quarter 3.

**COMM 4 Social Fund & Property (£0.15 adverse, £0.02M favourable movement)**

**There is an over spend due to the withdrawal of external funding.**

Until 31st March 2015, the Department for Work and Pensions provided Local Welfare Provision funding to provide transitional support to residents following the end of Crisis Loans and Community Care Grants.

The Local Welfare Provision has been withdrawn, but cases are still being referred to the Council and the cost of support services this year was £0.28M. Although £0.13M of this has been met by an approved carry forward of Council funding from 2014/15, it left an adverse variance of £0.15M, a favourable movement of £0.02M to quarter 3.

### **COMM 5 Major Projects (£0.15M favourable, £0.14M favourable movement)**

**There is a carry forward request for funding of £0.13M to help support the new operating company for the new arts complex.**

Council funding of £0.16M, along with Arts Council England (ACE) funding of £0.15M, was originally budgeted to transfer to the operating company of the new arts complex in 2014/15. The under spend on Council funding of £0.13M was then carried forward into 2015/16.

The project has suffered further substantial delays and the full sum of £0.13M remains unspent at year-end, a favourable movement of £0.13M from quarter 3. Although the ACE funding has now been spent in its entirety, a carry forward to 2016/17 is requested for the Council funding.

## **EDUCATION AND CHILDREN'S SOCIAL CARE PORTFOLIO**

### **KEY ISSUES – OUTTURN 2015/16**

The Portfolio has over spent by **£7.89M** at year-end, which represents a percentage variance against budget of **20.2%**. The Portfolio outturn variance has moved **adversely** by **£0.08M** from the position reported at Quarter 3.

	<b>Outturn Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	6.84 A	17.5	0.97 F	2.5
Grant Carry Forwards	1.05	2.7	-	-
<b>Final Portfolio Outturn</b>	<b>7.89 A</b>	<b>20.2</b>	<b>0.08 A</b>	<b>0.2</b>
Carry Forward Requests				

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Divisional Management & Legal	0.34 A	0.56 A	0.22 F	E&CSC1
Quality Assurance	0.26 A	0.27 A	0.01 F	E&CSC2
Specialist Core Services	1.38 A	1.10 A	0.28 A	E&CSC3

Looked After Children & Provision	5.41 A	5.28 A	0.13 A	E&CSC4
MASH & Early Help	0.55 F	0.33 A	0.88 F	E&CSC5
Education – Early Years & Asset Management	0.28 A	0.25 A	0.03 A	E&CSC6
Education - High Needs & Schools	0.21 F	0.00	0.21 F	E&CSC7
Other	0.07 F	0.02 A	0.09 F	
<b>Total</b>	<b>6.84 A</b>	<b>7.81 A</b>	<b>0.97 F</b>	

The **SIGNIFICANT** issues for the Portfolio are:

**E&CSC 1 – Divisional Management and Legal (£0.34M adverse; £0.22M Favourable movement)**

**The over spend on this budget is due to; interim cover for vacant posts, an increase in demand for translation services and specific project work to assist with reducing the number of looked after children. Whilst there have been favourable movements relating to legal expenses.**

Interim managers have been required on a short term basis to cover vacant posts and for specific project work to assist with reducing the number of looked after children. The additional cost of interim managers has led to an over spend of £0.21M due in the main to a requirement for additional capacity requirements at service manager level. The need for additional service manager resource has been recognised as an ongoing issue and provision has been identified for 2016-17 to pay for this resource. This is a favourable movement of £0.01M from quarter 3.

There is an over spend of £0.22M relating to the increase in demand for translation services which has continued from 2014 onwards. This is a favourable movement of £0.02M from quarter 3.

Finally, there was an under spend of £0.06M relating to backdated legal invoices and decrease in demand in the final three months of the year. This was a favourable movement of £0.15M from quarter 3.

**E&CSC 2 – Quality Assurance (£0.26M adverse; £0.01M Favourable movement)**

**The increasing number of children in care has resulted in an increase in the statutory work undertaken by the Independent Reviewing Officers team.**

The increase in statutory work has led to a need for additional capacity within the Independent Reviewing Officers (IRO) team and led to an over spend of £0.20M within this team. As a result, unbudgeted interim independent reviewing officer cover was required during 2015/16, and provision has been set aside for 2016/17 to pay for additional IRO resource. The inability to recruit permanently to management posts has also contributed to this overspend.

The requirement for agency cover within the Data Team has led to an over spend of £0.09M. This was a favourable movement of £0.01M from quarter 3.

### **E&CSC 3 – Specialist Core Services (£1.38M adverse; £0.28M Adverse movement)**

#### **Increased agency staff costs.**

This area has over spent by £1.38M. The level of vacant social work posts within the Protection and Court Teams (PACT) has been higher than anticipated, and there has been an ongoing need for agency cover. Agency social workers cost on average twice as much as a permanent social worker.

In addition, the level of the overall caseload has led to a need for interim social workers over establishment. This is an adverse movement of £0.28M from quarter 3.

### **E&CSC 4 –Looked After Children & Provision (£5.41M adverse; £0.13M Adverse movement)**

#### **There are significant numbers of children in care above the budgeted level, in particular, in fostering and residential placements with external providers.**

The increasing number of children requiring specialist support packages has led to an over spend of £1.73M on residential placements. Since these placements can cost up to £785 per day, (or £899 per day for a civil secure placement), a small increase in the number of children requiring such intensive support can have a significant impact on the financial position.

Management action has been taken to address this overspend, including the establishment of a residential panel to ensure that each placement meets the need of the child in the most cost efficient way.

The over spend of £2.03M on fostering has mainly arisen as a result of an increase in placements from Independent Fostering Agencies (IFA's) and SCC foster carers (overspend of £0.39M) over that originally anticipated. IFA placements tend to cost between 2 and 3 times as much as an SCC foster placement.

There were 88 adoption agency placements that either commenced during the last quarter of 2014-15 or during 2015-16. The ongoing financial liability for these placements has led to a net over spend of £0.75M, after taking into account those placement costs that should be met from the new inter agency adoption fee grant. The non-recurring cost of these adoption placements is mitigated by avoiding the higher recurring cost of foster care fees.

This is an overall adverse net movement of £0.13M from quarter 3 which is mainly due to an additional 4 residential placements in the last 3 months and also due to 3 placements becoming more complex. However, there was a net favourable movement on Independent Fostering Agencies (IFA's) and SCC foster carers of £0.21M, in the last 3 months as IFA placement numbers remain the same as quarter 3.

### **E&CSC 5 – MASH & Early Help (£0.54M favourable; £0.87M Favourable movement)**

#### **Increased agency staff costs**

An increase in the demand for the MASH and Early Help service including the need to cover statutory work for children in need has led to the necessity to recruit additional social workers and assistant team managers over the established structure. This has led to an over spend of £0.32M. It is envisaged that this additional support will only be required on a short term basis.

A number of management actions have been undertaken to address the over spend on agency staff including reviewing the need for agency staff and setting a cap on the rates paid to staff agencies, (based on the grade of the post to be covered). Also, the Service have recruited a Transformation Manager to oversee recruitment of permanent staff into posts being covered by agency staff, which will also help address the issue.

There has also been a revenue grants carry forward request of £.87M in relation to the DCLG Troubled Families grant to fund future years' activities.

**E&CSC 6 – Education – Early Years & Asset Management (£0.28M adverse; £0.03M Adverse movement)**

**The adverse variance primarily relates to Home to Schools Transport for Special Schools (HTSTS) due to increased demand.**

The overspend position is primarily due to Home to school transport for children attending Special schools due to the impact of the continuing increase in school transport numbers at Special Schools. This correlates with the recent increases in capacity at the Special Schools. This adverse variance is partially offset by various minor favourable variances against; IT and Business Support as a result of increased income due to more school signing up for SLAs and reductions in expenditure on payments to early years providers due to a reduction in the numbers of funded hours paid for pre-school age children.

**E&CSC 7 – Education - High Needs & Schools (£0.21M favourable; £0.21M Favourable movement)**

**High needs adverse variance is offset by underspend against non-recurring monies held within DSG.**

As expected the overall high needs pressure due to the additional cost of educational placements for children and young people with a special educational need, was funded from the non-recurring monies held within DSG carry forward from 2014/15.

It is important to note that some of the current high needs pressures will have full year impact in 2016/17. Where possible sufficient allowance has been made in 2016/17 estimates on the basis of known activity and expected growth.

The DSG position will continued to be monitored very closely during 2016/17.

There has also been a revenue grant carry forward request of £0.18M in relation to the SEN reform and SEN employment grants to fund future years' activities.

## ENVIRONMENT & TRANSPORT PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£1.10M** at year-end, which represents a percentage variance against budget of **5.0%**. The Portfolio outturn variance has moved **favourably** by **£0.52M** from the position reported at Quarter 3.

	<b>Outturn Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	1.10 F	5.0	0.52 F	2.4
Grant Carry Forwards	0.00	0.0	-	-
<b>Final Portfolio Outturn</b>	<b>1.10 F</b>	<b>5.0</b>	<b>0.52 F</b>	<b>2.4</b>
Carry Forward Requests	0.00	0.0	0.00	0.0

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Domestic Waste Collection	0.63 A	0.62 A	0.01 A	E&T 1
Waste Disposal	0.42 A	0.27 A	0.15 A	E&T 2
E&T Contracts Management	0.71 F	0.74 F	0.03 A	E&T 3
Off Street Parking	0.27 F	0.09 F	0.18 F	E&T 4
Development Management	0.70 F	0.48 F	0.22 F	E&T 5
Travel	0.49 F	0.31 F	0.18 F	E&T 6
Other	0.02 A	0.15 A	0.13 F	
<b>Total</b>	<b>1.10 F</b>	<b>0.58 F</b>	<b>0.52 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**E&T 1 Domestic Waste Collection (£0.63M adverse, £0.01M adverse movement)**

**There is an adverse variance on employee costs.**

The main adverse variance is the cost of temporary agency cover for staff sickness absences. This is adverse by £0.42M, an adverse movement of £0.02M compared to quarter 3. There are other adverse variances for additional fleet hire, cost of bin storage and lower recyclable income. These total £0.21M, a favourable movement of £0.01M.

**E&T 2 Waste Disposal (£0.42M adverse, £0.15M adverse movement)**

**There are various changes with an adverse overall variance.**

There are adverse variances on the disposal costs of general collected household waste of £0.22M (£0.10M adverse movement) and of waste from the Civic Amenity Waste Centres of £0.05M (£0.01M adverse movement).

There are also adverse variances on income from the profit share of £0.08M (£0.02M adverse movement) and on HWRC income of £0.07M (£0.02M adverse movement), due to the fall in the price of recycled metal. There is also an adverse variance of £0.03M on HWRC management fees, a £0.01M adverse movement compared to quarter 3.

**E&T 3 E&T Contracts Management (£0.71M favourable, £0.03M adverse movement)**

**There are savings on contract indexation and street lighting energy costs and there is additional income.**

There is a favourable variance on the PFI Street Lighting contract sum. This is favourable by £0.22M, due to contract deductions, including prior year one-off adjustments, an adverse movement of £0.03M compared to quarter 3. There is a favourable variance on the Highways HSP contract sum. This is favourable by £0.06M, mainly due to actual contract indexation being lower than budgeted, no movement compared to quarter 3.

There is also a favourable variance on street lighting energy costs. This is favourable by £0.18M, an adverse movement of £0.05M, due to the lower consumption levels associated with the near completion of the core investment programme and the Council's dimming policy. This is offset slightly by higher unbudgeted increases in electricity prices.

There is a favourable variance on Highways Partnership Third Party Income share (re 2014/15) of £0.10M, as the income is higher than was anticipated, no movement compared to quarter 3. There is a favourable variance on Traffic Management Act permit income of £0.04M, no movement compared to quarter 3 and on a provision for drainage works of £0.07M, a favourable movement of £0.02M.

**E&T 4 Off Street Parking (£0.27M favourable, £0.18M favourable movement)**

**There is higher other parking income and lower spend on operational costs.**



There is a favourable variance of £0.12M on other income from penalty charge notices and suspended parking bays, an adverse movement of £0.02M compared to quarter 3.

There is a favourable variance on Off-Street Parking income of £0.02M, a favourable movement of £0.19M, due to the forecast decline in parking income not being realised.

There is lower spend on operational costs of £0.04M, an adverse movement of £0.01M. This is due to the impact of the initiative on non-essential spend.

There is also a favourable variance on rates of £0.09M, no movement compared to quarter 3.

#### **E&T 5 Development Management (£0.70M favourable, £0.22M favourable movement)**

**There is a favourable variance mainly due to increased income.**

There is a favourable variance of £0.50M on income from planning applications, a favourable movement of £0.16M compared to quarter 3. This reflects a higher level of applications, including a number of recent proposed major developments in the City.

There are also favourable variances on employee budgets of £0.03M (£0.01M adverse movement) and on CIL administration fees of £0.09M, a favourable movement of £0.04M compared to quarter 3.

There is a favourable variance of £0.04M on S.106 administration fees, a favourable movement of £0.01M compared to Month 9, and a favourable variance of £0.04M from staff charges to PUSH, a favourable movement of £0.02M.

#### **E&T 6 Travel (£0.49M favourable, £0.18M favourable movement)**

**There is a favourable variance due to lower Concessionary Fares costs.**

The total actual number of Concessionary Fare journeys and the average fare are both lower than originally estimated which led to a favourable variance on the scheme of £0.45M. There is a movement of £0.15M compared to quarter 3 due to a prudent approach to forecasting the future number of journeys and the average fare – both of which are not within the Service's direct control.

#### **Trading Areas (£0.11M Adverse, £0.13M adverse movement)**

**Adverse due to under recovery of cost of service and lower than expected income from landscaping activities.**

The Fleet trading area is adverse by £0.10M (1.9%) due to charges to customers not fully recovering the cost of the Service. As part of an efficiency process, the fleet workshop labour rates have not been increased for four years. However, the rates are not yet fully aligned with costs.

The Landscaping trading area is adverse by £0.03M (3.9%) due to the Service being unable to fully achieve the planned level of income from ad hoc landscaping work.

## FINANCE PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£1.55M** at year-end, which represents a percentage variance against budget of **4.0%**. The Portfolio outturn variance has moved **favourably** by **£0.12M** from the position reported at Quarter 3.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	1.57 F	4.1	0.14 F	0.4
Grant Carry Forwards	0.02 A	0.1	-	-
<b>Final Portfolio Outturn</b>	<b>1.55 F</b>	<b>4.0</b>	<b>0.12 F</b>	<b>0.3</b>
Carry Forward Requests	0.00	0.0	0.00	0.0

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Partnership	0.49 F	0.46 F	0.03 F	FIN 1
Finance Service	0.16 F	0.15 F	0.01 F	FIN 2
Business Support	0.31 F	0.22 F	0.09 F	FIN 3
IT Services	0.15 F	0.15 F	0.00 F	FIN 4
Corporate Management	0.43 F	0.43 F	0.00 F	FIN 5
Local Taxation & Benefits	0.20 F	0.05 F	0.15 F	FIN 6
Corporate Services Directorate Management	0.27 A	0.08 A	0.19 A	FIN 7
Other	0.10 F	0.05 F	0.05 F	
<b>Total</b>	<b>1.57 F</b>	<b>1.43F</b>	<b>0.14 F</b>	

The **SIGNIFICANT** issues for the Portfolio are:

**FIN 1 Partnership (£0.49 favourable, £0.03 favourable movement)**

**Saving against assumed annual contract uplift / service credits.**

A favourable variance of £0.13M has arisen against the Capita contract as the actual annual contract uplift was lower than the percentage increase assumed when the budgets were approved for the year; this revised base has been reflected in future year's budgets. In addition one-off service credits totalling £0.09M have been received in-year as part of the contract performance measurements, an increase of £0.03M compared to quarter 3. A further favourable variance of £0.22M has arisen from ongoing contract changes reflected in current and future year's budgets. In addition a one-off favourable variance of £0.05M has arisen from salary underspends due to vacant posts and represents the early achievement of 2016/17 approved vacancy savings.

**FIN 2 Finance Service (£0.16M favourable, £0.01M favourable movement)**

**Salary and Supplies & Services under spends.**

The favourable variance reflects salary under spends from vacant posts across the Finance Service, together with an in-year under spend against supplies & services budgets. This represents a small favourable movement of £0.01M compared to quarter 3.

**FIN 3 Business Support (£0.31M favourable, £0.09M favourable movement)**

**Salary and Supplies & Services under spends.**

A favourable variance of £0.14M has resulted from under spends on salaries and staff training as a result of the non-essential spend freeze, an increase of £0.04M compared to quarter 3. In addition is a new favourable variance of £0.05M from the centralised stationery budgets; these centralised budgets will be reviewed for 2016/17 to assess the level required and to determine whether an ongoing saving against the budget could be declared.

A further favourable variance of £0.12M is due to the early achievement of the 2016/17 budget saving achieved from Phase 1 of the Business Support review.

**FIN 4 IT Services (£0.15M favourable, £NIL movement)**

**Rationalisation of PCs.**

A favourable variance of £0.12M has arisen primarily from the managed rationalisation of PCs and laptops across the authority resulting in an in-year saving to SCC, an increase of £0.02M compared to quarter 3. In addition an in-year saving of £0.03M reflects salary and supplies & services underspends within the IT / Web teams following the establishment of a permanent Web Support Team and recruitment to the structure, a decrease of £0.02M compared to quarter 3.

### **FIN 5 Corporate Management (£0.43M favourable, £NIL movement)**

#### **Provision for in-year pressures not required.**

A number of potential in-year pressures were anticipated within the Portfolio, to cover items such as implementation of restructures, contract changes etc, for which one-off provision had been made. However these pressures have either not materialised at the levels anticipated or can now be covered within the overall Portfolio position. As a result this one-off provision is no longer required; a NIL movement compared to quarter 3.

### **FIN 6 Local Taxation & Benefits (£0.20M favourable, £0.15M favourable movement)**

#### **External Legal Expenses under spend.**

A favourable under spend of £0.06M has arisen against legal expenses related to Council Tax collection, a favourable movement of £0.01M compared to quarter 3. Council Tax Benefit ended in 2013 to be replaced with Local Council Tax Reduction which meant that approximately 8500 claimants would have to pay 25% Council Tax rather than nothing. It was therefore anticipated that this would lead to an increase in legal cases and the associated legal expenses. Whilst there has been an increase, this has not to date been realised at the rate anticipated and therefore the budget is currently forecast to under spend. This will be kept under review to assess whether an ongoing saving against the legal expenses budget could be declared.

In addition a favourable variance of £0.05M has arisen against the bad debt provision following a year-end review of the level of provision required. Additional one-off income of £0.12M from Council Tax benefit clawback relating to prior years has been received, offset in part by a reduction in recovery cost income received of £0.05M. The combined impact represents a net favourable movement of £0.15M.

It should be noted that a grant carry forward is requested for £0.02M in relation to a DWP grant receipted in 2015/16 for a work to be undertaken in 2016/17 for new burdens arising from Real Time Bulk Data Matching.

### **FIN 7 Corporate Services Directorate Management (£0.27M adverse, £0.19M adverse movement)**

#### **Additional spend on Equal Pay.**

The adverse variance relates to in year one-off spend on additional activity/staffing resources required to complete the implementation of the Equal Pay project, the final date for which was delayed, thereby incurring additional costs. This particular work activity is now complete and the associated cost pressure can be covered within the overall Portfolio position.

## HEALTH & ADULT SOCIAL CARE PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has over spent by **£3.50M** at year-end, which represents a percentage variance against budget of **6.0%**. The Portfolio outturn variance has moved **adversely** by **£0.03M** from the position reported at Quarter 3.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	3.50 A	6.0	0.03 A	0.0
Grant Carry Forwards	0.00 A	0.0	-	-
<b>Final Portfolio Outturn</b>	<b>3.50 A</b>	<b>6.0</b>	<b>0.03 A</b>	<b>0.0</b>
Carry Forward Requests	0.00	0.0	0.00	0.0

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Long Term	3.72 A	3.02 A	0.70 A	H&ASC 1
ICU System Redesign	0.55 F	0.49 F	0.07 F	H&ASC 2
Reablement	0.89 A	0.89 A	0.00 F	H&ASC 3
Adult Services Management	0.82 F	0.58 F	0.23 F	H&ASC 4
Safeguarding AMH & OOH	0.03 F	0.07 A	0.10 F	H&ASC 5
Provider Services	0.38 A	0.46 A	0.07 F	H&ASC 6
ICU Provider Relationships	0.45 F	0.44 F	0.01 F	H&ASC 7
Public Health	0.35 A	0.53 A	0.18 F	H&ASC 8
Other	0.00 F	0.01 A	0.01 F	
<b>Total</b>	<b>3.50 A</b>	<b>3.47 A</b>	<b>0.03 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**H&ASC 1 – Long Term (£3.72M adverse, £0.70M adverse movement)**

**Non achievement of savings agreed in both February 2014 and February 2015 for reductions in volume of care created an adverse variance.**

The budget for externally purchased care for Older Persons and clients with either a Physical Disability or Learning Disability overspent by £3.42M. The majority of this overspent, £3.22M, was due to the non achievement of savings. The adverse position was also increased by Learning Disabilities' packages of £0.47M due to additional demand and re-provision of Clients from Southampton Day Services. This is offset in part from the £0.10M delayed transfer of care grant received in 2015/16 and a favourable variance of £0.16M from reductions in activity within Learning Disability Domiciliary Care due to client reductions within the scheme for former locally based hospital unit clients.

This adverse position was further increased due to additional staffing costs of £0.30M, from the requirement to cover vacancies and sickness by temporary staff, in addition there are redundancy and compromise agreement costs and non achievement of the market supplement saving.

As reported at quarter 3 the Long Term budget is not achieving the previously agreed savings targets for reductions in care. The adverse position increased by £0.03 at year end due to a reduction in the anticipated savings achieved from the retender of Homecare. The adverse position has also increased at year end because of additional client packages of £0.24M for Older Persons and Physical Disabilities. The adverse movement has further increased by additional packages for Learning Disability clients of £0.29M due to new and amended care arrangements. In addition, since quarter 3 there have been further costs of £0.08M relating to clients that were situated at Southampton Day Services but transferred to purchased care provision at an additional cost.

The adverse position for staffing has increased by £0.05M due to increased agency costs to cover additional sickness and vacancies.

**H&ASC 2 - ICU System Redesign (£0.55M favourable, £0.07M favourable movement)**

**Savings created from reduction in contract costs and decommissioning of contracts.**

The favourable position of £0.55M has arisen due to contract savings. Part of this saving, £0.22M, related to the substance misuse contract. This contract is funded from the Public Health grant and therefore the saving contributed towards the saving required to meet the reduction in this grant. The Rose Road respite contract underspent by £0.06M due to a reduction against the anticipated volume of beds required. The budget for decommissioning and transition, £0.11M, was not essential this year and so was held along with other savings of £0.05M to offset other pressures within the Portfolio.

The learning disability day care contract for a specific group of clients, who had previously transferred from Health, underspent by £0.02M following action to reduce the cost of this provision, and staffing budgets underspent by £0.04M due to vacancies.

There has been a further favourable movement since quarter 3 of £0.07M.

### **H&ASC 3 - Reablement (£0.89M adverse, Nil movement).**

**The review of rehabilitation and reablement services saving was not achieved in addition to significant agency and pay and allowances costs.**

The £0.40M of the Rehab and Reablement review saving was not achieved this year due to a delay in the process whilst the proposals were fully considered and consulted on. In addition there have been additional costs for staffing and agency of £0.80M to cover; vacant posts, the net cost of Pay and Allowances introduced in the year, an additional cost for winter pressure cover and costs associated with the regrading of Co-Ordinators. These pressures are offset by savings achieved through a cessation on non-essential spend on supplies and services and travel and premises costs of £0.13M. In addition there was unbudgeted income for joint funded posts of £0.04M. As part of the Better Care Fund pooled budget arrangement, the Southampton Clinical Commissioning Group made an additional payment of £0.13M as their contribution towards the reablement overspend.

Since quarter 3 employee costs have increased by £0.12M which have been fully offset by supplies and services savings of £0.02M and additional income of £0.10M. This income is made up from the contribution towards the pooled budget overspend by the CCG of £0.13M, less a reduction in anticipated income of £0.30M for shared posts.

### **H&ASC 4 – Adult Services Management (£0.82M favourable, £0.23M favourable movement).**

**A favourable variance was generated due to expenditure relating to Care Act responsibilities which is reported elsewhere within the portfolio whilst the budget is held within this service activity. This is offset by not achieving the Corporate agency saving target.**

The favourable position of £0.82M was due in part to the saving in Care Act Funding of £0.93M. This funding was released to offset the additional activity in Long term Care. Further savings were achieved in the Learning and Development budget of £0.07M to offset overspends elsewhere in the Portfolio. These savings were reduced by the non achievement of the corporate agency saving target of £0.22M.

Since quarter 3 the favourable variance had increased by £0.18M as further Care Act funding was released to offset increase costs in Long term Care. Further savings of £0.06 were achieved on supplies and services and premises costs.

**H&ASC 5 – Safeguarding Adult Mental Health & Out of Hours (£0.03M favourable, £0.10M favourable movement)**

**Overspend on care packages for Mental Health clients are offset by employee savings.**

Client package costs for Mental Health clients are overspent by £0.36M due to increased demand. This overspend is offset by employee savings from vacant posts of £0.29M and the anticipated costs of £0.03M for Legal support for the deprivation of liberty safeguards, now being paid from the Care Act funding held elsewhere in the Portfolio.

At quarter 3 the budget was forecast to overspend by £0.07M. At year end the position was favourable by £0.03M. This favourable movement of £0.10M related to savings on substance misuse packages of £0.06M and further staffing savings of £0.02M and legal costs of £0.03M.

**H&ASC 6 – Provider Services (£0.38M adverse, £0.07M favourable movement).**

**The delay in the final outcome of the Kentish Road and Southampton Day Services review has created an adverse variance.**

The saving associated with the review of Kentish Road of £0.10M was not achieved, due to the delay in implementation. This adverse position was increased by £0.20M because of the additional cost of agency staff and overtime to cover vacant posts and increased demand for the service. The review of Southampton Day Services did not fully achieve the saving target as the original implementation date for the proposal was September but it took effect in December, the shortfall was £0.14M.

The adverse position was offset by increased savings of £0.09M from the closure of Woodside Lodge and vacant posts in Shared lives of £0.03M, reduced by increased agency staffing costs of £0.06M for Holcroft and Glen Lee.

Since quarter 3 there has been a favourable movement of £0.07M. This is in part due to a reduction in Day Services costs of £0.21M. The new service for Day Services was implemented in the last quarter of the year and there was uncertainty of the likely running costs which at year end was less than anticipated. This reduction in cost was reduced by an increase in costs for Holcroft House and Glen Lee of £0.12M for additional agency cover for staff sickness and holiday cover. Kentish Road respite service incurred additional costs of £0.02 for agency staff to cover an increase in placements.

**H&ASC 7 – ICU Provider Relationships (£0.45M favourable, £0.01M favourable movement).**

**The re-negotiation of the Supporting People contract has generated a saving.**

A saving of £0.53M has occurred following contract re-negotiations for the Supporting People contract. This is a recurring saving which is already included within the 2016/17 budget. This favourable position is reduced by additional costs for the Community Day Care contract of £0.05M which has been incurred due to the re-provision of service from the closed Day Care services. This is further reduced by £0.04M due to reduced income for the block contract beds at Northlands for free nursing care which is not paid for when beds are vacant.



Since quarter 3 there has been a slight decrease in costs by £0.01M. This is due to saving on the Joint Equipment Store, Voluntary Contracts and employee savings of £0.10M offset by additional costs of the Supporting People contact, Community Day Care contract and a reduction of income from Northlands House for free nursing care of £0.09M.

**H&ASC 8 – Public Health (£0.35M adverse, £0.18M favourable movement).**

**A reduction in the Public Health grant has created an adverse variance which has been mitigated, in part, by corresponding savings.**

During the year Public Health England announced that the Public Health grant paid to the City Council would reduce by £1.06M, which represented a 6.19% reduction in our 2015/16 funding. In year savings of £0.71M, within this service activity, has partly offset this shortfall in income. In total, services funded by the Public Health grant have achieved a saving of £0.93M against the grant reduction, as Public Health funded contract savings have been made in ICU System Redesign of £0.22M.

Since quarter 3 further savings of £0.18M have been achieved, the majority of which related to reduced activity expenditure over and above that forecast at the time.

**HOUSING & SUSTAINABILITY PORTFOLIO**

**KEY ISSUES – OUTTURN 2015/16**

The Portfolio has under spent by **£0.06M** at year-end, which represents a percentage variance against budget of **2.1%**. The Portfolio outturn variance has moved **favourably** by **£0.15M** from the position reported at Quarter 3.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	0.14 F	5.1	0.23 F	8.3
Grant Carry Forwards	0.08 A	3.0	-	-
<b>Final Portfolio Outturn</b>	<b>0.06 F</b>	<b>2.1</b>	<b>0.15 F</b>	<b>5.3</b>
Carry Forward Requests	0.00	0.0	0.00	0.0

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3</b>	<b>Movement</b>	<b>Ref.</b>
------------------------------------	------------------------------------	--	-----------------	-------------

		£M	£M	
Housing Renewal	0.08 F	0.06 F	0.02 F	H&S 1
Private Sector Housing	0.00	0.05 F	0.05 A	H&S 2
Prevention & Inclusion Service	0.15 A	0.20 A	0.05 F	H&S 3
Sustainability	0.12 F	0.02 A	0.14 F	H&S 4
Other	0.09 F	0.02 F	0.07 F	
<b>Total</b>	<b>0.14 F</b>	<b>0.09 A</b>	<b>0.23 F</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**H&S 1 Housing Renewal (£0.08M favourable, £0.02M favourable movement)**

**There is an under spend on staffing due to vacant posts.**

Three vacant posts within Housing Renewal were not filled during 2015/16. Two of these posts are expected to contribute towards savings proposals for 2016/17. This has resulted in a favourable variance of £0.05M for the year, no movement from month 9.

In addition to this, a saving of £0.03M has been made on supplies and services budgets within Housing Renewal. This is a favourable movement of £0.02M from month 9 as the actual licensing enforcement costs for the year, in relation to pedlars, was lower than forecast.

**H&S 2 Private Sector Housing (Nil variance, £0.05M adverse movement)**

**There is an under spend on staffing, offset by reduced income.**

There was staff turnover within Private Sector Housing that resulted in a favourable variance of £0.10M, a favourable movement of £0.02M from month 9.

There is an adverse variance of £0.01M, due to a reduction in income from mandatory licence fees, a favourable movement of £0.02M from month 9. There is also an adverse variance of £0.09M, due to a reduction in net income from additional licence fees, which is reported for the first time.

**H&S 3 Prevention & Inclusion Service (£0.15M adverse, £0.05M favourable movement)**

**The budget for children held in secure accommodation by court order pending release or conviction is held in the Risk Fund**

The number of children placed in remand was lower than forecast for the final three months of the year, resulting in a favourable movement from month 9 of £0.05M.

**H&S 4 Sustainability (£0.12M favourable, £0.14M favourable movement)**

**There is a carry forward of non-ring fenced government grant funding and an under spend on Carbon Reduction Certificates.**

In 2014/15, a DEFRA grant of £0.02M was awarded to fund technical advice on surface water drainage proposals. As this was unspent at the end of the financial year, it was carried forward. A further £0.06M was awarded by DEFRA in 2015/16 but, due to delays in recruitment, the total funding of £0.08M remains unspent at year-end, a favourable movement of £0.08M from month 9. There is now a proposal to use £0.06M of this grant to fund consultants to provide the technical advice. The remaining £0.02M will be used to make the drainage database system accessible, via mobile devices. As this is a non-ring-fenced government grant, a request is being made to carry the funding forward into 2016/17.

The cost of the Carbon Reduction Certificates (CRCs) needed to cover the authority's energy consumption in 2015/16 was £0.07M lower than budgeted. This is a favourable movement of £0.05M from month 9, due to a lower consumption for the final four months of the year than expected.

## LEADERS PORTFOLIO

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has under spent by **£2.64M** at year-end, which represents a percentage variance against budget of **21.6%**. The Portfolio outturn variance has moved **favourably** by **£0.77M** from the position reported at Quarter 3.

	<b>Forecast Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	2.64 F	21.6	0.77 F	6.3
Grant Carry Forwards	0.00 A	0.0	-	-
<b>Final Portfolio Outturn</b>	<b>2.64 F</b>	<b>21.6</b>	<b>0.77 F</b>	<b>6.3</b>
Carry Forward Requests	0.00	0.0	0.00	0.0

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Central Repairs & Maintenance	0.63 F	0.65 F	0.02 A	LPOR 1

Property Portfolio Management	0.33 F	0.31 F	0.02 F	LPOR 2
Property Services	1.02 F	0.45 F	0.57 F	LPOR 3
Registration of Electors & Elections Costs	0.15 F	0.17 F	0.02 A	LPOR 4
Business Improvement	0.07 F	0.06 F	0.01 F	LPOR 5
Corporate Communications	0.20 F	0.06 F	0.14 F	LPOR 6
Legal Services & Customer Relations	0.12 F	0.12 F	0.00 F	LPOR 7
HR Services	0.07 A	0.00 A	0.07 A	LPOR 8
Democratic Representation & Management	0.09 F	0.00 F	0.09 F	LPOR 9
Other	0.10 F	0.05 F	0.05 F	
<b>Total</b>	<b>2.64 F</b>	<b>1.87 F</b>	<b>0.77 F</b>	

The **SIGNIFICANT** issues for the Portfolio are:

**LPOR 1 Central Repairs & Maintenance (£0.63M favourable, £0.02M adverse movement)**

**Under spend on reactive repairs/fees, plus slippage against the planned programme.**

The favourable under spend has arisen in part from a £0.34M under spend against Capita fees and reactive repairs. In addition there is slippage against the planned maintenance programme of £0.29M due to tendering issues on the Guildhall roof project, the remaining works, for which, will now need to be completed as part of the planned works programme / budget for 2016/17.

The £0.02M adverse movement compared with quarter 3 has arisen from a £0.43M favourable increase (£0.14M increase in the under spend on reactive repairs / fees, together with the planned programme slippage of £0.29M) offset by the removal of a £0.45M potential carry forward to facilitate a match funding bid to the Heritage Lottery Fund (HLF). The original bid to enable improvements to the Art Gallery was unsuccessful and will now form part of a wider HLF bid in 2016/17. As a result the £0.45M has been moved into reserves to be earmarked as necessary dependent on the outcome of any revised bid.

**LPOR 2 Property Portfolio Management (£0.33M favourable, £0.02M favourable movement)**

**Under spend/saving in Property Management fees.**

The Investment Property account shows a NIL variance against budget, an adverse movement of £0.15M compared with the position for quarter 3 and reflects the final position for income received in the year based on actual vacation dates for a number of properties.

In addition there is a favourable under spend of £0.33M on Property Management fees. This represents the early achievement of an approved 2016/17 budget saving for reduced Capita fees, together with a lower level of revaluation work required in the current year. This reflects a favourable movement of £0.17M compared to quarter 3 due to a number of postponed projects and a year-end review of the level of bad debt provision required.

**LPOR 3 Property Services (£1.02M favourable, £0.57M favourable movement)**  
**Under spends across utility budgets, impact of spend moratorium and reduced dilapidations costs.**

A favourable variance of £1.02M has arisen within Admin Buildings and reflects an under spend of £0.22M from the early achievement of the 2016/17 proposed saving on utilities costs, together with a favourable impact of £0.19M due to the spend moratorium on non-essential spend; a combined increase of £0.32M compared to quarter 3. Utilities costs have been difficult to forecast given the number of accommodation changes/increased occupation during the year, the work programmes for which will continue into 2016/17, combined with the impact of a mild winter. A further detailed review will be undertaken during 2016/17 once the current set of approved moves are complete to assess a more accurate assessment of the ongoing budgets required.

In addition a one-off saving of £0.55M has been identified following a detailed review of potential one-off dilapidations liabilities arising from the vacation of properties occupied by the Council as part of the wider accommodation strategy. This is an increase of £0.25M compared to quarter 3 following a detailed review of dilapidations provisions at year-end.

**LPOR 4 Registration of Electors & Elections Costs (£0.15M favourable, £0.02M adverse movement)**  
**Under spends on election costs.**

A favourable forecast variance of £0.06M has arisen within the Elections budget due to one-off savings arising from the benefit of managing combined elections earlier in the financial year. Historically this has only occurred 3 out of five years but is becoming more common following the Localism Act. A review of the funding profile is underway following these changes to identify the likely impact ahead of each financial year based on the regional/national elections that will be delivered the following year.

In addition a favourable forecast variance of £0.09M has arisen within Electoral Registration. IER funding has been provided over the last two years during the transition to enable the changes to take place. This has led to a radical change in the processes undertaken and the number of staff required to deliver them, together with a threefold increase in the volume of printing and postage required. Central Government has now finalised the transition period but as yet there is no indication of the ongoing increase in the funding settlement to cover this. Whilst the underspend this year is as a result of the additional funding provided in 2015-16

there is no guarantee that this saving will be ongoing. Southampton has bid for several post transition projects aimed at streamlining the new process and moving from paper to electronic communication with potential electors in an effort to minimise the ongoing burden but will not know if these bids have been successful until 2016.

The combined impact represents a small adverse movement of £0.02M compared to quarter 3

**LPOR 5 Business Improvement (£0.07M favourable, £0.01M favourable movement)**

**Salary Under spends.**

The £0.07M favourable variance has arisen from vacancies due to delayed staff appointments to the newly created Strategy Unit and represents a small favourable movement of £0.1M compared to quarter 3. This is partly offset by an over spend within the Data Team (Education & Children's Social Care Portfolio) the budgets for which will transfer to the Strategy Unit from 1<sup>st</sup> April 2016.

This represents a small favourable movement of £0.01M compared to quarter 3.

**LPOR 6 Corporate Communications (£0.2M favourable, £0.14M favourable movement)**

**Under spends within centralised budgets/Salary under spends.**

The favourable variance has arisen primarily within the newly centralised Communications budget, set up to create a managed Corporate Campaign budget. The under spend of £0.17M reflects both the in-year impact of centralisation together with the moratorium on non-essential spend, a favourable movement of £0.12M compared to quarter 3. This will be reviewed for 2016/17 to assess the level of corporate campaign activity required and to determine whether an ongoing saving against the budget could be declared.

In addition there is an under spend of £0.03M within the division arising from salary under spends/additional Design income, a favourable movement of £0.02M compared to quarter 3.

**LPOR 7 Legal Services & Customer Relations (£0.12M favourable, £Nil movement)**

**Salary and Supplies & Services under spends, additional income.**

A one-off favourable variance of £0.05M has arisen from salary underspends due to vacant posts and represents the early achievement of approved 2016/17 vacancy savings. In addition a favourable variance of £0.07M relates to the receipt of additional in-year section 106 revenue income. This income is variable by nature and therefore difficult to forecast. There is a nil movement in these variances compared to quarter 3.

**LPOR 8 HR Services (£0.07M adverse, £0.07M adverse movement)**

**Additional payments to Capita due to implementation delays.**

A £0.07M adverse position has arisen within HR Services as a result of additional charges payable to Capita due to the delayed implementation of payroll simplification/automation. These charges were not reflected in the quarter 3 monitoring position as detailed work was underway at that stage to assess the financial impact of the delay.

**LPOR 9 Democratic Representation & Management (£0.09M favourable, £0.09M favourable movement)**

**Salary/members allowances under spends.**

The favourable variance of £0.09M at year-end has arisen from salary under spends of £0.05M together with an in-year under spend of £0.04M on members allowances. This under spend represents the early achievement an approved 2016/17 budget saving relating to the review and restructure of the Democratic Services team.

The combined saving represents a favourable movement of £0.09M compared to quarter 3, as in-year staff costs that had been anticipated did not subsequently materialise.

**TRANSFORMATION PORTFOLIO**

**KEY ISSUES – OUTTURN 2015/16**

The Portfolio has under spent by **£0.00M** at year-end, which represents a percentage variance against budget of **0.0%**. There has been a nil variance movement since the position reported at Quarter 3.

	<b>Outturn Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	0.00 F	0.0	0.00 F	0.0
Grant Carry Forwards	0.00 A	0.0	-	-
<b>Final Portfolio Outturn</b>	<b>0.00 F</b>	<b>0.0</b>	<b>0.00 F</b>	<b>0.0</b>
Carry Forward Requests	0.000	0.0	0.000	0.0

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
None				

<b>Total</b>	<b>0.00 F</b>	<b>0.00</b>	<b>0.00 F</b>	
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**The SIGNIFICANT issues for the Portfolio are:**

There are no significant issues to report.



### **CARRY FORWARD REQUESTS**

Carry forward requests will be considered for approval if they are for already approved, one off schemes, which were not completed in year (i.e. re-phasing of one-off spend) and if there are insufficient funds available in the forthcoming year.

The carry forward requests received, relating to the 2015/16 outturn position total £0.13M and are as follows:

#### Southampton New Arts Complex (Studio 144) £0.13M

Council funding of £160,000, along with Arts Council England (ACE) funding of £0.15M, was originally budgeted to transfer to the operating company of the new arts complex in 2014/15. The under spend on Council funding of £0.13M was then carried forward into 2015/16.

The project has suffered further substantial delays and the full sum of £0.13M remains unspent in the current year. However, the ACE funding has now been spent in its entirety.

There remain considerable challenges for the revenue budget of the arts complex and it is proposed that funding of £0.13M should be carried forward into 2016/17 for the purpose of establishing a sound basis for its business operation, programme and marketing, ensuring the best possible preparation for future financial viability.

If this funding is not carried forward, it is highly likely that ACE will seek to reduce its grant funding in line with the Council's.

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### Useable Reserves at 31st March 2016

<b>Name of Reserve</b>	<b>Balance 31 March 2016 £M</b>
<u>General Fund</u>	
PFI Sinking Fund	(4.32)
On Street Parking	(3.12)
Transformation	(3.19)
General Fund Contributions to Capital	(0.23)
Medium Tern Financial Risk Reserve	(24.85)
Taxation Reserve	(2.10)
Organisational Design Reserve	(14.44)
Revenue Grant Reserve - Waste Services	(1.63)
Revenue Grant Reserve - City Deal	(2.78)
Accomodation Reserve	(1.82)
Revenue Grant Reserve - General	(1.15)
Capital Funding Risk Reserve	(3.22)
Other Reserves	(1.10)
<b>Total General Fund Reserves</b>	<b>(63.94)</b>
 <u>Schools</u>	
<b>School Balances</b>	<b>(8.48)</b>
 <b>Total Useable Reserves</b>	 <b>(72.43)</b>

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	COLLECTION FUND OUTTURN 2015/16		
<b>DATE OF DECISION:</b>	20 JULY 2016		
<b>REPORT OF:</b>	SECTION 151 OFFICER		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Sue Poynter	<b>Tel:</b> 023 8083 4153
	<b>E-mail:</b>	<a href="mailto:Sue.Poynter@southampton.gov.uk">Sue.Poynter@southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:Mel.Creighton@southampton.gov.uk">Mel.Creighton@southampton.gov.uk</a>	

## STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

## BRIEF SUMMARY

The purpose of this report is to inform Council of the actual payments that have been made to and from the Collection Fund during the financial year 2015/16, explaining any variations that affect the overall surplus or deficit on the account.

From 1 April 2013 the arrangements in respect of Non Domestic Rates (NDR) changed from a position where the Authority purely collects business rates on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major Precepting bodies (Hampshire Fire and Rescue Authority (HFRA)). This requires the Collection Fund (Surplus)/ Deficit to be split between that arising from Council Tax and that arising from NDR.

The 2015/16 Collection Fund Outturn was a surplus of £0.9M. The overall position is set out in the table below:

	<b>Council Tax £M</b>	<b>NDR £M</b>	<b>Total Collection Fund £M</b>
(Surplus)/Deficit 2015/16	1.1	(2.0)	(0.9)
(Surplus)/Deficit B/Fwd. 2014/15	(3.3)	(5.8)	(9.1)
<b>(Surplus)/Deficit C/Fwd. 2016/17</b>	<b>(2.2)</b>	<b>(7.8)</b>	<b>(10.0)</b>

The impact of any surplus or deficit on future Council Tax calculations is outlined in paragraphs 24 and 25.

The Collection Fund was in surplus by £10.0M by the close of 2015/16. This is an increase of £2.8M when compared to the revised estimate which anticipated a surplus of £7.2M (see Appendix 1). The slight increase in the surplus compared to the estimate is due to:

- a decrease in the Council Tax bad debt provision (£0.5M);
- increased income from Council Tax Payers (£0.7M);
- decreased income from NDR Ratepayers £0.3M;
- decreased in transitional payments to DCLG (£0.4M); and

- a decrease in the NDR the appeals provision of (£1.6M).
- A complete variance analysis is included in paragraphs 15 to 24.

## **RECOMMENDATIONS:**

- (i) Notes the accounts for the Collection Fund in 2015/16 as shown in Appendix 1.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The report and recommendations have been prepared as part of the statutory accounts.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. No alternative options are relevant to this report

## **DETAIL (Including consultation carried out)**

3. Not Applicable.

## **FINANCIAL SUMMARY**

4. Income received into the Collection Fund comes from two sources, NDR and Council Tax. Until 2013/14 income received from NDR payers was paid in full to the Central Government NDR Pool after a contribution had been made to the City Council's General Fund to meet the costs of collection. The net effect of NDR on the Collection Fund was therefore neutral. However, from 2013/14, due to the localisation of Business Rates under the Business Rate Retention (BRR) Scheme, NDR variances now have an impact on the Collection Fund Outturn.
5. The remainder of the income received by the Collection Fund is the income due from Council Tax Payers. Some households are entitled to various allowances to the standard rate including the Single Person Discount and Council Tax Benefit that reduce the amount that they are required to pay. Until 2013/14 the cost of Council Tax Benefit was met in full by Government subsidy. However, from 2013/14 onwards this is no longer the position due to ending of Council Tax Benefit and the introduction of a Local Council Tax reduction scheme.
6. No local Council Tax discounts have applied in 2015/16.
7. The income due from Council Tax Payers is intended to match the expenditure on the Collection Fund. Expenditure consists of the amounts that are paid to those bodies that are entitled to make a demand (precept) on the Fund, together with a provision for bad debts. For Southampton, the City Council, the Hampshire Police Authority and the Hampshire Fire and Rescue Authority (HFRA) levied a precept on the Fund in 2015/16.

## **OUTTURN POSITION 2015/16**

8. The overall position on the Collection Fund at 31 March 2016 is illustrated in Appendix 1. This shows that a surplus of £0.9M has been made in the year. After adjusting for the surplus brought forward from 2014/15 of £9.1M, a surplus of approximately £10.0M is to be carried forward i.e. a Council Tax Surplus of £2.2M and an NDR Surplus of £7.8M.

9. When setting the Council Tax for 2016/17 in February 2016, it was estimated that there would be a Council Tax surplus of £1.0M to be carried forward. This estimated surplus was taken into account in setting the 2016/17 Council Tax and was shared by the City Council, the Police & Crime Commissioner for Hampshire and the HFRA in proportion to the precepts levied by each authority in 2016/17, the actual surplus was £2.2M.
10. This leaves a surplus of £1.2M that will be carried forward to 2016/17 to be shared between the precepting authorities in proportion to the precepts levied in this year. Southampton City Council's element will then be taken into account when the Council Tax for 2017/18 is set.

NDR

11. The changes explained previously affect the retention of the income collected and also carries a risk to the Council for failure to collect rates in comparison with a predetermined "Start-Up" funding assessment. Risks of non-collection include rates billed from 1 April, those not yet collected from prior years and appeals that were not resolved before that date.
12. When setting the Council Tax for 2016/17 in February 2016, it was estimated that there would be an NDR surplus of £6.1M to be carried forward. This estimated surplus was taken into account in setting the 2016/17 Council Tax and was shared by the City Council, Central Government, and the HFRA, in the following proportions 49%, 50%, and 1% respectively, the Council's share was £3.0M.
13. NDR income collected was £0.3M less than expected but this was offset by reduced expenditure compare to that estimated of £2.0M. This leaves a surplus of £1.7M that will be carried forward to 2016/17 and Southampton City Council's element will then be taken into account when setting the 2017/18 Council Tax.

EXPLANATION OF VARIANCES

Council Tax

14. Net income due from Council Tax payers increased slightly by £0.7M (0.7%) compared to the revised estimate of £93.3M which is not material.
15. The other variance on Council Tax is the Bad Debt Provision. All authorities are required to make provision for Council Tax bills that may have to be written off if full payment is not received. The level of provision required is reviewed each year based on the total level of arrears outstanding. An analysis of the status of the arrears as at 31 March 2016 suggests that the following provisions are required:

Year	£M
Prior Years	0.8
2009/10	0.5
2010/11	0.5
2011/12	0.7
2012/13	1.0
2013/14	1.4
2014/15	2.0

2015/16	1.8
Total	8.7

16. The bad debt provision available at the end of the year was £7.3M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £8.7M a contribution of £1.4M needed to be made to the Provision for Bad Debts in the year, a decrease of £0.5M compared to the revised estimate. When setting the estimate a prudent assessment was made of the impact of the economic climate on the arrears position and the resulting bad debt provision required has been more favourable.
17. The bad debt provision of £8.7M compares to a total arrears figure of £11.7M which represents 74% of the total amount outstanding. The total level of arrears also needs to be seen in the context that over the last eight years total debts of £761.6M have been raised.

#### NDR

18. Income due from NDR Ratepayers decreased by £0.3M (0.3%) compared to the revised estimate of £103.3M which is not material.
19. There was also a variance on the NDR Bad Debt Provision. All authorities are required to make provision for NDR rate payer's bills that may have to be written off if full payment is not received. The level of provision required is reviewed each year based on the total level of arrears outstanding. An analysis of the status of the arrears as at 31 March 2016 suggests that the following provisions are required:

Year	£M
Prior Years	0.3
2012/13	0.2
2013/14	0.4
2014/15	0.4
2015/16	0.6
Total	1.9

20. The bad debt provision available at the end of the year was £0.9M after allowing for amounts that had been written off in respect of previous years' arrears. To achieve the suggested level of £1.9M a contribution of £1.0M needed to be made to the Provision for Bad Debts in the year, which compared to the revised estimate.
21. In addition to the Bad Debt Provision all authorities are required to make a provision for NDR Appeals for the current and prior years. Appeals lodged before 31 March 2015 can be backdated to April 2010. Those lodged after that can only be backdated to 1 April 2015. The level of provision is still based on historic levels of refunds made as a proportion of the net rate yield per the NNDR1 i.e. Business Rates estimate for the year. An analysis of the appeals provision as at 31 March 2016 suggests that the following provisions are required:



2010/11	1.9
2011/12	1.7
2012/13	1.8
2013/14	2.3
2014/15	4.7
2015/16	4.7
Total	17.1

22. The appeals provision available at the year end was £9.5M after allowing for in year refunds of £8.1M. To achieve the historic level of refunds of £17.1M a contribution of £7.6M was required, a net reduction of £0.5M. This gives favourable variance of £1.6M when compared to the revised estimates for in year settlement of Appeals.

#### FUTURE YEAR'S council Tax

23. The surplus of £1.2M on the Council Tax element of the Collection Fund, as explained in paragraphs 9 to 10 will be shared between Southampton City Council the Police & Crime Commissioner for Hampshire and the HFRA, based on the precepts levied on the Fund in 2016/17. Southampton's share of this surplus which amounts to £1.0M will be taken into account when setting the 2017/18 Council Tax.
24. The surplus of £1.7M on the NNDR element of the Collection Fund, as explained in paragraphs 11 to 13 will be shared between Southampton (49%), Central Government (50%) and Hampshire Fire and Rescue Authority (1%). Southampton's share £0.8M of this surplus will be taken into account when setting the 2017/18 Council Tax.

## RESOURCE IMPLICATIONS

### Capital/Revenue

25. The revenue implications are contained in the main report and there are no capital implications.

### Property/Other

26. None.

## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

27. The Collection Fund Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.

### Other Legal Implications:

28. None.

## POLICY FRAMEWORK IMPLICATIONS

29. The report has been prepared as part of the statutory accounts.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	

<b><u>SUPPORTING DOCUMENTATION</u></b>		
<b>Appendices</b>		
1.	Collection Fund Outturn 2015/16	
<b>Documents In Members' Rooms</b>		
1.		
2.		
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.		Yes/No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		

# Agenda Item 13

## Appendix 1

Original Estimate 2015/16 £M	Collection Fund Outturn 2015-16 Council Tax	Revised Estimate 2015/16 £M	Actual 2015/16 £M	Variance Adverse/ (Favourable) 2015/16 £M
	<u>Income</u>			
(92.8)	Income due from Council Tax Payers	(93.3)	(94.0)	(0.7)
(0.2)	Transfers to General Fund - Hardship Fund	(0.2)	(0.2)	0.0
(93.0)		(93.5)	(94.2)	(0.7)
	<u>Expenditure</u>			
77.3	Southampton City Council Precept	77.3	77.3	0.0
9.3	Hampshire Police Authority Precept	9.3	9.3	0.0
3.6	Fire & Rescue Services Precept	3.6	3.6	0.0
3.7	Distribution of previous year's surplus	3.7	3.7	0.0
2.8	Provision for Bad Debts CT	1.9	1.4	(0.5)
96.7		95.8	95.3	(0.5)
3.7	CT - Deficit / (Surplus) for the Year	2.3	1.1	(1.2)
(3.7)	CT - Deficit / (Surplus) Brought Forward	(3.3)	(3.3)	0.0
(0.0)	<b>CT Deficit / (Surplus) Carried Forward</b>	(1.0)	(2.2)	(1.2)
	<b>NDR</b>			
	<u>Income</u>			
(104.3)	Income from NDR Payers	(103.3)	(103.0)	0.3
	<u>Apportionment of Previous Years Deficit</u>			
2.4	SCC	2.4	2.4	0.0
2.4	DCLG	2.4	2.4	0.0
0.0	Hampshire Fire & Rescue Authority	0.0	0.0	0.0
(99.5)		(98.5)	(98.2)	0.3
	<u>Expenditure</u>			
0.0	Payment to DCLG Transitional Arrangements	0.8	0.5	(0.3)
47.5	Payments to DCLG	47.5	47.5	0.0
46.5	SCC - NDR Dist to General Fund	46.5	46.5	0.0
0.9	Hampshire Fire & Rescue NDR Distrib.	0.9	0.9	0.0
0.3	Allowance to General Fund for NDR Collection	0.3	0.3	0.0
1.5	Provision for Bad Debts NDR	1.0	1.0	0.0
7.6	Appeals Provision 15/16	6.3	4.7	(1.6)
0.0	Appeals Provision Prior Years	(5.2)	(5.2)	0.0
104.3		98.1	96.2	(1.9)
4.8	NDR Deficit / (Surplus) for the Year	(0.4)	(2.0)	(1.6)
(4.8)	NDR - Deficit / (Surplus) Brought Forward	(5.8)	(5.8)	0.0
0.0	<b>NDR Deficit / (Surplus) Carried Forward</b>	(6.2)	(7.8)	(1.6)
0.0	<b>Total Deficit / (Surplus) Carried Forward</b>	(7.2)	(10.0)	(2.8)
	<b>Summary Table</b>			
3.7	Council Tax Deficit/(Surplus) for Year	2.3	1.1	(1.2)
4.8	NDR Deficit/(Surplus) for Year	(0.4)	(2.0)	(1.6)
8.5	<b>Total In Year</b>	1.9	(0.9)	(2.8)
(3.7)	Council Tax Deficit/(Surplus) B/fwd	(3.3)	(3.3)	0.0
(4.8)	NDR Deficit/(Surplus) B/Fwd	(5.8)	(5.8)	0.0
(8.5)	<b>Total B/Fwd</b>	(9.1)	(9.1)	0.0
0.0	<b>Total Deficit / (Surplus) Carried Forward</b>	(7.2)	(10.0)	(2.8)

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<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	GENERAL FUND CAPITAL OUTTURN 2015/16		
<b>DATE OF DECISION:</b>	20 JULY 2016		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Sue Poynter</b>	<b>Tel:</b> 023 8083 4153
	<b>E-mail:</b>	<a href="mailto:Sue.Poynter@Southampton.gov.uk">Sue.Poynter@Southampton.gov.uk</a>	
<b>Director</b>	<b>Name:</b>	<b>Mel Creighton</b>	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	<a href="mailto:Mel.Creighton@Southampton.gov.uk">Mel.Creighton@Southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>	
NOT APPLICABLE	
<b>BRIEF SUMMARY</b>	
<p>The purpose of this report is to outline the General Fund capital outturn position for 2015/16 and seek approval for the proposed financing of the expenditure. This report also highlights the major variances against the approved estimates and sets out the revised estimates for 2016/17 which take account of slippage and re-phasing.</p>	
<b>RECOMMENDATIONS:</b>	
<b>It is recommended that Council:</b>	
(i)	Notes the actual capital spending in 2015/16 as shown in paragraphs 4 and 5 and notes the major variances detailed in Appendix 1 and Appendix 2.
(ii)	Notes the revised estimates for 2016/17, adjusted for slippage and re-phasing and additions contained within this report, as shown in Appendix 3.
(iii)	Approves the proposed capital financing in 2015/16 as shown in paragraph 13.
(iv)	Notes that the capital programme remains fully funded up to 2019/20 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future Government Grants to be received.
(v)	Approve the addition and spend of £1.57M to the Environment and Transport portfolio capital programme in 2016/17 to fund the purchase of 10 refuse collection vehicles as detailed in paragraph 25.
(vi)	Approve the addition and spend of £0.68M in 2015/16 to the Education

		and Children's Social Care programme; to be funded by a reduction in 2016/17. As detailed in paragraph 26 and as shown in Appendix 4.
	(vii)	Approve the 2016/17 budget virements within the Education and Children's Social Care Programme, to procure modular building for primary expansion. As detailed in paragraph 27 and shown in Appendix 4.
	(viii)	Approve the amendment to the funding source of the Studio 144 project, within the Leaders' Programme. £1.80M to be funded from mixture of capital grants, contributions and receipts instead of capital contributions from fundraising; as detailed in paragraph 28.
	(ix)	Approve the addition and spend of £3.30M in 2016/17 to the Transformation programme; to be funded from capital receipts. As detailed in paragraph 29.
	(x)	Approve the revised General Fund Capital Programme, which totals £182.84M (as detailed in paragraph 31) and the associated use of resources (as detailed in paragraph 32).
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
1.	The reporting of the outturn position for 2015/16 forms part of the approval of the statutory accounts.	
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
2.	None as the outturn and financing for 2015/16 have been prepared in accordance with statutory accounting principles.	
<b>DETAIL (Including consultation carried out)</b>		
<b>CONSULTATION</b>		
3.	Directors, Heads of Service and Project Managers have been consulted in preparing the reasons for variations contained in Appendix 1. The General Fund Capital Programme outturn summarises additions to the capital programme and slippage and rephasing since the last approved programme reported in February 2016. Each addition to the capital programme has been subject to the relevant consultation process which now reflects the role played by Council Capital Board. The content of this report has been subject to consultation with Finance Officers for each portfolio.	
<b>CAPITAL OUTTURN 2015/16</b>		
4.	Total General Fund capital expenditure in 2015/16 was £37.07M compared to an estimate of £49.49M, giving an under spend of £12.42M or 25.10% of the programme.	
5.	The performance of individual capital programmes in 2015/16 is summarised in table 1 below.	
Table 1 – Summary of the General Fund Capital Outturn 2015/16		

<b>Portfolio</b>	<b>Approved £M</b>	<b>Actual £M</b>	<b>Variance £M</b>	<b>Variance %</b>
City Services	1.02	0.75	0.27	26.47
Communities, Culture & Leisure	1.38	1.20	0.18	13.04
Education & Childrens Social Care	8.19	8.96	(0.77)	(9.40)
Finance	1.40	1.20	0.20	14.29
Health & Adult Social Care	0.35	0.25	0.10	28.57
Housing & Sustainability	3.17	2.06	1.11	35.02
Leaders	14.89	7.43	7.46	50.10
Transformation	0.10	0.09	0.01	10.00
Transport	18.99	15.13	3.86	20.33
<b>Total GF Capital Programme</b>	<b>49.49</b>	<b>37.07</b>	<b>12.42</b>	<b>25.10</b>

6. Reasons for major variances on individual schemes are given for each Portfolio in Appendix 1.

7. Appendix 2 shows the 2015/16 latest approved estimate and actual spend, together with the total spend for all years for each scheme to date, compared to the total scheme budget.

8. Slippage accounted for £14.17M of the under spend offset by re-phasing of £0.56M on some schemes to bring expenditure forward, the remaining £1.18M being true over spends. Table 2 below shows the breakdown by portfolio and Appendix 2 provides a more detailed breakdown of the variance by scheme.

Table 2 – Slippage and Rephasing By Portfolio

<b>Portfolio</b>	<b>Slippage/ (Rephasing) £M</b>	<b>Under/ (Over)Spend £M</b>	<b>Variance £M</b>
City Services	0.26	0.01	0.27
Communities, Culture & Leisure	0.29	(0.11)	0.18
Education & Childrens Social Care	0.45	(1.22)	(0.77)
Finance	0.20	0.00	0.20
Health & Adult Social Care	0.01	0.09	0.10
Housing & Sustainability	1.00	0.11	1.11
Leaders	7.45	0.01	7.46
Transformation	0.01	0.00	0.01
Transport	3.92	(0.06)	3.86
<b>Total</b>	<b>13.61</b>	<b>1.18</b>	<b>12.42</b>

9.	The revised estimates for 2016/17, adjusted for slippage and re-phasing are shown in Appendix 3.																		
10.	Any over spends on individual schemes are financed from identified additional funding or from savings elsewhere in the programme. Portfolios are required to balance their capital programmes within the resources available to them and this may result in reduced outputs where an over spend results in reductions being made elsewhere in the programme.																		
11.	A number of major forecast under or over spends in 2015/16 have been identified at this stage (as detailed in Appendix 1) including: <ul style="list-style-type: none"> <li>• Sea City Museum - £0.10M overspend</li> <li>• St Johns Primary &amp; Nursery School Expansion - £0.86M overspend</li> <li>• School Asbestos Removal - £0.13M underspend</li> </ul>																		
12.	The impact of scheme variances for 2015/16 on future years' capital expenditure will be reported to Council Capital Board and will feed into future capital programme updates aligned to Council Priorities and Outcomes.																		
13.	Table 3 below shows the proposed basis of financing the General Fund capital programme. Council is asked to approve this financing.																		
	<p><u>Table 3 – General Fund Capital Financing 2015/16</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;"><b>£M</b></th> </tr> </thead> <tbody> <tr> <td>Total Financing Required</td> <td style="text-align: right;"><b>37.07</b></td> </tr> <tr> <td><b>Financed By: -</b></td> <td></td> </tr> <tr> <td>Council Resources</td> <td style="text-align: right;">9.72</td> </tr> <tr> <td>Capital Grants</td> <td style="text-align: right;">23.72</td> </tr> <tr> <td>Capital Contributions</td> <td style="text-align: right;">2.75</td> </tr> <tr> <td>Capital Receipts</td> <td style="text-align: right;">0.50</td> </tr> <tr> <td>Direct Revenue Financing (Portfolios)</td> <td style="text-align: right;">0.38</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>37.07</b></td> </tr> </tbody> </table>		<b>£M</b>	Total Financing Required	<b>37.07</b>	<b>Financed By: -</b>		Council Resources	9.72	Capital Grants	23.72	Capital Contributions	2.75	Capital Receipts	0.50	Direct Revenue Financing (Portfolios)	0.38	<b>Total</b>	<b>37.07</b>
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	<b>PRUDENTIAL INDICATORS</b>																		
14.	The Prudential Code requires the Prudential Indicator for Actual Capital Expenditure to be reported against the estimates previously reported. The estimates shown below are those reported to Council as part of the February 2016 Annual Treasury Management Strategy and Prudential Limits report.																		
	<u>Table 4 – Figures for Prudential Indicators</u>																		



	<b>Actual</b>	<b>Estimates</b>			
	<b>2015/16</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
General Fund	37.07	49.25	111.08	6.28	0.27
15.	The reason for the difference between the General Fund estimate for 2015/16 in Table 4 above and the estimate shown elsewhere in this report is due to a number of changes to the programme being approved between the Treasury Management Strategy report being written and approved in February and the end of the financial year in March.				
16.	This indicator for 2016/17 to 2019/20 will be updated as part of any future programme updates. The Treasury Management Outturn 2015/16 report, elsewhere on the Council Agenda, contains details of the other Prudential Indicators.				
<b>CAPITAL PROGRAMME FUNDING</b>					
17.	The Revenue Budget report to Cabinet in August 2015 detailed changes to the Councils MRP policy including utilising capital receipts to repay debt enabling a revenue MRP holiday, allowing a significant non recurrent saving to be made. Following a review and recalculation of MRP it has been established that there was an over provision of MRP for the period up to 31 <sup>st</sup> March 2016, so no MRP was applied for 2015/16 except for PFI schemes, finance leases and deferred debt charges.				
18.	It should therefore be noted that £2.67M capital receipts received in 2015/16 have been held in the capital receipts reserve to be utilised in 2016/17. Planned capital expenditure previously planned to be funded from capital receipts has been funded from borrowing.				
19.	It was reported to Council on 10 February 2016 Capital Programme Update that Direct Revenue Financing (DRF) funding would be held in revenue to offset the shortfall in the approved Minimum Revenue Provision (MRP) revenue saving, due to the timing of expected capital receipts. As noted above there was no MRP charge, so DRF funding was not required.				
20.	It should be noted that following a full review of revenue reserves as part of revenue closedown, and as noted in the Revenue Outturn Report 2015/16 elsewhere on this agenda, a new Capital Funding Risk Reserve has been established. £3.22M of DRF funding was transferred into this reserve.				
21.	The current Capital Strategy was approved by Council in February 2016. This includes the process for implementing and approving changes to the current capital programme and for allocating funding to new schemes linked to the Council's key strategic priorities and outcomes. This process will continue to be managed via the Council Capital Board.				
<b>CAPITAL RECEIPTS</b>					

22.	Funding for the capital programme has previously been heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area.																																			
23.	Table 5 below shows the previous and current capital receipt assumptions, together with the actual receipts received in year. Future year assumptions are based on either original sale price or where known the actual sale price in the year that the receipt is expected rather than the year of disposal. It should be noted that both the previous and latest forecast positions have been adjusted to remove receipts for properties not yet on the market. The increase is due to increased sale prices, reflecting market conditions.																																			
<p><u>Table 5 – Capital Receipt Assumptions</u></p> <table border="1"> <thead> <tr> <th></th> <th>2015/16 £M</th> <th>2016/17 £M</th> <th>2017/18 £M</th> <th>2018/19 £M</th> <th>2019/20 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Actual</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Latest Forecast</td> <td>2.67</td> <td>15.39</td> <td>1.17</td> <td>0.00</td> <td>0.00</td> <td>19.23</td> </tr> <tr> <td>Previous Forecast</td> <td>2.61</td> <td>15.31</td> <td>1.17</td> <td>0.00</td> <td>0.00</td> <td>19.09</td> </tr> <tr> <td><b>Variance</b></td> <td><b>0.06</b></td> <td><b>0.08</b></td> <td><b>0.00</b></td> <td><b>0.00</b></td> <td><b>0.00</b></td> <td><b>0.14</b></td> </tr> </tbody> </table>			2015/16 £M	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	Total £M	Actual							Latest Forecast	2.67	15.39	1.17	0.00	0.00	19.23	Previous Forecast	2.61	15.31	1.17	0.00	0.00	19.09	<b>Variance</b>	<b>0.06</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.14</b>
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24.	As reported to Council on 10 February 2016 the proposal to utilise capital receipts to repay debt enabling a revenue MRP holiday was under review. Due to a review of the MRP calculation there was no requirement to utilise any capital receipts. Therefore £2.67M has been transferred into a capital receipts reserve to draw on in 2016/17.																																			
<b>PROPOSED PROGRAMME CHANGES</b>																																				
<u>Transport Programme</u>																																				
25.	In 2016/17 the Council is intending to purchase 10 refuse collection vehicles, in addition to the existing approved programme, in support of the Environment & Transport service. Approval is therefore sought for the addition of £1.57M to the Environment & Transport capital programme and for approval to spend this sum, funded from council resources.																																			
<u>Education &amp; Childrens Social Care Programme</u>																																				
26.	In order to fund the 2015/16 overspends within the Education and Children's Social Care programme, project managers have identified a number of projects within the 2016/17 programme which are no longer proceeding or need the level of funding originally anticipated. Approval is sought to reduce the 2016/17 programme by £0.68M as detailed in Appendix 4.																																			
27.	The Education and Children's Social Care programme has identified a need to vire funding between projects in 2016/17. This is due to updated procurement information for the purchase of modular buildings to deal with bulge classes. There is no effect on the overall value of the programme. Approval is sought to amend the programme as set out in Appendix 4.																																			
<u>Leaders Programme</u>																																				

28.	The funding requirement for the Studio 144 project includes a fundraising target of £2.10M. Southampton Cultural Development Trust was established to drive this and the fundraising for Sea City Museum. To date £0.32M for the Arts Complex has been secured, in reality it is unlikely that any further funding will be secured. The Council had agreed to underwrite the fundraising target at the outset of the project. Therefore the £1.80M shortfall within the Leaders' Programme funding is proposed to be funded partly from capital grants (£1.55M), miscellaneous capital contributions (£0.15M) and capital receipts (£0.10M) instead of all capital contributions.																																										
	<u>Transformation Programme</u>																																										
29.	In order to complete the implementation of the Digital Transformation Programme across the council to deliver target savings new funding of £2.38M is required. Further funding of £0.92M to support the additional identified Journeys is also needed. All figures have been fully costed and include contingency funds. All expenditure is due to be incurred in 2016/17 and will be fully funded from capital receipts.																																										
	<b>OVERALL CAPITAL PROGRAMME</b>																																										
30.	The table below shows a comparison of the latest forecast planned capital programme for the period 2015/16 to 2019/20, including any amendments noted elsewhere within this report, compared to the previously reported programme.																																										
	<p><u>Table 6 – Programme Comparison</u></p> <table border="1" data-bbox="272 1111 1414 1357"> <thead> <tr> <th></th> <th>2015/16 £M</th> <th>2016/17 £M</th> <th>2017/18 £M</th> <th>2018/19 £M</th> <th>2019/20 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Latest Programme</td> <td>37.07</td> <td>130.33</td> <td>13.90</td> <td>1.44</td> <td>0.10</td> <td><b>182.84</b></td> </tr> <tr> <td>Previous Programme</td> <td>49.25</td> <td>111.24</td> <td>6.28</td> <td>0.27</td> <td>0.10</td> <td><b>167.14</b></td> </tr> <tr> <td><b>Variance</b></td> <td><b>(12.18)</b></td> <td><b>19.09</b></td> <td><b>7.62</b></td> <td><b>1.17</b></td> <td><b>0.00</b></td> <td><b>15.70</b></td> </tr> </tbody> </table>		2015/16 £M	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	Total £M	Latest Programme	37.07	130.33	13.90	1.44	0.10	<b>182.84</b>	Previous Programme	49.25	111.24	6.28	0.27	0.10	<b>167.14</b>	<b>Variance</b>	<b>(12.18)</b>	<b>19.09</b>	<b>7.62</b>	<b>1.17</b>	<b>0.00</b>	<b>15.70</b>														
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31.	The above table shows that the General Fund Capital Programme has increased by £15.70M to £182.84M.																																										
32.	Table 7 shows the use of resources to finance the General Fund Capital Programme up to and including 2019/20.																																										
	<p><u>Table 7 – Use of Resources</u></p> <table border="1" data-bbox="272 1682 1414 1928"> <thead> <tr> <th></th> <th>2015/16 £M</th> <th>2016/17 £M</th> <th>2017/18 £M</th> <th>2018/19 £M</th> <th>2019/20 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Council Resources</td> <td>10.22</td> <td>90.05</td> <td>7.97</td> <td>1.26</td> <td>0.10</td> <td><b>109.60</b></td> </tr> <tr> <td>Contributions</td> <td>2.75</td> <td>4.47</td> <td>0.53</td> <td>0.08</td> <td>0.00</td> <td><b>7.83</b></td> </tr> <tr> <td>Capital Grants</td> <td>23.72</td> <td>33.07</td> <td>4.95</td> <td>0.00</td> <td>0.00</td> <td><b>61.74</b></td> </tr> <tr> <td>DRF from Portfolios</td> <td>0.38</td> <td>2.74</td> <td>0.45</td> <td>0.10</td> <td>0.00</td> <td><b>3.67</b></td> </tr> <tr> <td></td> <td><b>37.07</b></td> <td><b>130.33</b></td> <td><b>13.90</b></td> <td><b>1.44</b></td> <td><b>0.10</b></td> <td><b>182.84</b></td> </tr> </tbody> </table>		2015/16 £M	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	Total £M	Council Resources	10.22	90.05	7.97	1.26	0.10	<b>109.60</b>	Contributions	2.75	4.47	0.53	0.08	0.00	<b>7.83</b>	Capital Grants	23.72	33.07	4.95	0.00	0.00	<b>61.74</b>	DRF from Portfolios	0.38	2.74	0.45	0.10	0.00	<b>3.67</b>		<b>37.07</b>	<b>130.33</b>	<b>13.90</b>	<b>1.44</b>	<b>0.10</b>	<b>182.84</b>
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33.	It should be noted that the revised General Fund Capital Programme is based on																																										

	prudent assumptions of future Government Grants to be received. The majority of these grants relate to funding for schools and transport and are unringfenced. However in 2015/16 these grants have been passported to these areas. This has been further recommended for 2016/17 in financing this revised capital programme. The grants are predominately in relation to the schools programme and allocation of the Schools Basic Needs and Conditions Grants in 2016/17.
34.	Table 7 demonstrates that the most significant amount for funding is provided by Council Resources, which at present, will be mainly through borrowing. Borrowing costs are in the main met within a central provision. However, £2.15M of borrowing costs were funded from within the portfolios.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
35.	This report principally deals with capital and the implications are set out in the main body of the report. However, the revenue implications arising from borrowing to support the capital programme are considered as part of the annual revenue budget setting meetings. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.
<b><u>Property/Other</u></b>	
36.	There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
37.	Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council. The Capital Outturn Report is prepared in accordance with the Local Government Acts 1972 – 2003.
<b><u>Other Legal Implications:</u></b>	
38.	None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, the Equality Act 2010, the duty to achieve best value and statutory guidance issued associated with that, and other associated legislation.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
39.	The outturn for 2015/16 forms part of the overall statutory accounts.

<b>KEY DECISION?</b>	Yes/No
<b>WARDS/COMMUNITIES AFFECTED:</b>	NONE
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	

1.	Capital Outturn 2015/16 – Details of Significant Variances	
2.	Scheme Budget Variances 2015/16	
3.	Revised Estimates 2016/17	
4.	Education & Children’s Social Care Amendments to 2016/17 Budget	
<b>Documents In Members’ Rooms</b>		
1.		
2.		
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		Yes/No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		

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### CITY SERVICES PORTFOLIO

#### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£0.75M**. This can be compared with the budgeted figure for 2015/16 of **£1.02M** resulting in an in year under spend of **£0.27M**, which represents a percentage under spend against budget of **26.5%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	0.87	1.58	0.00	0.00	0.00	2.45
Approvals since last report	0.15	0.01	0.00	0.00	0.00	0.16
<b>Programme Total</b>	<b>1.02</b>	<b>1.59</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.61</b>
(Slippage)/Rephasing	(0.26)	0.26	0.00	0.00	0.00	0.00
(Under)/Overspends	(0.01)					(0.01)
<b>Total Spend</b>	<b>0.75</b>	<b>1.85</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.60</b>

#### **PROGRAMME CHANGES**

##### **APPROVALS SINCE LAST REPORT**

##### **CS1 – Weston Shore Improvements (addition £0.06M)**

###### **Weston Shore Improvements Phase 2.**

In January 2016 the Director approved an additional £0.06M of S106 developer contributions to install a permanent Multi Use Games Area. The expenditure was phased £0.05M in 2015/16 and £0.01M in 2016/17.

##### **CS2 – City Pride Park Development Works (addition £0.01M)**

###### **City Pride – New Pocket Park at Acacia Road.**

In February 2016 the Director approved an additional £0.01M of DCLG grant in order to convert a derelict piece of green space at Acacia Road into a pocket park. The expenditure was phased £0.01M in 2015/16.

##### **CS3 – Adey Close Play Area (addition £0.02M)**

###### **Adey Close Play Area Improvement.**

In February 2016 the Director approved an additional £0.01M of council resources and £0.01M of section 106 developer contributions in order to remove and replace the play equipment at Adey Close - to reduce the risk of injury and improve the communal space of the neighbourhood dominated by social housing. It will also reduce the ongoing cost to the council of grounds and equipment maintenance. The expenditure was phased £0.02M in 2015/16.

## **CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES**

### **CS4 – Laxton Close Play Area (addition £0.02M)**

#### **Laxton Close Play Area Redevelopment.**

In March 2016 the Director approved the addition of £0.02M of section 106 developer contributions in order to redevelop the Laxton Close Play Area. The expenditure was phased £0.02M in 2015/16.

### **CS5 – Cedar Lodge Play Area (addition £0.05M)**

#### **Replacement of destroyed equipment at Cedar Lodge Play Area.**

In March 2016 the Director approved the addition of £0.05M of section 106 developer contributions in order to replace equipment destroyed in an arson attack at the Cedar Lodge Play Area. The bark pits will also be upgraded to Bonded Rubber Mulch which requires no maintenance. The expenditure was phased £0.05M in 2015/16 but it has now slipped to 2016/17.

### **The SIGNIFICANT overspend or underspend for the portfolio are:**

**There are no significant over or underspends.**

### **The MAJOR items of slippage/re-phasing are:**

#### **CS6 – Minor Parks Development Works (slippage £0.14M)**

**There is slippage into 2016/17 as more time is required to deliver the schemes, funded from S106 developer contributions.**

Some new schemes were not approved until the end of 2015/16, which caused a slippage of £0.09M. The remaining slippage £0.05M is mainly due to ongoing discussions with Friends groups to agree appropriate improvements.

#### **CS7– Minor Play Area Development Works (slippage £0.10M)**

**There is slippage into 2016/17 as more time is required to deliver these schemes.**

Some new schemes were not approved until the end of 2015/16, which caused a slippage of £0.06M. The remaining slippage £0.04M is due to delays on the ongoing schemes.



## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

### COMMUNITIES, CULTURE & LEISURE PORTFOLIO

#### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£1.20M**. This can be compared with the budgeted figure for 2015/16 of **£1.38M** resulting in an in year under spend of **£0.18M**, which represents a percentage over spend against budget of **13.0%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	1.38	0.84	0.08	0.00	0.00	2.30
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
<b>Programme Total</b>	<b>1.38</b>	<b>0.84</b>	<b>0.08</b>	<b>0.00</b>	<b>0.00</b>	<b>2.30</b>
(Slippage)/Rephasing	(0.29)	0.37	(0.08)	0.00	0.00	0.00
(Under)/Over spends	0.11					0.11
<b>Total Spend</b>	<b>1.20</b>	<b>1.21</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.41</b>

#### PROGRAMME CHANGES

There have been no approved programme changes.

#### The SIGNIFICANT overspend for the portfolio are:

##### CCL 1 – Sea City (overspend £0.10M)

**There has been additional work with additional spend and protracted negotiations with the contractor.**

The council has recently settled the final account to the contractor for the construction of the Museum following lengthy negotiations. As previously reported to Council, the over spend is largely down to additional work required with regards to asbestos and the associated additional work and delays that this caused. Council approved a provision in July 2012 of additional council resources of up to £0.30M as a response to this likely financial pressure. The total over spend, which is now £0.34M, is lower than the over spend forecast of £0.36M reported in February 2015.

##### CCL 2 – Guildhall Refurbishment (overspend £0.01M)

**There have been additional costs of £0.01M in 2015/16.**

There is an over spend of £0.01M in 2015/16 on stone work repairs, which will require additional council resources.

#### The MAJOR items of slippage/re-phasing are:

##### CCL 3 – Guildhall Refurbishment (re-phasing £0.13M)

**There is a forward re-phasing of £0.13M to 2015/16 due to work being completed earlier than planned.**

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

The project has been completed ahead of schedule with budgets re-phased to 2015/16 (£0.05M from 2016/17 and £0.08M from 2017/18).

### CCL 4 – Woolston Library (slippage £0.27M)

**There is slippage into 2016/17 due to contract delays.**

There is slippage of £0.27M from 2015/16 to 2016/17 due to a delay in signing the contract for the new Library building. It is expected that the works will now be completed by June 2017.

### CCL 5 – Oaklands Swimming Pool Feasibility (slippage £0.07M)

**There is slippage into 2016/17 due to a small delay in the completion of works.**

There is slippage of £0.07M from 2015/16 to 2016/17 as there are some outstanding defects to resolve with the contractor and, thus, the retention has not been paid. The council will have continued financial responsibility for the maintenance of the roof until March 2018.

### CCL 6 - Bargate Monument Repairs (slippage £0.04M)

**There is slippage into 2016/17 due to a delay on Ancient Monument Consent.**

There is slippage of £0.04M from 2015/16 to 2016/17 on the Bargate Monument Repairs due to a delay in receiving Ancient Monument Building consent from Historic England for the works and having to re-schedule the works around the German Christmas Market.

## EDUCATION & CHILDRENS SOCIAL CARE PORTFOLIO KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£8.96M**. This can be compared with the budgeted figure for 2015/16 of **£8.19M** resulting in an overspend of **£0.77M**, which represents a percentage over spend against budget of **9.4%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	8.19	17.31	4.95	0.00	0.00	30.45
Approvals since last report	0.00	0.80	7.70	1.17	0.00	9.67
<b>Programme Total</b>	<b>8.19</b>	<b>18.11</b>	<b>12.65</b>	<b>1.17</b>	<b>0.00</b>	<b>40.12</b>
(Slippage)/Rephasing	(0.45)	0.45	0.00	0.00	0.00	0.00
(Under)/Overspends**	1.22					1.22
<b>Total Spend</b>	<b>8.96</b>	<b>18.56</b>	<b>12.65</b>	<b>1.17</b>	<b>0</b>	<b>41.34</b>

\*\*Overspend in 2015/16 to be funded by underspend in 2016/17 – see Appendix 4

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

### PROGRAMME CHANGES

#### **APPROVALS SINCE LAST REPORT**

##### **ECSC 1 – Springwell Phase 2 (Addition of £9.67M in 2016/17 to 2018/19)**

###### **Addition of £9.67M for Springwell Phase 2 to create additional capacity.**

The Cabinet and Council have approved £9.67M for Springwell Phase 2, on March 2016 for increased capacity at Springwell Special School. The impact of Phase 2 will be to create the places required at the forecast rate of intake, in response to both local need and the statutory duty to meet parental preference. This will significantly reduce tribunal activity and the need to fund high cost independent placements.

###### **The SIGNIFICANT over spend or under spend for the portfolio are:**

##### **ECSC2 – Academies Management – (£0.09M Underspend in 2015/16)**

###### **Reduction of £0.09M for 2015/16 as litigation not now required.**

Removal of a provision for litigation that will not be needed. The project has now ended.

##### **ECSC4 - Primary Review P2- Fairisle Infant & Nursery (£0.03M Overspend)**

###### **Spend required to cover unforeseen ground work costs and retention payment.**

This project was delivered in two stages. The first stage of the project is overspent due to additional works required to prepare the groundworks. All costs are now known and in addition there will be a further pressure of £0.04M in 2016/17 to meet the retention payment due September 2016.

##### **ECSC5 – Expansion of St Johns Primary & Nursery School (£0.86M Overspend)**

###### **Overspends necessary to complete project.**

Against the original budget for this project there is an overspend of £0.86M in 2015/16 as a result of reasons detailed in 21<sup>st</sup> January Board report. This overspend is being managed within the Portfolio Programme from underspends within other schemes.

##### **ECSC6 –School Expansion Programme (£0.08M Underspend)**

Overspend of £0.04M at Great Oaks Special School, due to the New Lodge at Down to Earth site at Green Lane required more construction enabling and groundwork costs than had been anticipated by the project manager. All costs for this project are now known.

Underspend of £0.09M at Weston Park Primary. The school commissioned the works for bulge class and to be reimbursed for only £0.01M for 2015/16. Project is now complete.

Underspend of £0.03M at Polygon School, for the expansion at Morris House. The purchase is complete and refurbishment will not be paid by SCC, as originally anticipated.

##### **ECSC7 – Newlands Primary Rebuild Project (£0.05M Overspend)**

###### **Increase of £0.05M required for 2015/16 to pay for additional costs.**

Overspend is due to archaeological remains found resulting in delay in contractor being awarded extension of time so removal from old building more complicated and costly as missed start of term. Additionally the delay at end of contract in getting electric supply to old building resulting in demolition being delayed and extension in time for contractor.

##### **ECSC8 – Pupil Referral Unit Capital – (£0.05M Overspend)**

###### **Total Increase of £0.05M required for 2015/16 to pay for outstanding capita fee.**

## **CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES**

Overspend is due to outstanding capita fees from 2013 received in February 2016 plus lighting replacement resulted in additional costs.

### **ECSC9 - Health & Safety (H&S) Capital – (£0.05M Underspend)**

**Low spend and Capita order processing delays.**

This project is for essential Fire Risk Assessments (FRA) works to meet legal requirements and H&S standards. As a result of low spend in 2015/16 due to Capita order processing delays, capital managers agreed reduction of £0.2M for 2016/17.

### **ECSC10 – Asbestos Removal – (£0.13M Underspend)**

**Reduction of £0.13M for 2015/16 due to low spend and Capita order processing delays.**

This project is for essential SCC statutory legal requirements to manage asbestos in schools but is demand led and as a result of delays in processing orders there is an underspend in 2015/16; capital managers have agreed to use to fund other overspends.

### **ECSC11 – Regents Park Secondary Capital Maintenance - (£0.05M Overspend)**

**To rectify a problem with the drainage of the MUGA sports pitch.**

This project had ended in a previous financial year, however a subsequent drainage problem with the MUGA sports pitch, post installation, required an additional payment of £0.05M. Initially the school met the costs and it has been agreed they will be reimbursed.

### **ECSC13 – Increased places at St Marys Primary School (£0.01M Overspend)**

**Overspend of £0.01M in 2015/16 due to additional costs.**

Overspend in 2015/16 due to additional unexpected access and archaeological costs.

### **ECSC14 – School Devolved Capital (£0.54M Overspend)**

**Due to a notional budget being set at the start of the year.**

This project is a combination of all school expenditure utilising their devolved capital grant. As spend is managed by each individual school an indicative budget is set. At year end the total spend was £0.54M greater than estimated. This is overspend is fully funded by devolved capital grants.

### **The MAJOR Items of Slippage/ Rephasing for 2015/16 are:**

#### **ECSC15 – Early Years Expansion – (Slippage of £0.07M from 2015/16 to 2016/17)**

**Slippage of £0.07M to cover costs for completion of project.**

Ongoing programme for provision of Early Years statutory education places. The programme on target to complete by March 2017.

#### **ECSC16 – Primary Review P2 – (Slippage of £0.08M from 2015/16 to 2016/17)**

Slippage of £0.06M at Shirley Warren Primary to cover the retention payment. The project is expected to finish by March 2017. Retention is payable 12 months after completion.

Slippage of £0.05M at Sholing Junior due to delayed start, owing to availability of Capita resources.

Rephasing of £0.03M at Fairisle Junior due to design costs being incurred ahead of schedule. The rest of project to start in October 2016.

Slippage of £0.02M at Tanners Brook Junior due to retention payment, for part one, to be made in November 2016.

## **CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES**

Rephasing of £0.02M at Valentine Primary School due to costs incurred to complete additional classroom early. Now only retention fee left in 2016/17, as funding on hold due to EFA new build.

### **ECSC17 – Springwell School – Main Expansion (Slippage of £0.23M from 2015/16 to 2016/17)**

**Slippage of £0.23M due to delay in start.**

The project was delayed as only approved by Council Capital Board in September 2015. Planning application submitted in December 2015 and the proposed start on site is July 2016.

### **ECSC18 – Solar PV Resources project (Slippage of £0.09M from 2015/16 to 2016/17)**

**Slippage of £0.09M from 2015/16 to 2016/17 due to delayed start in 2016.**

Project was to install Solar panels on a list of schools. Redbridge tender will be installed in 2016/17, hence the slippage. Due to an estimated underspend in 2016/17 a reduction of £0.09M is being given up to support the 2015/16 overspend.

New larger Council wide project is being requested separately to Capital Board.

### **ECSC19 – R&M Planned Programme (Rephasing of £0.06M from 2016/17 to 2015/16)**

**The initial phase of the project has been completed earlier than anticipated.**

The rephase of £0.06M from 2016/17 budget required as the repairs and maintenance projects completed ahead of schedule.

### **ECSC20 – Academies (Rephasing of £0.04M from 2016/17 to 2015/16)**

**Additional costs incurred for Mayfield (£0.02M) and Lordshill (£0.02M) Academy**

Fees received earlier than scheduled and retention money refunded to Carillion and 125 year lease issued to Oasis in 2016/17.

### **ECSC21 – Schools Access Initiative (Slippage of £0.04M from 2015/16 to 2016/17)**

**Ongoing demand led costs requirements.**

This is a rolling and reactive programme and demand led by the school's requirements. Any slippage will be required for 2016 onwards.

### **ECSC22 – Secondary School Capital – (Slippage of £0.08M from 2015/16 to 2016/17)**

**Slippage of £0.05M on the Estates programme and £0.03M for Chamberlayne.**

The remaining budget is required for residual works and final Capita fees to enable completion of the programmes.

### **ECSC23 – Secondary School Expansion Feasibility – (Rephasing of £0.06M from 2016/17 to 2015/16)**

**Capita fees were incurred earlier than anticipated.**

New project approved in Sept 2015; Capita feasibility fees charged earlier than forecast.

### **ECSC24 – Springhill Primary Academy (Slippage of £0.05M from 2015/16 to 2016/17)**

**Slippage of £0.05M to support reduction in 2016/17 to meet overspends as Business & Account Manager, Property Services agreed the project will not go ahead.**

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

Springhill is an academy school. It was agreed that the project for a bulge class will not go ahead. The Diocese and the school have been informed.

### ECSC25 – IT Harnessing Technology Grant (Slippage of £0.01M from 2015/16 to 2016/17)

**Residual budget required in 2016/17 to move schools to new broadband service.**

New broadband service for Harefield, Holy brook Infant/Junior and Shirley Infant/Junior. If the capital cost are not funded (as they were for all other schools) there is a high risk that these schools will not sign up to the service and SCC will lose any future revenue stream.

### ECSC26 –Primary Expansion (Slippage of £0.00M from 2015/16 to 2016/17)

**Slippage of £0.02M on Portswood Primary offset by rephasing of £0.02M on St Monica.**

Portswood Primary - Slippage is due to the contract work being delayed as a result of planning requirements resulting in possible redesign.

St Monica Bulge Class - Rephasing is required for Capita fee paid earlier than budgeted based on similar projects at other schools to provide a new pre-school building on-site to allow the school to expand within the main building.

### ECSC27 – Expansion of St Johns Primary & Nursery School (Rephasing £0.02M from 2016/17 to 2015/16)

**Highways work completed ahead of schedule.**

Highway works originally due in to be undertaken in 2016/17 were completed and paid for in 2015/16, requiring £0.02M to be rephased.

## FINANCE PORTFOLIO

### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£1.20M**. This can be compared with the budgeted figure for 2015/16 of **£1.40M** resulting in an under spend of **£0.20M**, which represents a percentage under spend against budget of **14.3%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	1.40	1.28	0.29	0	0	2.97
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
<b>Programme Total</b>	<b>1.40</b>	<b>1.28</b>	<b>0.29</b>	<b>0.00</b>	<b>0.00</b>	<b>2.97</b>
Slippage/Rephasing	(0.20)	0.20	0.00	0.00	0.00	0.00
Under/(Over)spends	(0.00)					(0.00)
<b>Total Spend</b>	<b>1.20</b>	<b>1.48</b>	<b>0.29</b>	<b>0.00</b>	<b>0.00</b>	<b>2.97</b>

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

### PROGRAMME CHANGES

#### The MAJOR items of slippage/re-phasing are:

##### FIN 1 – Works to Enable Accommodation Strategy (£0.23M Slippage)

The 2015/16 budget exists to cover the activities required to enable the implementation of the New Ways of Working project and any works required to facilitate the vacation of Herbert Collins House. The slippage on the scheme reflects the ongoing works under way which will now complete in 2016/17.

##### FIN 2 - Desktop Refresh Programme (slippage £0.06M)

#### **Reduced IT equipment refresh required due to accommodation changes/reductions.**

Desktop devices have been refreshed at a lower rate than originally anticipated as a result of managing the availability of re-usable serviceable devices from accommodation changes / reductions. The refresh of devices at locations due for closure were put on hold and as some of the devices at these sites will now be re-used elsewhere, these will be added back into the desktop refresh programme for 2016-17 and ongoing.

##### FIN 3 - Customer Portal (re-phasing £0.09M)

#### **Forecast delays due to technical issues did not occur due to project re-scoping.**

It was anticipated at quarter 3 that the project would be delayed in a number of key areas due to technical issues. Since then the project has been reviewed to re-direct focus to overcome these technical issues by the use of additional resources to enable key project deadlines to be met.

There has also been an unanticipated overlap with the Transformation capital project which has resulted in expenditure on elements of the project earlier than expected.

## HEALTH & ADULTS SOCIAL CARE PORTFOLIO

### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£0.25M**. This can be compared with the budgeted figure for 2015/16 of **£0.35M** resulting in an in year under spend of **£0.10M**, which represents a percentage under spend against budget of **28.5%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	0.35	0.25	0.00	0.00	0.00	0.60
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
<b>Programme Total</b>	<b>0.35</b>	<b>0.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.60</b>
(Slippage)/Rephasing	(0.01)	0.01	0.00	0.00	0.00	0.00
(Under)/Overspends	(0.09)	0.00	0.00	0.00	0.00	(0.09)
<b>Total Spend</b>	<b>0.25</b>	<b>0.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.51</b>

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

### PROGRAMME CHANGES

None.

### The SIGNIFICANT over spend or under spend for the portfolio are:

#### HASC1 – Paris 5.1 Upgrade (£0.09M Underspend in 2015/16)

The project has been completed below budget primarily due to the IT costs being significantly lower than anticipated.

The project has been completed and there is an underspend of £0.09M primarily due to the use of greater volumes of pre-paid development days from IT.

### The MAJOR items of slippage are:

#### HASC2 – Common Assessment Framework (CAFA) - (Slippage of £0.01M from 2015/16 to 2016/17)

Slippage is being requested to cover the final costs in 2016/17.

This project has almost been completed. Although there is slippage of £0.01M to cover the final contracted work in 2016/17, an underspend of £0.13M has been identified from the final project figure to be taken in 2016/17 as a result of overall costs being less than anticipated.

## HOUSING & SUSTAINABILITY PORTFOLIO

### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£2.06M**. This can be compared with the budgeted figure for 2015/16 of **£3.17M** resulting in an in year under spend of **£1.11M**, which represents a percentage under spend against budget of **35.0%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	3.17	2.45	0.00	0.00	0.00	5.62
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
<b>Programme Total</b>	<b>3.17</b>	<b>2.45</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.62</b>
(Slippage)/Rephasing	(1.00)	1.00	0.00	0.00	0.00	0.00
(Under)/Over spends	(0.11)					(0.11)
<b>Total Spend</b>	<b>2.06</b>	<b>3.45</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.51</b>



## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

### PROGRAMME CHANGES

#### **APPROVALS SINCE LAST REPORT**

There have been no approvals since the last report.

#### **The SIGNIFICANT over spend or under spend for the portfolio are:**

##### **H&S 1 – Estate Regeneration Cumbrian Way (underspend £0.03M)**

**The final project cost was lower than expected.**

This project is now complete and the budget allocated for 2015/16 was for final work, the value of which was difficult to determine. The completion work was minor and the full budget was not required.

##### **H&S 2 – Disabled Facilities Grant approved in 2013/14 (underspend £0.08M)**

**There has been an under spend on completed work.**

Work relating to Disabled Facilities Grants approved in 2013/14 has now been completed and there is an under spend of £0.08M. This relates to the Right-To-Buy receipt element of funding for this scheme.

#### **The MAJOR items of slippage/re-phasing are:**

##### **H&S 3 – DevCo Setup (slippage £0.06M)**

**Unspent funding for consultants is to be slipped from 2015/16 to 2016/17.**

A final invoice is due from consultants for work carried out in 2015/16. The value of that work was unconfirmed at the end of the financial year so it is planned to slip the budget into 2016/17.

##### **H&S 4 – Estate Parking Improvements (slippage £0.09M)**

**There has been a delay due to a change in contractor.**

Private residents are making a contribution to these parking improvements so in order to appoint a contractor to carry out the work, the residents must agree on the quotation.

The original contractor expected to carry out this work provided an estimated quote which was agreed in principal by residents. However, the final quote provided by that contractor was much higher.

The contract was therefore put out to tender and a new contractor has been appointed. Once the residents have signed the agreement, in principal, work will begin on the parking improvements.

##### **H&S 5 – Handyperson Service (slippage £0.03M)**

**There was a decrease in the cost of the contract with the provider.**

The contract with the Society of St James to provide this service has been renegotiated down and funding is to be slipped to fund the scheme in 2016/17.

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

### H&S 6 – Green Deal Communities Engagement (slippage £0.45M)

**This demand-led project has underspent.**

This funding is used to provide grants to private residents to upgrade their heating systems. The number of applications for grants has been lower than expected and so there have been fewer boiler installations in 2015/16. The under spend is to be slipped into 2016/17 to fund further grants for boiler installations.

### H&S 7 – Green Projects (slippage £0.05M)

**Unspent funding is to be slipped to part fund a new green project.**

This unspent funding will contribute towards the Southampton Healthy Homes project, which is due to start in 2016/17, and for which there is already £0.33M allocated in the new financial year.

## LEADERS PORTFOLIO

### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£7.43M**. This can be compared with the budgeted figure for 2015/16 of **£14.89M** resulting in an in year under spend of **£7.46M**, which represents a percentage under spend against budget of **50.1%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	14.90	74.47	0.35	0.10	0.00	89.82
Approvals since last report	(0.01)	0.00	0.00	0.00	0.00	(0.01)
<b>Programme Total</b>	<b>14.89</b>	<b>74.47</b>	<b>0.35</b>	<b>0.10</b>	<b>0.00</b>	<b>89.81</b>
(Slippage)/Rephasing	(7.45)	7.45	0.00	0.00	0.00	0.00
(Under)/Over spends	(0.01)					(0.01)
<b>Total Spend</b>	<b>7.43</b>	<b>81.92</b>	<b>0.35</b>	<b>0.10</b>	<b>0.00</b>	<b>89.80</b>

### PROGRAMME CHANGES

#### **APPROVALS SINCE LAST REPORT**

#### LD 1 – District Shopping Centre (Reduction £0.01M)

**This budget has been transferred to the City Services capital programme.**

## **CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES**

As this budget was no longer required for the District Shopping Centre, it was agreed that it could be used to fund work on a play area at Adey Close. This work will be carried out as part of the City Services capital programme and a budget virement was approved in January 2016.

### **The MAJOR items of slippage/re-phasing are:**

#### **LD 2 – Northern Above Bar – Guildhall Square (slippage £0.20M)**

**There has been a delay due to lighting contract issues.**

The final payment for work carried out under the lighting contract is currently being retained while issues with the work are being resolved. Once resolved, the final payment is expected to be made in 2016/17.

#### **LD 3 – Southampton New Arts Centre (SNAC) (slippage £6.64M)**

**There has been a delay in completion of the shell and core works.**

It was originally expected that the fit-out contractor would start work early in the 2015/16 financial year. This start date depended on the completion of the shell and core works. As there was a delay in the completion of this work, the site was not handed over to the fit-out contractors until 12<sup>th</sup> October 2015. This caused slippage of £5.4M in the cost of works, with the balance relating to the slippage of fees and other project costs. The budget is being slipped to cover the completion of fit-out work in 2016/17.

#### **LD 4 – Watermark West Quay (slippage £0.23M)**

**There has been a delay in the work completed by the contractor.**

The work carried out by the contractor on this project has been delayed by 15 weeks due to the discovery of asbestos in Harbour Parade and a collapsed sewer pipe. The final completion date of this project has now been extended and work must be completed and a claim submitted for the Regional Growth Fund grant by 30<sup>th</sup> September 2016.

#### **LD 5 – West Quay Phase 3 WWQ (slippage £0.07M)**

**There has been a delay in the delivery of the development plans.**

Now that phase 1 is progressing well on site, discussions are progressing with the developer in relation to phase two of this project and the delivery mechanism. It is therefore necessary to slip some of the funding into 2016/17.

#### **LD 6 – QE2 Mile – Bargate Square (slippage £0.06M)**

**There has been a delay in obtaining plans from the developer for the Bargate building.**

The developer is currently in the process of producing redevelopment proposals for the Bargate Shopping Centre. Development of the pedestrian section of Bargate Square cannot be moved forward until these plans have been agreed and are being delivered. The budget therefore needs to be slipped into 2016/17.

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

### LD 8 – Feasibility – Major Site Development (slippage £0.06M)

**Feasibility work was not undertaken this year.**

There were no new projects requiring feasibility work in 2015/16, so the budget is being slipped for any work needed in future years.

### LD 9 – Royal Pier (slippage £0.06M)

**There has been a delay in the completion of the development plan for the project.**

This complex project has taken longer than anticipated to reach the planning application stage which has now been submitted for approval. Discussions are ongoing with the developer in relation to the scheme. The budget has therefore been slipped into 2016/17.

## TRANSFORMATION PORTFOLIO

### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£0.09M**. This can be compared with the budgeted figure for 2015/16 of **£0.10M** resulting in an under spend of **£0.01M**, which represents a percentage under spend against budget of **10.0%**.

The programme is shown in the following summarised table:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Programme at last report	0.00	0.00	0.00	0.00	0.00	0.00
Approvals since last report	0.10	0.40	0.00	0.00	0.00	0.50
<b>Programme Total</b>	<b>0.10</b>	<b>0.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
(Slippage)/Rephasing	(0.01)	0.01	0.00	0.00	0.00	0.00
(Under)/Overspends	0.00					0.00
<b>Total Spend</b>	<b>0.09</b>	<b>0.41</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.50</b>

### NO SIGNIFICANT PROGRAMME CHANGES TO NOTE

## TRANSPORT PORTFOLIO

### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£15.13M**. This can be compared with the budgeted figure for 2015/16 of **£18.99M** resulting in an under spend of **£3.86M**, which represents a percentage under spend against budget of **20.3%**.

The programme is shown in the following summarised table:

## CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES

	2015/16 £M	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M	Total £M
Programme at last report	18.98	13.06	0.62	0.17	0.10	32.93
Approvals since last report	0.01	0.00	0.00	0.00	0.00	0.01
<b>Programme Total</b>	<b>18.99</b>	<b>13.06</b>	<b>0.62</b>	<b>0.17</b>	<b>0.10</b>	<b>32.93</b>
(Slippage)/Rephasing	(3.92)	3.92	0.00	0.00	0.00	0.00
(Under)/Overspends	0.06					0.06
<b>Total Spend</b>	<b>15.13</b>	<b>16.98</b>	<b>0.62</b>	<b>0.17</b>	<b>0.10</b>	<b>32.99</b>

### PROGRAMME CHANGES

#### **APPROVALS SINCE LAST REPORT**

##### **E&T 1 – Congestion Reduction (Addition £0.01M)**

###### **Additional funding for CCTV Cameras.**

Additional funding of external contributions for CCTV Cameras at Oxford Street has been added to the scheme as approved by the Director in February 2016. This was phased in 2015/16, but has now slipped into 2016/17.

##### **The SIGNIFICANT overspend or underspend for the portfolio are:**

##### **E&T 2 - Purchase of Vehicles (overspend £0.07M)**

###### **Additional capital expenditure for the purchase of vehicles.**

The approved budget is £0.78M, however, during the year, expenditure of £0.84M has been incurred to purchase Council vehicles. This additional expenditure of £0.07M in 2015/16 will be funded by council resources. The additional expenditure is due to the original budget being an indicative figure for the value of vehicles to be purchased. Following confirmation of the required specifications and prices the cost of purchases is 9% higher than anticipated.

##### **The MAJOR items of slippage/re-phasing are:**

##### **E&T 3 - Principal Roads (slippage £0.67M)**

###### **There is slippage into 2016/17 of the funding for this ongoing scheme.**

The Principal Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 14 projects being delivered. Greater efficiency by the Council's Partner, coupled with improved risk mitigation measures, have resulted in the delivery of these projects well within the available budget. There is a net favourable variance of £0.67M, which will fund the ongoing Roads programme in 2016/17.

##### **E&T 4 - Unclassified Roads (slippage £0.56M)**

###### **There is slippage into 2016/17 of the funding for this ongoing scheme.**

## **CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES**

The Unclassified Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 36 projects being delivered. Greater efficiency by the Council's Partner, coupled with improved risk mitigation measures, have resulted in the delivery of these projects well within the available budget. There is a net favourable variance of £0.56M, which will fund the ongoing Roads programme in 2016/17.

### **E&T 5 - Bridges to Prosperity (slippage £0.37M)**

**There is slippage into 2016/17 on this scheme due to the complexity of the work.**

The favourable variance is mainly due to slippage on the Vicarage Bridge project of £0.33M, due to the complexity of the works needed to the structure, delaying the completion until April 2016.

### **E&T 6 – Bridges/ Structures Maintenance (slippage £0.22M)**

**There is slippage into 2016/17 on this scheme due to wet weather and unexpected ground conditions.**

The favourable variance is mainly due to slippage on the Wilton Avenue Culvert Repair project of £0.16M, due to the works being delayed by wet weather and unexpected ground conditions.

### **E&T 7 - Congestion Reduction (slippage £0.22M)**

**There is slippage into 2016/17 on this scheme.**

There is slippage of £0.13M on the Intelligent Transport Systems (ITS) project and of £0.07M on the Urban Freight Strategy - Delivery Service Plans (DSP) project.

ITS slippage is due to delays in the procurement and delivery of enhanced Variable Message Systems. Procurement is now progressing to allow the project to be delivered.

Urban Freight Strategy and development of the DSPs has had slippage due to prioritising the next round of interventions. These are now agreed and the budget will be used to support the set-up of the NHS IoW Trusts logistics operations at Southampton's Sustainable Distribution Centre.

### **E&T 8 - Accessibility (slippage £0.18M)**

**There is slippage into 2016/17 on this scheme.**

There is slippage of £0.07M on the Station Boulevard project and of £0.10M on the Local Transport Improvement Fund project.

Station Boulevard preliminary design and the highway preparatory works have slipped as there have been delays in securing the necessary land agreements from SSE and other land owners and in engaging with key stakeholders on the design requirements. Progress has now been made with securing land and there is the ability to progress with preparatory works.

Local Transport Improvement Fund is delivering up to 30 individual highway projects, which the budget is committed to. There have been delays with some projects in light of stakeholder consultations, supplier issues and programming. Works continue to progress with a commitment to deliver projects as prioritised by local Members.

## **CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES**

### **E&T 9 – Cycling Improvements (slippage £0.45M)**

**There is slippage into 2016/17 on this scheme.**

There is slippage of £0.25M on the Northern Cycle Route Development project due to a requirement for a planning application to assess the ecological impacts of the project and following this the need to apply to the secretary of state for a section 38 approval for works on Common land.

Also there is slippage of £0.12M on the Second Avenue Millbrook Cycle project due to delays in finalising the detailed design and cost estimates.

There is slippage of £0.04M on the Eastern Cycle Route Development project due to continued delays with the East Street redevelopment.

### **E&T 10 – Highways Improvements (slippage £0.09M)**

**There is slippage into 2016/17 on this scheme due to the complexity of the work.**

There is slippage of £0.09M on developer contribution funded jobs, due to the ongoing detailed design for site specific agreements and negotiating with the Council's Partner on better construction costs delaying the completion until quarters 1 and 2 of 2016.

### **E&T 11 – Highways Maintenance (slippage £0.10M)**

**There is slippage into 2016/17 on this scheme.**

There is slippage on this contingency sum which may be required to pay the Council's Highways contract partner for works delivered in 2015/16.

### **E&T 12 – Improved Safety (slippage £0.14M)**

**There is slippage into 2016/17 on this scheme.**

There is slippage of £0.15M on the Improved Safety - Engineering 2015/16 project due to a mid-year review of the accident data and an update of the prioritisation methodology. An updated programme of works and studies is now established.

### **E&T 13 – Public Transport (slippage £0.16M)**

**There is slippage into 2016/17 on this scheme.**

There is slippage on the Public Transport project of £0.19M, which is earmarked for future bus lane & traffic enforcement works. The slippage is due to delays in agreeing the design of the scheme and commissioning delivery of the works. Which are now estimated to be completed by autumn 2016.

### **E&T 14 - North of Station (slippage £0.50M)**

**There is slippage into 2016/17 of the funding for this scheme.**

Phase 1 of the scheme is complete and phases 2, 3 and 4 of this scheme to improve the public realm and connectivity of the station with the rest of the city are largely physically complete. The final costs for design and construction will not be known until outstanding

## **CAPITAL OUTTURN 2015/16 – DETAILS OF SIGNIFICANT VARIANCES**

defects are resolved with the contractor. In addition the final costs will be subject to agreement of the final account in accordance with the contract and Target Cost/ sharing mechanism arrangements between the council and the Highways Partner.

### **E&T 15 – Other variances (slippage £0.26M)**

**There are a number of other slippages into 2016/17 across the programme.**

The remaining favourable variance of £0.26M can be attributed to a number of schemes with individual variances below £0.09M.



## CITY SERVICES

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
C2921	Weekly Collection Support Scheme	0.054	0.039	(0.015)
NS002	Portswood Rec Improvements	0.096	0.104	0.008
NS003	Green Flag Improvements	0.001	0.002	0.001
NS004	Deep Dene Improvements	0.034	0.024	(0.010)
NS011	Southampton Common Access Project	0.000	0.000	0.000
NS024	Freemantle Lake Park Improvements	0.003	0.003	0.000
NS027	Minor Parks Development Works	0.069	0.043	(0.026)
NS029	St James Park HLF Project	0.013	0.010	(0.003)
NS030	Mobile Working for P&C Frontline	0.007	0.000	(0.007)
NS031	Parks Safety Improvements	0.002	0.000	(0.002)
NS035	Play Area Improvements	0.184	0.082	(0.102)
NS037	Central Depot	0.445	0.435	(0.010)
NS038	City Pride	0.038	0.012	(0.026)
NS039	Park Walk Entrance to East Park	0.070	0.005	(0.065)
		<b>1.016</b>	<b>0.759</b>	<b>(0.256)</b>

## COMMUNITIES, CULTURE &amp; LEISURE

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
LOGHR	Guildhall Refurbishment	0.213	0.355	0.142
LC101	Tudor House Museum	0.026	0.020	(0.006)
LC102	Heritage Centre/Sea Centre	0.000	0.095	0.095
LC201	Arts and Heritage	0.063	0.003	(0.060)
LC401	Pitch Improvements	0.184	0.157	(0.027)
LC601	Other Projects LC601	0.450	0.388	(0.062)
LC602	Other Projects LC602	0.446	0.179	(0.267)
		<b>1.382</b>	<b>1.197</b>	<b>(0.185)</b>

## EDUCATION &amp; CHILDREN'S SOCIAL CARE

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
E0ACA	Academies	0.178	0.133	(0.045)
E0BPS	Bitterne Park 6th Form	0.242	0.242	0.000
E0CSL	C S & L General Other	0.495	1.025	0.530
E0EYP	Early Years Expansion Programme	0.233	0.168	(0.065)
E0ICT	ICT	0.013	0.000	(0.013)
E0PR2	Primary Review Phase 2	2.909	3.496	0.587
E0PR3	School Expansion Programme - Phase 3	1.007	0.902	(0.105)
E0PRN	Primary Rebuild - Newlands	0.067	0.112	0.045
E0PRW	Primary Review	0.162	0.172	0.010
E0SAF	Safeguarding	0.003	0.000	(0.003)
E0SCM	School Capital Maintenance	2.629	2.434	(0.194)
E0SSM	Secondary School Capital Maintenance	0.203	0.172	(0.031)
E0UFM	Universal Infant Free School Meals	0.000	0.000	0.000
E0SE1	Secondary Expansion phase 1	0.053	0.105	0.052

**SCHEME BUDGET VARIANCES 2015/16**

<b>8.194</b>	<b>8.961</b>	<b>0.767</b>
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**FINANCE**

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
M9710	Office Accommodation	0.420	0.421	0.001
P5080	Oaklands School Site - Demolition	0.000	0.000	0.000
P5100	IT Desktop	0.587	0.613	0.026
P5110	Civic Centre Clock Tower Repairs	0.108	0.108	0.000
P5120	Works to Enable Accommodation Strategy	0.267	0.038	(0.229)
P5130	Investment in Local Capital Finance Compa	0.020	0.020	0.000
		<b>1.402</b>	<b>1.199</b>	<b>(0.203)</b>

**HEALTH & ADULT SOCIAL CARE**

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
R9330	National Care Standards and H&S Work	0.070	0.067	(0.003)
R9340	Replacement of Appliances and Equipment	0.012	0.012	(0.000)
R9700	Common Assessment Framework	0.080	0.066	(0.014)
R9720	Residential Homes fabric furnishing CQC	0.004	0.005	0.001
R9730	Sembal House Refurbishment	0.000	0.000	0.000
R9750	Paris 5.1 Upgrade	0.187	0.096	(0.091)
		<b>0.353</b>	<b>0.245</b>	<b>(0.108)</b>

**HOUSING & SUSTAINABILITY**

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
C2420	Flood Risk Management	0.237	0.244	0.007
C2520	Salix Energy Efficiency Measures	0.138	0.046	(0.092)
GF001	Support to RSL's	0.255	0.076	(0.179)
GF100	Home Improvement Loans	0.880	0.348	(0.532)

**SCHEME BUDGET VARIANCES 2015/16**

GF300	PUSH	0.000	0.000	0.000
GF800	Insulation	0.010	0.001	(0.009)
GF900	Disabled Facilities Grant	1.652	1.341	(0.311)
		<b>3.172</b>	<b>2.058</b>	<b>(1.114)</b>

**LEADER'S**

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
M0CQR	Cultural Quarter	11.582	4.720	(6.862)
M0HOC	Heart of the City	2.994	2.623	(0.371)
M0HQP	Hollyrood and Queens Park	0.016	0.006	(0.010)
M0IRF	Itchen Riverfront	0.123	0.077	(0.046)
M0OTH	Other Areas	0.059	0.000	(0.059)
M0PIF	Propery Investment Fund	0.000	0.000	0.000
M0RPW	Royal Pier Waterfront	0.074	0.005	(0.069)
M0SQR	Station Quarter Parent	0.039	0.000	(0.039)
		<b>14.887</b>	<b>7.432</b>	<b>(7.455)</b>

**TRANSFORMATION**

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
T1000	Digital Investment Phase 1	0.100	0.094	(0.006)
		<b>0.100</b>	<b>0.094</b>	<b>(0.006)</b>

**TRANSPORT**

Scheme No.	Description	Budget 2015/16 £M	Actual 2015/16 £M	Variance 2015/16 £M
C2100	Purchase of Vehicles	0.778	0.844	0.066
C2300	Digital Radio Service 2013	0.003	0.000	(0.003)
C2400	Planning	0.022	0.000	(0.022)
C2410	Invest To Save - Building Control	0.000	0.000	0.000
C2690	Relocation of Town Depot	0.007	0.000	(0.007)
C2730	Itchen Bridge Toll Automation	0.089	0.071	(0.018)
C2740	Crematorium Major Works	0.042	0.049	0.007
C7131	Cycling Improvements	0.705	0.255	(0.450)
C7141	Public Transport	0.465	0.308	(0.157)
C7151	Improved Safety	0.312	0.175	(0.137)
C7161	Sustainable Travel	0.308	0.264	(0.044)
C7171	Accessibility	0.309	0.129	(0.180)
C7181	Congestion Reduction	0.405	0.182	(0.223)
C7191	Other Hlghways	0.222	0.184	(0.038)
C7770	B2P Bridge Scheme	0.912	0.539	(0.373)
C7911	Bridges Maintenance	0.276	0.057	(0.219)
C7921	Principal Roads	2.143	1.470	(0.673)
C7923	SLEP Millbrook Roudabout	0.100	0.092	(0.008)
C8000	Classified Roads	2.103	2.058	(0.045)

SCHEME BUDGET VARIANCES 2015/16

C8100	Unclassified Roads	3.159	2.599	(0.560)
C8110	Unclassified Roads - Carriageway Resurfac	0.000	0.000	0.000
C8300	Street Lighting	0.072	0.007	(0.065)
C8800	Street Furniture	0.010	0.000	(0.010)
C8900	City Centre Improvements	0.010	0.011	0.001
C8911	Platform for Prosperity	0.437	0.418	(0.019)
C8922	Centenary Quay	1.396	1.391	(0.005)
C8933	North of Station	4.400	3.897	(0.503)
C9120	Highways Improvements Developers	0.209	0.123	(0.086)
C9200	Highways Maintenance Risk Fund	0.098	0.000	(0.098)
C9471	MSCP 10 Yr Maint. Programme	0.002	0.002	(0.000)
		<b>18.994</b>	<b>15.126</b>	<b>(3.868)</b>
<b>PROGRAMME TOTAL</b>		<b>49.499</b>	<b>37.071</b>	<b>(12.428)</b>

## CITY SERVICES

Scheme No.	Description	Original Budget 2016/17 £M	Slippage from 2015/16 £M	Re-phasing to 2015/16 £M	Changes to Programme £M	Revised Budget 2016/17 £M
J333B	Central Depot Development	0.826	0.009	0.000	0.000	0.835
J426L	Southampton Common	0.014	0.000	0.000	0.000	0.014
J4410	Mayflower Park Basket Ball Court Renovation	0.027	0.000	(0.001)	0.000	0.026
J4430	Weston Shore Improvements Phase 2	0.014	0.000	(0.008)	0.000	0.006
J4440	Sports Centre Water Supply Upgrade	0.015	0.000	0.000	0.000	0.015
J4450	Riverside Park Pitch & Putt Irrigation System Upgrade	0.050	0.000	0.000	0.000	0.050
J4460	Cedar Lodge Open Space	0.017	0.000	0.000	0.000	0.017
J4520	Riverside Park	0.030	0.005	0.000	0.000	0.035
J4570	Mayfield Park Improvements	0.024	0.000	0.000	0.000	0.024
J4610	City Price - Improvements to Queens Park	0.069	0.022	0.000	0.000	0.091
J8290	Realignment of Park Walk Entrance to East Park	0.025	0.065	0.000	0.000	0.090
E3013	The Common Play Area	0.482	0.018	0.000	0.000	0.500
J4310	Deep Dene Improvements	0.000	0.003	0.000	0.000	0.003
J4370	Park Code for Green Space	0.000	0.007	0.000	0.000	0.007
J4480	Green Park	0.000	0.002	0.000	0.000	0.002
J4490	Hum Hole	0.000	0.008	0.000	0.000	0.008
J4500	Lordsdale Greenway	0.000	0.005	0.000	0.000	0.005
J4510	Mansbridge Open Space	0.000	0.002	0.000	0.000	0.002
J4540	Sullivan Recreation Ground	0.000	0.002	0.000	0.000	0.002
J4560	Westwood Greenway	0.000	0.003	0.000	0.000	0.003
J814B	St James Park - Implementation	0.000	0.003	0.000	0.000	0.003
J8100	Mobile Working for P & C Frontline	0.000	0.007	0.000	0.000	0.007
J8240	Parks Safety Improvements Yrs 2009-11	0.000	0.002	0.000	0.000	0.002
E3001	Houndwell Park Play Area	0.000	0.005	0.000	0.000	0.005
E3007	Freemantle Common Play Area	0.000	0.006	0.000	0.000	0.006
E3011	Deep Dene Play Area	0.000	0.009	0.000	0.000	0.009
E3025	Bitterne Precinct Play Area	0.000	0.001	0.000	0.000	0.001
E3027	Adey Close Play Area	0.000	0.018	0.000	0.000	0.018
C2921	Weekly Collection Support Scheme	0.000	0.015	0.000	0.000	0.015
J333A	Central Depot - Feasibility	0.000	0.002	0.000	0.000	0.002
E3029	Cedar Lodge Play Area	0.000	0.045	0.000	0.000	0.045
		<b>1.593</b>	<b>0.264</b>	<b>(0.009)</b>	<b>0.000</b>	<b>1.848</b>

## COMMUNITIES, CULTURE &amp; LEISURE

Scheme No.	Description	Original Budget 2016/17 £M	Slippage from 2015/16 £M	Re-phasing to 2015/16 £M	Changes to Programme £M	Revised Budget 2016/17 £M
L1000	Oaklands Swimming Pool Feasibility	0.000	0.065	0.000	0.000	0.065
L1010	Bargate Monument Repairs	0.193	0.043	0.000	0.000	0.236
L1020	Guildhall Square Electricity Supply Enhancement	0.040	0.000	0.000	0.000	0.040
L1440	Tudor House Museum Phase 1	0.000	0.005	0.000	0.000	0.005
L6790	Sections 106 Playing Field Improvement	0.080	0.000	0.000	0.000	0.080
L6791	Lordshill Playing Field Drainage	0.000	0.027	0.000	0.000	0.027
L7000	Guildhall Refurbishment**	0.050	0.000	(0.050)	0.000	0.000
L810U	Art in Public Places – Millbrook and Weston	0.000	0.017	0.000	0.000	0.017
L8260	Tudor House Museum Phase 2 Implementation	0.029	0.001	0.000	0.000	0.030
L8370	Woolston Library	0.446	0.267	0.000	0.000	0.713
		<b>0.838</b>	<b>0.425</b>	<b>(0.050)</b>	<b>0.000</b>	<b>1.213</b>

\*\* £0.078M was rephased from 2017/18 to 2015/16

EDUCATION & CHILDREN'S SOCIAL CARE

Scheme No.	Description	Original Budget 2016/17 £M	Slippage from 2015/16 £M	Re-phasing to 2015/16 £M	Changes to Programme £M	Revised Budget 2016/17 £M
E5005	Primary Review P2 - Shirley Warren Primary	0.041	0.056	0.000	0.000	0.097
E5017	Primary Review P2 - Heathfield Junior School	1.021	0.000	(0.017)	(0.255)	0.749
E5018	Primary Review P2 - Sholing Junior	1.230	0.045	0.000	0.000	1.275
E5019	Primary Review P2 - Tanners Brook Junior	0.400	0.022	0.000	(0.030)	0.392
E5020	Primary Review P2 - Fairisle Junior	1.290	0.000	(0.031)	0.040	1.299
E5027	Expansion of St Johns Primary & Nursery	0.100	0.000	(0.019)	0.150	0.231
E5030	Portswood Primary Expansion	0.533	0.016	0.000	0.191	0.740
E5031	Bitterne Manor Primary Expansion	0.034	0.000	(0.012)	0.000	0.022
E5037	Springwell School - Main Expansion 15/16	2.200	0.227	0.000	0.000	2.427
E5039	Remedial works at Sholing - spring well intake 2015	0.000	0.007	0.000	0.000	0.007
E5041	Springhill Primary Academy School one modular building	0.350	0.050	0.000	(0.350)	0.050
E7200	Secondary School Estates Capital	0.000	0.049	0.000	0.000	0.049
E7203	Health and Safety Capital	0.513	0.000	0.000	(0.200)	0.313
E7205	Solar PV Resources Project	0.110	0.087	0.000	(0.090)	0.107
E7206	Renewable Heat Incentive	0.000	0.008	0.000	0.000	0.008
E7209	Chamberlayne Capital Maintenance	0.000	0.031	0.000	0.000	0.031
E7214	Upper Shirley High	0.000	0.002	0.000	0.000	0.002
E7217	R&M Planned Programme 14-15	2.298	0.000	(0.057)	(0.410)	1.831
E7220	Early Years Expansion Programme	0.411	0.065	0.000	0.000	0.476
E8134	Middlecroft Lane Loft Extension	0.000	0.003	0.000	0.000	0.003
E8160	ICT Harnessing Technology Grant	0.015	0.013	0.000	0.000	0.028
E9022	Schools Access Initiative	0.095	0.040	0.000	0.000	0.135
E9061	Mayfield Academy	0.080	0.000	(0.023)	0.000	0.057
E9062	Lordshill Academy	0.264	0.000	(0.023)	0.000	0.241
E9093	Increased Places at St Mary's Primary - Phase 2	0.010	0.000	0.000	0.000	0.010
E9117	Asbestos Removal	0.076	0.000	0.000	0.000	0.076
E9120	Secondary School Expansion Feasibility	0.057	0.000	(0.057)	0.000	0.000
E9121	Bitterne Park Secondary Building programme -planning contribution	0.190	0.007	0.000	0.000	0.197
E9140	Asbestos	0.250	0.000	0.000	0.000	0.250
E5045	Bitterne CE (Bulge class)	0.350	0.000	(0.008)	(0.342)	0.000
E9122	Bitterne Park Autism Resource Base	0.150	0.000	0.000	0.000	0.150
E9130	Building for Excellence	0.500	0.000	0.000	0.000	0.500
E7221	Early Years Expansion	0.500	0.000	0.000	0.000	0.500
E9131	Health & Safety Programme	0.200	0.000	0.000	0.000	0.200
E5047	PSBP Valentine and St Denys	0.400	0.000	(0.008)	0.064	0.456
E7218	R&M Planned Programme 16-17	2.900	0.000	0.000	0.000	2.900
E9133	Schools Access Initiative	0.150	0.000	0.000	0.000	0.150
E5044	St Monica (bulge class)	0.350	0.000	(0.015)	0.342	0.677
E5042	St Patricks Expansion	0.210	0.000	0.000	0.000	0.210
E5046	Thornhill Expansion	0.030	0.000	0.000	0.000	0.030
E5043	Springwell School-Phase 2	0.800	0.000	0.000	0.000	0.800
E5022	Primary Review Contingency	0.000	0.000	0.000	0.100	0.100
E7204	School Capital Maintenance	0.000	0.000	0.000	0.100	0.100
		<b>18.108</b>	<b>0.728</b>	<b>(0.270)</b>	<b>(0.690)</b>	<b>17.876</b>

FINANCE

Scheme No.	Description	Original Budget 2016/17 £M	Slippage from 2015/16 £M	Re-phasing to 2015/16 £M	Changes to Programme £M	Revised Budget 2016/17 £M
M9710	Accommodation Strategy Action Programme (ASAP)	0.279	0.000	(0.001)	0.000	0.278
P5100	Desktop Refresh Programme	0.312	0.061	0.000	0.000	0.373
P5120	Works to Enable Accommodation Strategy	0.531	0.229	0.000	0.000	0.760
P5140	Customer Portal	0.160	0.000	(0.087)	0.000	0.073

REVISED ESTIMATES 2016/17

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1.282	0.290	(0.088)	0.000	1.484
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**HEALTH & ADULT SOCIAL CARE**

<b>Scheme No.</b>	<b>Description</b>	<b>Original Budget 2016/17 £M</b>	<b>Slippage from 2015/16 £M</b>	<b>Re-phasing to 2015/16 £M</b>	<b>Changes to Programme £M</b>	<b>Revised Budget 2016/17 £M</b>
R9330	National Care Standards and H&S Work	0.067	0.003	0.000	0.000	0.070
R9340	Replacement of Appliances and Equipment	0.036	0.000	0.000	0.000	0.036
R9700	Common Assessment Framework	0.129	0.014	0.000	0.000	0.143
R9720	Residential Homes fabric furnishing CQC	0.013	0.000	(0.001)	0.000	0.012
		<b>0.245</b>	<b>0.017</b>	<b>(0.001)</b>	<b>0.000</b>	<b>0.261</b>



**HOUSING & SUSTAINABILITY**

<b>Scheme No.</b>	<b>Description</b>	<b>Original Budget 2016/17 £M</b>	<b>Slippage from 2015/16 £M</b>	<b>Re-phasing to 2015/16 £M</b>	<b>Changes to Programme £M</b>	<b>Revised Budget 2016/17 £M</b>
G4490	Insulation and Fuel Poverty Initiatives	0.038	0.009	0.000	0.000	0.047
G4620	Handyperson Service	0.080	0.030	0.000	0.000	0.110
G4690	Disabled Facilities Grants Approved in 2015/16	0.292	0.118	0.000	0.000	0.410
G6580	Estate Parking Improvements	0.204	0.092	0.000	0.000	0.296
G6610	DevCo Setup	0.120	0.058	0.000	0.000	0.178
G4310	Green Projects	0.329	0.049	0.000	0.000	0.378
G4720	HIL/DFG Repayments	0.455	0.000	0.000	0.000	0.455
G6430	Support for Estate Regeneration	0.932	0.000	0.000	0.000	0.932
C257G	Lighting Upgrades Salix Works	0.000	0.009	0.000	0.000	0.009
C257I	Insulation Salix Works	0.000	0.005	0.000	0.000	0.005
C257F	Civic Centre IT server room	0.000	0.078	0.000	0.000	0.078
G4670	Disabled Facilities Grants approved in 2014/15	0.000	0.102	0.000	0.000	0.102
G4710	Green Deal Communities Engagement	0.000	0.453	0.000	0.000	0.453
		<b>2.450</b>	<b>1.003</b>	<b>0.000</b>	<b>0.000</b>	<b>3.453</b>

**LEADER'S**

<b>Scheme No.</b>	<b>Description</b>	<b>Original Budget 2016/17 £M</b>	<b>Slippage from 2015/16 £M</b>	<b>Re-phasing to 2015/16 £M</b>	<b>Changes to Programme £M</b>	<b>Revised Budget 2016/17 £M</b>
C620Y	QE2 Mile - Bargate Square	0.900	0.060	0.000	0.000	0.960
L8200	Southampton New Arts Centre (SNAC)	5.016	6.536	0.000	0.000	11.552
L8201	Southampton New Arts Centre - Developer Payments	0.000	0.103	0.000	0.000	0.103
M8000	Station Quarter Southside	0.313	0.039	0.000	0.000	0.352
M9370	Town Depot	0.000	0.046	0.000	0.000	0.046
M9390	Royal Pier	0.150	0.056	0.000	0.000	0.206
M9400	Mayflower Park Spitfire Memorial	0.000	0.013	0.000	0.000	0.013
M9420	West Quay Phase 3 WWQ	0.345	0.065	0.000	0.000	0.410
M9425	Watermark WestQuay	2.700	0.231	0.000	0.000	2.931
M942B	West Quay Phase 3 Site B	0.050	0.015	0.000	0.000	0.065
M9430	Northern Above Bar Fees - T&G Marketing Fees	0.000	0.023	0.000	0.000	0.023
M9480	Fruit & Veg (Disposal)	0.000	0.010	0.000	0.000	0.010
M9500	Northern Above Bar - Guildhall Square	0.000	0.197	0.000	0.000	0.197
M9830	Feasibility - Major Site Devlpmnt	0.000	0.059	0.000	0.000	0.059
M0PIF	Property Investment Fund	65.000	0.000	0.000	0.000	65.000
		<b>74.474</b>	<b>7.453</b>	<b>0.000</b>	<b>0.000</b>	<b>81.927</b>

TRANSFORMATION

Scheme No.	Description	Original Budget 2016/17 £M	Slippage from 2015/16 £M	Re-phasing to 2015/16 £M	Changes to Programme £M	Revised Budget 2016/17 £M
T1000	Digital Investment Phase 1	0.000	0.006	0.000	0.399	0.405
T*	Digital Investment Phase 2	0.000	0.000	0.000	3.300	3.300
		<b>0.000</b>	<b>0.006</b>	<b>0.000</b>	<b>3.699</b>	<b>3.705</b>

TRANSPORT

Scheme No.	Description	Original Budget 2016/17 £M	Slippage from 2015/16 £M	Re-phasing to 2015/16 £M	Changes to Programme £M	Revised Budget 2016/17 £M
C2100	Purchase of Vehicles	0.722	0.000	0.000	1.570	2.292
C230A	Digital Radio Service	0.000	0.003	0.000	0.000	0.003
C240E	Itchen Masterplan	0.000	0.003	0.000	0.000	0.003
C2410	Mobile Working	0.048	0.000	0.000	0.000	0.048
C269M	Dock Gate 20 - Contingency	0.000	0.007	0.000	0.000	0.007
C273C	Itchen Bridge Toll Automation Delivery Supervision	0.000	0.018	0.000	0.000	0.018
C550G	Improved Safety 2015/16 - Engineering	0.111	0.123	0.000	0.000	0.234
C7112	Road Safety Partnership	0.000	0.014	0.000	0.000	0.014
C7131	Cycling	0.415	0.000	0.000	0.000	0.415
C713S	Cycle Network Improvements	0.000	0.007	0.000	0.000	0.007
C713U	Lovers Walk Design	0.000	0.008	0.000	0.000	0.008
C7141	Public Transport	0.250	0.168	0.000	0.000	0.418
C714F	Traveline (PTI 2005)	0.000	0.002	0.000	0.000	0.002
C7151	Improved Safety	0.200	0.000	0.000	0.000	0.200
C715Q	Improved Safety - Minor Works	0.050	0.000	0.000	0.000	0.050
C716M	Workplace Travel Plan Measures	0.140	0.016	0.000	0.000	0.156
C716N	School Travel Plan Measures	0.043	0.029	0.000	0.000	0.072
C7171	Accessibility	0.080	0.000	0.000	0.000	0.080
C717C	District Schemes Programme	0.000	0.006	0.000	0.000	0.006
C717N	Estate Regeneration - Transport Policy Contribution	0.076	0.000	0.000	0.000	0.076
C717R	Kingsbridge Lne Public Realm Enhancements	0.000	0.031	0.000	0.000	0.031
C717S	Station Boulevard	0.070	0.069	0.000	0.000	0.139
C717T	Local Transport Improvement Fund	0.159	0.099	0.000	0.000	0.258
C7181	ITS	0.467	0.069	0.000	0.000	0.536
C718D	CCTV Cameras	0.000	0.015	0.000	0.000	0.015
C718Q	Cleaner Bus Transport Fund	0.786	0.000	0.000	0.000	0.786
C718S	Redbridge Roundabout Junction Improvements	0.140	0.010	0.000	0.000	0.150
C718T	Urban Freight Strategy - Delivery Service Plans	0.000	0.070	0.000	0.000	0.070
C718Z	Motor Cycle Parking	0.000	0.033	0.000	0.000	0.033
C719B	Essential Highways Minor Works	0.105	0.021	0.000	0.000	0.126
C723B	Major Cycle Route Signage	0.000	0.034	0.000	0.000	0.034
C723E	Second Avenue Millbrook Cycle Scheme	0.308	0.115	0.000	0.000	0.423
C723J	Eastern strategic cycle route development	0.121	0.044	0.000	0.000	0.165
C723K	Northern strategic cycle route development	0.134	0.217	0.000	0.000	0.351
C723L	Cycle parking at key locations	0.000	0.023	0.000	0.000	0.023
C724D	Bus Corridor Minor Works	0.171	0.007	0.000	0.000	0.178
C772A	Millbrook Roundabout Highway Capacity Improvements	0.500	0.000	0.000	0.000	0.500
C773A	Redbridge Roundabout New Scheme 16/17	0.150	0.000	0.000	0.000	0.150
C774A	Northam Rail Bridge Replacement and corridor improvements	0.050	0.000	0.000	0.000	0.050
C777B	B2P Western Approach Rail	0.000	0.013	0.000	0.000	0.013
C777C	B2P Northam River Bridge	0.030	0.033	0.000	0.000	0.063
C777E	b2P - Vicarage Bridge	0.070	0.327	0.000	0.000	0.397
C791H	Other Bridge Works	0.250	0.064	0.000	0.000	0.314
C791Q	Wilton Avenue Culvert Repair	0.000	0.155	0.000	0.000	0.155
C791U	Northam River Bridge Containment	0.200	0.000	0.000	0.000	0.200
C808A	Northam Road (Part 1) (Railway Bridge Area)	0.000	0.003	0.000	0.000	0.003
C808B	Northam Road (Part 2) (Britannia Road junction)	0.000	0.010	0.000	0.000	0.010

**REVISED ESTIMATES 2016/17**

C808C	St Andrews Road (Targeted Structural Patching (Inbound & Outbound))	0.000	0.029	0.000	0.000	0.029
C808E	Thomas Lewis Way (Stoneham Way to Dukes Road)	0.000	0.136	0.000	0.000	0.136
C808F	Romsey Road (Approach to Redbridge Lane Jctn)	0.000	0.007	0.000	0.000	0.007
C808H	Inner Avenue (Southcliffe Road to Rockstone Place)	0.000	0.020	0.000	0.000	0.020
C808K	Waterproofing project	0.000	0.032	0.000	0.000	0.032
C808M	Bitterne Road West (Athelstan Road to Rampart Road)	0.426	0.000	0.000	0.000	0.426
C808N	Bitterne Road West (Outside 509 to outside 693)	0.617	0.000	0.000	0.000	0.617
C808P	West Quay Road (Mayflower Roundabout to Southern Road)	1.867	0.000	0.000	0.000	1.867
C809A	Millbrook Roundabout Detailed Design	0.000	0.008	0.000	0.000	0.008
C816C	Footways - Various Treatments	0.200	0.000	0.000	0.000	0.200
C816G	Mousehole Lane (O/s 124-110 Mousehole Lane (Inbound))	0.000	0.002	0.000	0.000	0.002
C818R	Rother Dale Investigation	0.000	0.014	0.000	0.000	0.014
C818S	Footways Improvements - Kathleen Road	0.100	0.032	0.000	0.000	0.132
C818T	Footways Improvements - Dale Valley Gardens	0.000	0.015	0.000	0.000	0.015
C818U	Footways Improvements - Firgrove Road	0.000	0.014	0.000	0.000	0.014
C818V	Footways Improvements - Greywell Avenue	0.000	0.018	0.000	0.000	0.018
C818W	Footways Improvements - Ingleton Road	0.000	0.011	0.000	0.000	0.011
C818X	Footways Improvements - Turnstone Gardens	0.000	0.009	0.000	0.000	0.009
C820A	Highways Drainage Investigations	0.060	0.017	0.000	0.000	0.077
C822J	Decent Neighbourhoods	0.000	0.023	0.000	0.000	0.023
C824C	Pedestrian Enhancements	0.000	0.016	0.000	0.000	0.016
C824D	Above Bar	0.000	0.064	0.000	0.000	0.064
C825A	Winchester Road (Anglesea Rd to Grange Rd)	0.000	0.044	0.000	0.000	0.044
C825B	Burgess Road (Approach to Bassett Ave / The Avenue)	0.000	0.146	0.000	0.000	0.146
C825C	Thornhill Park Road (Bitterne Rd to o/s 57 Thornhill Park Rd)	0.000	0.016	0.000	0.000	0.016
C825D	Bitterne Road East (Mon Crescent to Upper Deacon Rd)	0.000	0.046	0.000	0.000	0.046
C825E	Central Station (Full extent)	0.000	0.016	0.000	0.000	0.016
C825F	Commercial Road (Four Post Hill to Blechynden Terrace)	0.000	0.045	0.000	0.000	0.045
C825H	Highfield Avenue (Furzedown Rd to The Avenue)	0.000	0.023	0.000	0.000	0.023
C825K	Mountbatten Way (Inbound)	0.000	0.074	0.000	0.000	0.074
C825L	Mountbatten Way (Outbound)	0.000	0.011	0.000	0.000	0.011
C825M	Millbrook Rd West / Mountbatten Way	0.000	0.013	0.000	0.000	0.013
C826F	Brownhill Way (Nr Frogmore Ln to City Boundary)	0.000	0.018	0.000	0.000	0.018
C826H	Peartree Avenue (O/s Peartree Church)	0.000	0.025	0.000	0.000	0.025
C826P	Portswood Road (Grosvenor Road to outside Waggoners Arms PH)	0.089	0.000	0.000	0.000	0.089
C826Q	Bath Road (Bursledon Road to Bitterne Road East)	0.119	0.000	0.000	0.000	0.119
C826R	Middle Road (South east Road to Station Road)	0.304	0.000	0.000	0.000	0.304
C826S	Stoneham lane (Bassett Green Road to Channel farm Road)	0.094	0.000	0.000	0.000	0.094
C826T	Butts Road (Shooters Hill Close to outside Butts Crescent)	0.506	0.000	0.000	0.000	0.506
C826U	Mousehole lane (Witts Hill to West End Road roundabout)	0.235	0.000	0.000	0.000	0.235
C826V	Botley Road (Portsmouth Road to Bursledon Road)	0.150	0.000	0.000	0.000	0.150
C826W	Cobden Avenue (Midanbury lane to outside 50 Cobden Avenue)	0.174	0.000	0.000	0.000	0.174
C826X	Athelstan Road (Cross Road to outside 5 Athelstan Road)	0.046	0.000	0.000	0.000	0.046
C826Y	Woodmill Lane (Oliver Road to approach to Thomas Lewis Way)	0.148	0.000	0.000	0.000	0.148
C827N	Ivanhoe Road (Full extent)	0.000	0.002	0.000	0.000	0.002
C827T	Cemetery Road (Part2) (Full extent)	0.000	0.045	0.000	0.000	0.045
C827U	Avon Road (Full extent)	0.000	0.057	0.000	0.000	0.057
C827V	Douglas Crescent (Full extent)	0.000	0.036	0.000	0.000	0.036
C827W	Crookham Road (Kingsclere Avenue to Sparsholt Rd )	0.000	0.002	0.000	0.000	0.002
C827Z	Wilton Crescent (Full extent)	0.000	0.044	0.000	0.000	0.044
C828A	Canford Close (Full extent)	0.000	0.005	0.000	0.000	0.005
C828B	Borrowdale Road (Full extent)	0.000	0.045	0.000	0.000	0.045
C828C	High View Way (Full extent)	0.000	0.050	0.000	0.000	0.050
C828E	Rosyth Road (Full extent)	0.000	0.022	0.000	0.000	0.022
C828F	Charles Knott Gardens (Full extent)	0.000	0.035	0.000	0.000	0.035
C828H	Footway Improvement Programme 2015/16	0.000	0.003	0.000	0.000	0.003

**REVISED ESTIMATES 2016/17**

C829A	Glenfield Crescent	0.132	0.000	0.000	0.000	0.132
C829B	Bramdean Road (part)	0.082	0.000	0.000	0.000	0.082
C829C	Summit way	0.058	0.000	0.000	0.000	0.058
C829D	Lydgate Road	0.148	0.000	0.000	0.000	0.148
C829E	Cunningham Crescent	0.087	0.000	0.000	0.000	0.087
C829F	Heathfield Road	0.111	0.000	0.000	0.000	0.111
C829J	Milbury Crescent	0.162	0.000	0.000	0.000	0.162
C829L	Brookwood Road	0.217	0.000	0.000	0.000	0.217
C829M	Braeside Crescent	0.030	0.000	0.000	0.000	0.030
C829N	Drayton Close	0.064	0.000	0.000	0.000	0.064
C829P	Durlston Road	0.063	0.000	0.000	0.000	0.063
C829Q	Fullerton Close (part)	0.041	0.000	0.000	0.000	0.041
C829R	Longstock Close	0.030	0.000	0.000	0.000	0.030
C8300	St Lighting	0.000	0.065	0.000	0.000	0.065
C881B	St Nameplates	0.000	0.010	0.000	0.000	0.010
C881F	Road Restraint Systems	0.050	0.000	0.000	0.000	0.050
C8900	City Centre Improvements	0.304	0.000	0.000	0.000	0.304
C890G	Platform Road – Town Quay Design	0.000	0.040	0.000	0.000	0.040
C890L	Platform Road Construction	0.000	0.025	0.000	0.000	0.025
C8911	Platform for Prosperity	0.120	0.000	(0.059)	0.000	0.061
C892B	Centenary Quay - Design & Assessment	0.000	0.004	0.000	0.000	0.004
C893B	North of Station - Phase 2	0.000	0.497	0.000	0.000	0.497
C9120	Highways Improvements (Developer)	0.167	0.086	0.000	0.000	0.253
C920A	Highways Maintenance Risk Fund	0.080	0.080	0.000	0.000	0.160
C920B	Highways Maintenance Compensation Event Fund	0.000	0.018	0.000	0.000	0.018
C947J	Emergency Repairs to MSCPs	0.134	0.000	0.000	0.000	0.134

		<b>13.061</b>	<b>3.981</b>	<b>(0.059)</b>	<b>1.570</b>	<b>18.553</b>
<b>TOTAL GENERAL FUND PROGRAMME</b>		<b>112.051</b>	<b>14.167</b>	<b>(0.477)</b>	<b>4.579</b>	<b>130.330</b>

### EDUCATION & CHILDRENS SOCIAL CARE PORTFOLIO 2016/17 PROGRAMME ADJUSTMENTS

#### Managing 2015/16 Overspend

The total overspend for the portfolio for 2015/16 is £0.68M which will be managed within the portfolio programme. Accordingly approval to amend the portfolio programme in 2016/17 to mitigate this overspend is being requested.

The changes outlined below will remove available funding from schemes that have underspends and schemes that have been specifically reduced as part of a management action. There are also a number of pressures identified which require additional budget. The net budget reduction is proposed to be allocated to schemes that are overspent.

It should be noted that sufficient funding exists within the Education and Children's Social Care Capital Programme.

	£M
Total Overspend 2015/16	1.22
Notional overspend for Schools Devolved Formula Capital (DFC)**	(0.54)
Overspend against different schemes - Realignment from 2016/17	0.68

\*\* Individual school expenditure which is fully funded by DFC. For 2016/17 a new process will need to be implemented in consultation with schools to ascertain a more accurate estimate.

The table below shows a breakdown of how the £0.68M is to be funded:

			Reduction	Addition
Parent No.	Scheme No.	Project	£M	£M
E0PR2	E5020	Fairisle Infant & Nursery		0.04
E0PR2	E5027	Expansion of St Johns Primary & Nursery		0.15
E0PR2	E5019	Tanners Brook Junior	(0.03)	
E0SCM	E7203	Health and Safety Capital	(0.20)	
E0SCM	E7205	Solar PV Resources Project	(0.09)	
E0SCM	E7217	R&M Planned Programme 14-15	(0.41)	
E0SCM	E5022	Primary Review Contingency		0.10
E0SCM	E7204	School Capital Maintenance		0.10
E0PR3	E5041	Springhill Primary Academy School	(0.35)	
			(1.08)	0.39

#### E1 – Primary Review P2- Fairisle Infant & Nursery (£0.04M Addition)

**Increase of £0.04M to cover unforeseen ground work costs and retention payment.**

All costs are now known and in addition to the reported overspend in 2015/16, there will be a further pressure of £0.04M in 2016/17 to meet retention payment due September 2016.

#### E2 – Expansion of St Johns Primary & Nursery School (£0.15M Addition)

**Increase of £0.15M required to complete project.**

Against the original budget for this project there is a requirement for an additional £0.15M as a result of reasons detailed in 21<sup>st</sup> January Board report.

**E3 – Primary Review P2 –Tanners Brook Junior (£0.03M Reduction)**

**Decrease of £0.03M as project has been scaled down due to the initial phase of the project being completed earlier than anticipated.**

Work on the initial element of this project has now been completed. The retention fees has been paid in 2015/16. The project has been scaled down.

**E4 - Health & Safety (H&S) Capital – (£0.2M Reduction)**

**Reduction of £0.2M due to low spend and Capita order processing delays.**

As a result of low spend in 2015/16 due to Capita order processing delays, capital managers agreed reduction of £0.2M for 2016/17.

**E5 – Solar PV Resources Panel – (£0.09M Reduction)**

**Reduction of £0.09M due to underspend on this project. New larger Council wide project is being requested separately to Capital Board.**

Project was to install Solar panels on a list of schools. Redbridge tender will be installed in 2016/17, however a larger council wide bid to capital board will be made separately.

**E6 – R&M Planned Programme 14-15 (£0.41M Reduction)**

**Reduction of £0.41M to meet overspend against other schemes in 2015/16.**

This is ongoing project to pay for repairs and maintenance at schools. There will be underspend in 2016/17. New funding for 2016/17 has been requested, under a separate project, to be paid from school Condition Allocation.

**E7 – Primary Review Contingency- Furniture and Equipment – (£0.1M Addition)**

**Addition of £0.1M required for furniture and equipment for primary review schools bulge classroom projects.**

Ongoing furniture and equipment required for new bulge classrooms. No budget had been requested for 2016/17 but will be required.

**E8 – School Capital Maintenance – (£0.1M Addition)**

**Increase of £0.1M to pay for Capital Staff costs.**

This project is used to capitalise the capital staff team costs, which are expected to be £0.1m. No budget had previously been requested, which would add pressure on the General revenue fund if not funded from capital.

**E9 Springhill Primary Academy School – (£0.35M Reduction)**

**Reduction of £0.35M as project not going ahead as planned.**

Capital managers agreed reduction to bulge class project for this Academy school.

## 2016/17 Virement Requests

As a result of some recent changes a few realignment virements are required within Education capital programme in 2016/17. These virements are within the same category of primary review expansion and will not have any impact on bottom line of Education Capital Programme.

The tender reports to supply modular buildings at Portswood, St Monica and Valentine are found to be in excess of previous forecast. Due to time constraint, the original forecasts for these projects were based on high level cost estimates and were not provided by a Quantity Surveyor or based on a structured estimate.

This means to fund these top priority school place projects following realignments are required:

- Transfer all remaining budget from E5045 Bitterne CE of £342,000 to E5044 St Monica. This will make St Monica total budget £677,000 and there will be nothing left for Bitterne CE as this scheme is not now going ahead.
- Transfer £64,000 from E5017 Heathfield Junior to E5047 PSBP Valentine. This will make E5047 total £456,000.
- Transfer £191,000 from E5017 Heathfield Junior to E5030 Portswood. This will make Porstwood total £740,000.
- After the two changes against Heathfield Junior, this will leave £749,000 in E5017.

Sum1	Project No.	Project Description	16/17 Budget- Post slippage/ rephase	Budget Movements	NEW 16/17 Budget- after slippage and rephase and realignments
E0PR3	E5044	St Monica (bulge class)	335,000	342,000	677,000
E0PR3	E5045	Bitterne CE (Bulge class)	342,000	(342,000)	0
E0PR3	E5047	PSBP Valentine and St Denys	392,000	64,000	456,000
E0PR2	E5017	Primary Review P2 - Heathfield Junior School	1,004,000	(255,000)	749,000
E0PR3	E5030	Portswood Primary Expansion	549,000	191,000	740,000
<b>Overall Total</b>			<b>2,622,000</b>	<b>0</b>	<b>2,622,000</b>

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<b>DECISION-MAKER:</b>	GOVERNANCE COMMITTEE COUNCIL		
<b>SUBJECT:</b>	REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2015/16		
<b>DATE OF DECISION:</b>	6 JUNE 2016 20 JULY 2016		
<b>REPORT OF:</b>	SECTION 151 OFFICER (S151)		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	Sue Poynter	<b>Tel:</b> 023 8083 4153
	<b>E-mail:</b>	Sue.Poynter@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	Mel Creighton	<b>Tel:</b> 023 8083 4897
	<b>E-mail:</b>	Mel.Creighton@southampton.gov.uk	
<b>STATEMENT OF CONFIDENTIALITY</b>			
NOT APPLICABLE			

## **BRIEF SUMMARY**

The purpose of this report is to inform the Governance Committee and Council of the Treasury Management activities and performance for 2015/16 against the approved Prudential Indicators for External Debt and Treasury Management.

This report specifically highlights that:

- i. Borrowing activities have been undertaken within the borrowing limits approved by Council on 10 February 2016.
- ii. Current Investment strategy is to continue to diversify into more secure and/or higher yielding asset classes and move away from the increasing risk and low returns gained from short term unsecured bank investments. Returns during 2015/16 were £1.2M at an average rate of 1.85%.
- iii. The Council's strategy was to minimise borrowing to below its Capital Financing Requirement (CFR), the difference representing balances, reserves, provisions and working capital. This approach lowers interest costs, reduces credit risk and relieves pressure on the Council's counterparty list. Throughout the year, capital expenditure levels, market conditions and interest rate levels were monitored to minimise borrowing costs over the medium to longer term and to maintain stability. The differential between debt costs and investment earnings continued to be acute, resulting in the use of internal resources in lieu of borrowing often being the most cost effective means of financing capital expenditure. As a result the average rate for repayment of debt, (the Consolidated Loans & Investment Account Rate – CLIA), at 3.33%, is lower than that budgeted and slightly lower than last year (3.34%). This includes £8M of short term debt which was taken during March for cash flow purposes and was repaid in April. No new long term loans were taken during the year due to slippage in the capital programme and higher than expected balances. As can be seen in table 2 in appendix 1, the average rate for a 20 year

fixed rate maturity loan from the Public Works Loan Board (PWLB) was 3.46% during 2015/16. The predicted forecast for longer term debt is a steady increase in the longer term and so new long term borrowing is likely to be taken out above this rate, leading to an anticipated increase in the CLIA.

- iv. In achieving interest rate savings the Council is exposed to interest rate risk by taking out variable debt. This was and continues to be very financially favourable in current markets but does mean that close monitoring of the markets is required to ensure that the Council can act quickly should the situation begin to change.
- v. Net loan debt decreased during 2015/16 from £244M to £240M as detailed in paragraph 14.
- vi. The Council can confirm that it has complied with the Prudential Indicators approved by Full Council on 10 February 2016.
- vii. In order to generate revenue savings in 2015/16, the authority has further revised the MRP policy as detailed in paragraphs 50 to 52.

## **RECOMMENDATIONS:**

### **GOVERNANCE COMMITTEE**

#### **It is recommended that Governance Committee:**

- i) Notes the Treasury Management (TM) activities for 2015/16 and the outturn on the Prudential Indicators
- ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
- iii) Notes the revised MRP Policy as set out in paragraphs 50 to 52.
- iv) Endorses the recommendation to Council to approve the revised MRP policy and delegates authority to the S151 Officer to make any future changes which benefit the authority and to report back at the next Treasury update.

### **COUNCIL**

#### **It is recommended that Council:**

- i) Notes the Treasury Management (TM) activities for 2015/16 and the outturn on the Prudential Indicators
- ii) Notes that the continued proactive approach to TM has led to reductions in borrowing costs and safeguarded investment income during the year.
- iii) Approves the revised MRP policy as detailed in paragraphs 50 to 52 and delegates authority to the S151 Officer to make any future changes which benefit the authority and to report back at the next Treasury update.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The reporting of the outturn position for 2015/16 forms part of the approval of the statutory accounts. The Treasury Management (TM) Strategy and Prudential Indicators are approved by Council in February each year in accordance with legislation and the Chartered Institute of Public Finance & Accountancy (CIPFA)

Code of Practice.

2. The Treasury Management Code requires public sector authorities to determine an annual TM Strategy and now, as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities, and enable those with ultimate responsibility/governance of the TM function to scrutinise and assess its effectiveness and compliance with policies and objectives.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. No alternative options are relevant to this report

### **DETAIL (Including consultation carried out)**

#### **CONSULTATION**

4. Not applicable

#### **BACKGROUND**

5. The Local Government Act 2003 introduced a system for borrowing based largely on self-regulation by local authorities themselves. The basic principle of the new system is that local authorities will be free to borrow as long as their capital spending plans are affordable, prudent and sustainable.
6. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice a year (mid-year and at year end).
7. The Authority's TM Strategy for 2015/16 was approved by full Authority on 11 February 2015 which can be accessed as Item 80 on the Council Meetings Agenda found via the following web link: [Treasury Management Strategy and Prudential Limits 2015/16 to 2017/18](#)

These were subsequently revised as part of the Council's Treasury Management Strategy Statement for 2016 on 10 February 2016, item 6. [Prudential Limits and Treasury Management Strategy 2016/17 to 2018/19](#)

8. Overall responsibility for treasury management remains with the Council. No TM activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
9. This report:
  - a) is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential Code;
  - b) presents details of capital financing, borrowing, debt rescheduling and investment transactions;
  - c) reports on the risk implications of treasury decisions and transactions;

- d) gives details of the outturn position on treasury management transactions in 2015/16; and
  - e) confirms compliance with treasury limits and Prudential Indicators.
10. Appendix 2 summarises the economic outlook and events in the context of which the Council operated its treasury function during 2015/16.

### **BORROWING REQUIREMENT AND DEBT MANAGEMENT**

11. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with balances and useable reserves, are the core drivers of TM Activity.
12. The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2018/19. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing is actually required.
13. The forecast movement in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years. This is shown in the tables below together with activity in the year.

14. ***Table 1: Net Borrowing Position***

	31-Mar-15 Actual £M	31-Mar-16 Actual £M	31-Mar-17 Current Estimate £M	31-Mar-18 Current Estimate £M	31-Mar-19 Current Estimate £M
<b>External Borrowing:</b>					
Fixed Rate – PWLB Maturity	139	139	246	254	267
Fixed Rate – PWLB EIP	70	58	46	35	23
Variable Rate – PWLB	35	35	35	35	35
Variable Rate – Market	9	9	9	9	9
<b>Long Term Borrowing</b>	<b>253</b>	<b>241</b>	<b>336</b>	<b>333</b>	<b>334</b>
<b>Short Term Borrowing</b>					
Fixed Rate – Market	0	8	30	30	30
<b>Other Long Term Liabilities</b>					
PFI / Finance leases	67	65	62	60	58
Deferred Debt Charges	16	15	15	15	15
<b>Total Gross External Debt</b>	<b>336</b>	<b>329</b>	<b>443</b>	<b>438</b>	<b>437</b>
<b>Investments:</b>					
<b>Managed In-House</b>					
Deposits and monies on call and Money Market Funds	(55)	(40)	(25)	(25)	(25)
Financial Instruments	(32)	(42)	(20)	(20)	(20)
<b>Managed Externally</b>					
Pooled Funds	(5)	(7)	(7)	(7)	(7)
<b>Total Investments</b>	<b>(92)</b>	<b>(89)</b>	<b>(52)</b>	<b>(52)</b>	<b>(52)</b>
<b>Net Borrowing Position</b>	<b>244</b>	<b>240</b>	<b>391</b>	<b>386</b>	<b>385</b>

**Table 2: Movement in Borrowing during the year**

	Balance on 01/04/2015	Debt Maturing or Repaid	New Borrowing	Balance as at 31/3/2016	Increase/ (Decrease) in Borrowing	Average Life / Average Rate %	
	£M	£M	£M	£M	£M	Life	%
Short Term Borrowing	0	0	8	8	8		
Long Term Borrowing	253	(12)	0	241	(12)	22 Years	3.33
<b>Total Borrowing</b>	<b>253</b>	<b>(12)</b>	<b>8</b>	<b>249</b>	<b>(4)</b>		

Please note that these figures do not reflect the accounting convention of moving loans maturing in the year from long term to short term.

- 15.
16. When the strategy was last updated in February 2016, the CFR was estimated at £458.7M, the Council's actual CFR at the end of the year was £435.7M, as detailed in table 2 of Appendix 3. This decrease was mainly due to slippage in the capital programme.
17. The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.
18. The PWLB remains the Council's preferred source of long term borrowing given the transparency and control that its facilities continue to provide. However due to the continued depressed markets and the 'cost of carry' associated with long term

debt, the Council deferred long term borrowing and has continued to use internal resources to finance the capital programme. This will be kept under review during 2016/17 with the need to resource an increasing capital programme.

### **Loans at Variable Rates**

19. Included within the debt portfolio is £35M of PWLB variable rate loans which during 2015/16 averaged a rate of 0.70% this helps to mitigate the impact of changes in variable rates on the Authority's overall treasury portfolio (the Authority's investments are deemed to be variable rate investments due to their short-term nature). This strategic exposure to variable interest rates will be regularly reviewed and, if appropriate, reduced by switching into fixed rate loans.

### **Internal Borrowing**

20. Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer-term stability of the portfolio.
21. As at the 31 March 2016 the Council used £106M of internal resources in lieu of borrowing which has been the most cost effective means of funding past capital expenditure to date. This has lowered overall treasury risk by reducing both external debt and temporary investments. However, this position will not be sustainable over the medium term and the Council will need to borrow to cover this amount as balances fall. Following the latest update of the Capital Programme, approved by Council in February 2016, the Council is expected to borrow up to £127.5M between 2016/17 and 2018/19. Of this £107.6M relates to new capital spend (£76M GF and £31.5M HRA) and the remainder to the refinancing of existing debt and externalising internal debt to cover the expected fall in balances and also the need to lock back into longer term debt prior to interest rises.
22. However as short-term interest rates have remained low, and are likely to remain at least over the forthcoming two years, lower than long-term rates, the Authority determined it was more cost effective in the short-term to use internal resources instead.
23. The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise providing that balances can support it. Our advisors assist the Authority with this 'cost of carry' and breakeven analysis.

### **Lender's Option Borrower's Option Loans (LOBOs)**

24. The Authority holds £9M of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS had options during the year, none of which were exercised by the lender, but if they were it is likely that they would be replaced by a PWLB loan.

### **LGA Bond Agency**

25. UK Municipal Bonds Agency (MBA) plc was established in 2014 by the Local Government Association as an alternative to the PWLB with plans to issue bonds on the capital markets and lend the proceeds to local authorities. In early 2016 the Agency declared itself open for business, initially only to English local authorities. The Authority has analysed the potential rewards and risks of borrowing from the MBA and full council approved and signed the Municipal Bond Agencies framework agreement which sets out the terms upon which local authorities will borrow, including details of the joint and several guarantee. This was submitted on 10 February 2016, item 7. [Municipal Bond Agency](#) The first bond is expected to be issued in the Autumn of 2016.

### **Debt Rescheduling**

26. The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

### **INVESTMENT ACTIVITY**

27. Both the CIPFA and DCLG's Investment Guidance requires the authority to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield.
28. The Authority has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2015/16 the Authority's investment balances have ranged between £79.8M and £123.3M. This is summarised in the table below:

**Table 3: Investment activity during the year**

	Balance on 01/04/2015	Investments Repaid	New Investments	Balance as at 31/3/2016	Increase/ (Decrease) in Investment for Year	Average Life / Average Rate %	
	£M	£M	£M	£M	£M	Life	%
Short Term Investments	0	(5)	5	0	0		
Money Market Funds & Call Accounts	55	(417)	397	35	(20)	1 Day	0.50
Notice Accounts	0		5	5	5	180 Day	1.16
Bonds	32	(40)	50	42	10	278 days	1.43
Local Authority Property Fund	5	0	2	7	2	Unspecified	5.03
<b>Total Investments</b>	<b>92</b>	<b>(462)</b>	<b>459</b>	<b>89</b>	<b>(3)</b>		<b>1.85</b>

29. Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its TM Strategy Statement for 2015/16. The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio, which is supplied by our advisors. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	Target	Actual
Portfolio average credit rating	A-	AA

30. Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating is A-) across

rating agencies Fitch, S&P and Moody's); for financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. The authority also used secured investments products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.

31. The table below summarises the Council's investment portfolio at 31 March 2016 by credit rating and confirms that all investments were made in line with the Council's approved credit rating criteria:

**Table 4: Credit ratings of Investments held at 31<sup>st</sup> March 2016**

Credit Rating	Long Term		Short Term	
	2015	2016	2015	2016
	£000	£000	£000	£000
AAA	14,298	12,556	2,271	11,128
AA+	3,246	3,358	138	3,660
AA			5,932	
AA-			25,380	2,212
A+			17,443	2,702
A			16,080	16,303
A-			2,014	
Shares in unlisted companies		20		
Unrated pooled funds	5,295	7,597		29,169
<b>Total Investments</b>	<b>22,839</b>	<b>23,531</b>	<b>69,258</b>	<b>65,174</b>

### Credit Developments and Credit Risk Management

33. The transposition of two European Union directives into UK legislation placed the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors which include local authorities and pension funds. During the year, all three credit ratings agencies reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for loss given default as a result of new bail-in regimes in many countries. Despite reductions in government support many institutions saw upgrades due to an improvement in their underlying strength and an assessment that the level of loss given default is low.
34. Fitch reviewed the credit ratings of multiple institutions in May. Most UK banks had their support rating revised from 1 (denoting an extremely high probability of support) to 5 (denoting external support cannot be relied upon). This resulted in the downgrade of the long-term ratings of Royal Bank of Scotland (RBS), Deutsche Bank, Bank Nederlandse Gemeeten and ING. JP Morgan Chase and the Lloyds Banking Group however both received one notch upgrades.
35. Moody's concluded its review in June and upgraded the long-term ratings of



Close Brothers, Standard Chartered Bank, ING Bank, Goldman Sachs International, HSBC, RBS, Coventry Building Society, Leeds Building Society, Nationwide Building Society, Svenska Handelsbanken and Landesbank Hessen-Thuringen.

36. S&P reviewed UK and German banks in June, downgrading the long-term ratings of Barclays, RBS and Deutsche Bank. S&P also revised the outlook of the UK as a whole to negative from stable, citing concerns around the referendum on EU membership and its effect on the economy.
37. At the end of July 2015, our advisors, Arlingclose, advised an extension of recommended durations for unsecured investments in certain UK and European institutions following improvements in the global economic situation and the receding threat of another Eurozone crisis. A similar extension was advised for some non-European banks in September, with the Danish Danske Bank being added as a new recommended counterparty and certain non-rated UK building societies also being extended.
38. In September, Volkswagen was found to have been cheating emissions tests over several years in many of their diesel vehicles. The council's treasury advisor, Arlingclose Ltd, recommended suspending VW (as a non-financial corporate bond counterparty) for new investments. As issues surrounding the scandal continued, there were credit rating downgrades across the Volkswagen group by all of the ratings agencies. Volkswagen AG is now (as at 11/04/16) rated A3, BBB+ and BBB+ by Moody's, Fitch and S&P respectively. Volkswagen International Finance N.V is rated A3 and BBB+ by Moody's and Fitch respectively and Volkswagen Financial Services N.V. is now rated A1 by Moody's. We had one bond of £1.5M which was repaid with interest on the 23<sup>rd</sup> May 2016.
39. In December the Bank of England released the results of its latest stress tests on the seven largest UK banks and building societies which showed that the Royal Bank of Scotland and Standard Chartered Bank were the weakest performers. However, the regulator did not require either bank to submit revised capital plans, since both firms had already improved their ratios over the year.
40. In January 2016, Arlingclose supplemented its existing investment advice with a counterparty list of high quality bond issuers, including recommended cash and duration limits. As part of this, Bank Nederlandse Gemeeten was moved to the list of bond issuers from the unsecured bank lending list and assigned an increased recommended duration limit of 5 years. Interest rates are likely to stay low for longer making long-term bonds an increasingly attractive option. The Council made use of these long-term investment options during 2015/16.
41. The first quarter of 2016 was characterised by financial market volatility and a weakening outlook for global economic growth. In March 2016, following the publication of many banks' 2015 full-year results, Arlingclose advised the suspension of Deutsche Bank and Standard Chartered Bank from the counterparty list for unsecured investments. Both banks recorded large losses and despite improving capital adequacy this will call 2016 performance into question, especially if market volatility continues. Standard Chartered had seen various rating actions taken against it by the rating agencies and a rising CDS level throughout the year. Arlingclose will continue to monitor both banks.

42. The end of bank bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits continues to be elevated relative to other investment options. The Authority therefore increasingly favoured secured investment options or diversified alternatives such as covered bonds, non-bank investments and pooled funds over unsecured bank and building society deposits.
43. In February 2015 full Council agreed for the authority to make an investment of £20,000 to become Shareholders in the Local Capital Finance Company Ltd, which is now known as the UK Municipal Bonds. The Agency is wholly owned by 56 local authorities and the Local Government Association (“LGA”). As detailed in paragraph 25 above, this was set up as an alternative to the PWLB with plans to issue bonds on the capital markets and lend the proceeds to local authorities.
44. Or advisors produce quarterly benchmarking which shows the breakdown of our investments and how we compare to their other clients and other English Unitary Authority’s, this shows that on average we have a higher credit rating and have less exposure to Bail- in which reflects our change in strategy during 2015. Details can be seen in Appendix 4.

#### **Liquidity Management**

45. In keeping with the DCLG’s Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and call accounts. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. The maturity analysis of the Council’s debt at 31 March 2016 can be seen in table 6 of Appendix 3.

#### **Externally Managed Funds**

46. The Council has invested £7M in property funds which offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term. These funds are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. During 2015/16 this investment returned an average yield of 5.03%, plus capital gains of 3.7%. The net asset value of the fund at 31st March was £7.6M a notional “gain” of £0.6M against initial investment.

#### **COMPLIANCE WITH PRUDENTIAL INDICATORS**

47. The Council can confirm that it has complied with its Prudential Indicators for 2015/16, approved by Full Council on 11 February 2015 which can be accessed as Item 80 on the Council Meetings Agenda found via the following web link: [Treasury Management Strategy and Prudential Limits 2016/17 to 2017/18](#)

These were subsequently revised as part of the Council’s Treasury Management Strategy Statement for 2016 on 10 February 2016, item 6. [Prudential Limits and Treasury Management Strategy 2016/17 to 2018/19](#)

48. In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of TM activity during 2015/16. None of the Prudential Indicators has been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. The table below summarises the Key Indicators other indicators can be found in Appendix 3.

49. **Table 5: Key Prudential Indicators**

<b>Indicator</b>	<b>Limit</b>	<b>Actual at 31 March 2016</b>
Authorised Limit for external debt £M	£738M	£329M
Operational Limit for external debt £M	£596M	£329M
Maximum external borrowing in year		£252.7M
Limit of fixed interest debt %	100%	82.3%
Limit of variable interest debt %	50%	17.7%
Limit for Non-specified investments £M	£70M	£33M

## **OTHER ITEMS**

### **Minimum Revenue Provision (MRP)**

50. The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP, the Council's strategy was approved as part of the 2016/17 and 2017/18 reports. However following a further review of the guidance the Council has revised this in order to achieve additional revenue savings.
51. In summary we have applied the annuity method for prudential borrowing and reassessed the life of assets from 25 to 50 years for borrowing prior to 2008. This has led to an over provision of MRP for the period up to 31<sup>st</sup> March 2015, so no MRP was applied for 2015/16 except for PFI schemes, finance leases and deferred debt charges. Plus the HRA made a voluntary payment of £5.1M. This policy will continue until the over provision has been utilised.
52. It should be further noted that as a result of the creation of the Property Investment Fund (PIF), detailed in paragraph 53 below, it is recommended that the 2016/17 MRP statement be updated to note that MRP will be charged on investment properties acquired as part of the fund using the depreciation method calculation. It is further recommended that the S151 Officer continues to have delegated powers to make changes to the proposed methods used to calculate MRP to aid good financial management whilst maintaining a prudent approach.

### **Future Developments and Amendment to Prudential Indicators**

53. The approved 2016/17 general fund revenue estimates assume an additional net £1M of revenue income to be generated from the creation of a Property Investment Fund (PIF). An investment business plan has been drawn up and identifies the potential types of investment that may be undertaken. One of these options is the potential to undertake further investment in property funds. It is expected that this

activity can be accommodated with in the current borrowing limits and prudential indicators agreed as part of the approved TM Strategy. However, these limits and indicators will be reviewed in line with any investment activity of this type. It is recommended that the S151 officer continues to have delegated authority to approve any changes required to the limits and indicators that will aid good treasury management. Any amendments will be reported as part of the quarterly financial and performance monitoring and in the TM Strategy Review.

### **Investment Training**

54. The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. During 2015/16 staff attended training courses, seminars and conferences provided by our advisors (Arlingclose) and CIPFA
55. In November 2015 a training session was held by our advisors and made available to all Members to provide an insight into the issues affecting TM and the basis of the TM strategy being presented.

## **RESOURCE IMPLICATIONS**

### **Capital / Revenue**

56. This report is a requirement of the TM Strategy, which was approved at Council on 11 February 2015 and further revised on 10 February 2016.
57. The interest cost of financing the Authority's long term and short term loan debt is charged corporately to the Income and Expenditure account. The interest cost of financing the Authority's loan debt amounted to £8.9M in 2015/16. This is lower than budgeted mainly due to variable interest rates being lower than those estimated and the deferment of any new long term borrowing.
58. In addition interest earned on temporary balances invested externally is credited to the Income and Expenditure account. In 2015/16 £1.2M was earned which was higher than budgeted mainly due to a move to invest in bonds and LAPF as detailed in paragraphs 27 - 44 above.
59. Overall this has given a saving against the TM Budget of £2.1M.
60. The expenses of managing the Authority's loan debt consist of brokerage and internal administration charges. These are pooled and borne by the HRA and General Fund proportionately to the related loan debt. Debt management expenses amounted to £0.10M in 2015/16 compared to an estimate of £0.14M. This decrease was mainly due a reduction in brokerage costs due to fewer treasury deals being undertaken and deferring PWLB borrowing resulting in a saving on commission paid in year.

### **Property/Other**

61. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

62. Local Authority borrowing is regulated by Part 1, of the Local Government Act

2003, which introduced the new Prudential Capital Finance System. From 1 April 2004, investments are dealt with, not in secondary legislation, but through guidance. Similarly, there is guidance on prudent investment practice, issued by the Secretary of State under Section 15(1)(a) of the 2003 Act. A local authority has the power to invest for "any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". The reference to the "prudent management of its financial affairs" is included to cover investments, which are not directly linked to identifiable statutory functions but are simply made in the course of treasury management. This also allows the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future; however, the speculative procedure of borrowing purely in order to invest and make a return remains unlawful.

**Other Legal Implications:**

63. None

**POLICY FRAMEWORK IMPLICATIONS**

64. This report has been prepared in accordance with the CIPFA Code of Practice on TM

**KEY DECISION?** Yes/No

<b>WARDS/COMMUNITIES AFFECTED:</b>	
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Summary of Interest Rates Movement During 2015/16
2.	2015/16 Economic Background
3.	Compliance with Prudential Indicators During 2015/16
4.	Southampton Benchmarking 31 <sup>st</sup> March 2016
5.	Glossary of Treasury Terms

**Documents In Members' Rooms**

1.	None
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**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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**Privacy Impact Assessment**

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

**Equality Impact Assessment and Other Background documents available for**

**inspection at:**

Title of Background Paper(s)

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

1.	<a href="#">Treasury Management Strategy and Prudential Limits 2016/17 to 2017/18</a>	
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## SUMMARY OF INTEREST RATES MOVEMENT DURING 2015

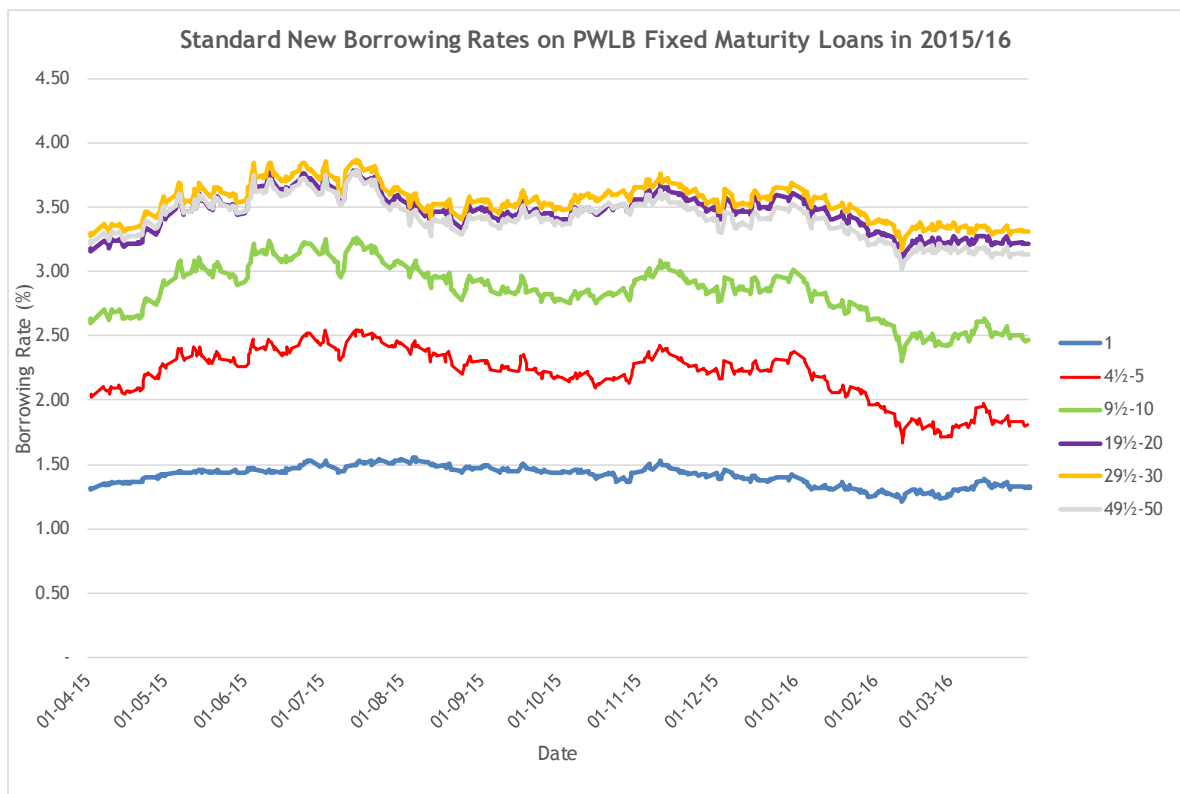
The average, minimum and maximum rates quoted in the tables below correspond to the rates during the financial year rather than those in the tables below which are for specific dates. Please note that the PWLB rates below are Standard Rates SCC is eligible for the Certainty Rate and can borrow at a 0.20% reduction.

**Table 1: Bank Rate, Money Market Rates**

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2015	0.50	0.35	0.46	0.43	0.51	0.76	0.97	0.87	1.05	1.32
30/04/2015	0.50	0.35	0.48	0.43	0.52	0.74	0.98	1.00	1.21	1.51
31/05/2015	0.50	0.43	0.50	0.43	0.52	0.75	0.98	0.97	1.18	1.49
30/06/2015	0.50	0.35	0.45	0.43	0.52	0.79	0.99	1.09	1.35	1.68
31/07/2015	0.50	0.32	0.43	0.43	0.53	0.79	1.01	1.10	1.33	1.66
31/08/2015	0.50	0.42	0.40	0.43	0.54	0.82	1.02	1.03	1.24	1.61
30/09/2015	0.50	0.37	0.41	0.43	0.54	0.74	1.00	0.93	1.11	1.41
31/10/2015	0.50	0.36	0.41	0.43	0.54	0.77	1.00	0.97	1.16	1.49
30/11/2015	0.50	0.30	0.42	0.43	0.54	0.88	1.00	0.93	1.10	1.39
31/12/2015	0.50	0.43	0.35	0.43	0.54	0.76	1.01	1.09	1.30	1.58
31/01/2016	0.50	0.43	0.42	0.43	0.54	0.71	0.99	0.77	0.89	1.14
29/02/2016	0.50	0.25	0.43	0.43	0.54	0.73	0.99	0.71	0.74	0.85
31/03/2016	0.50	0.30	0.44	0.52	0.62	0.71	0.93	0.79	0.84	1.00
<b>Average</b>	<b>0.50</b>	<b>0.38</b>	<b>0.45</b>	<b>0.43</b>	<b>0.54</b>	<b>0.76</b>	<b>0.99</b>	<b>0.96</b>	<b>1.14</b>	<b>1.43</b>
<b>Maximum</b>	<b>0.50</b>	<b>0.48</b>	<b>0.58</b>	<b>0.57</b>	<b>0.66</b>	<b>0.92</b>	<b>1.02</b>	<b>1.17</b>	<b>1.44</b>	<b>1.81</b>
<b>Minimum</b>	<b>0.50</b>	<b>0.17</b>	<b>0.35</b>	<b>0.43</b>	<b>0.51</b>	<b>0.55</b>	<b>0.84</b>	<b>0.68</b>	<b>0.73</b>	<b>0.85</b>
<b>Spread</b>	<b>--</b>	<b>0.31</b>	<b>0.23</b>	<b>0.14</b>	<b>0.15</b>	<b>0.37</b>	<b>0.18</b>	<b>0.49</b>	<b>0.71</b>	<b>0.96</b>

**Table 2: PWLB Borrowing Rates - Fixed Rate, Maturity Loans**

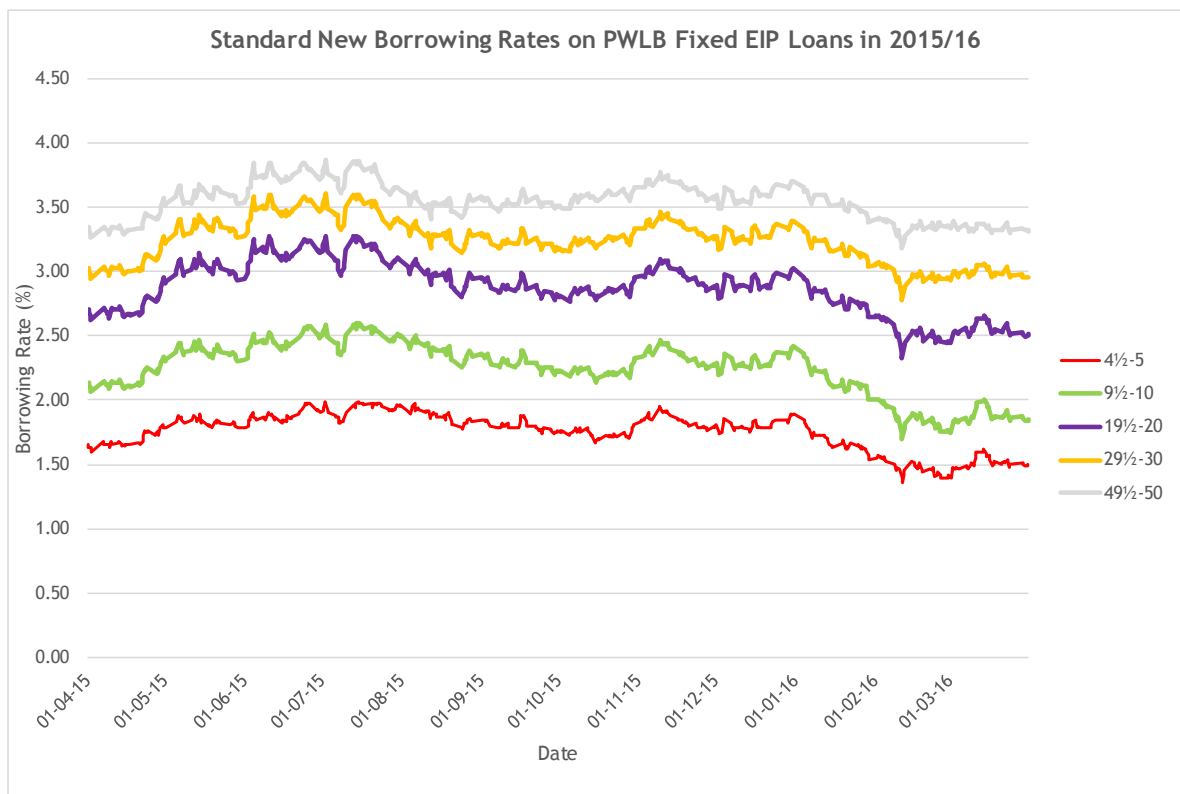
Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2015	127/15	1.33	2.10	2.69	3.24	3.37	3.32	3.31
30/04/2015	166/15	1.41	2.27	2.90	3.44	3.55	3.50	3.48
31/05/2015	204/15	1.44	2.26	2.90	3.44	3.54	3.48	3.45
30/06/2015	248/15	1.48	2.44	3.13	3.65	3.72	3.64	3.60
31/07/2015	294/15	1.54	2.45	3.07	3.56	3.62	3.54	3.49
31/08/2015	334/15	1.47	2.30	2.92	3.47	3.54	3.44	3.40
30/09/2015	379/15	1.44	2.19	2.79	3.42	3.50	3.42	3.39
31/10/2015	423/15	1.44	2.38	2.93	3.56	3.65	3.56	3.53
30/11/2015	465/15	1.42	2.23	2.85	3.48	3.54	3.42	3.39
31/12/2015	505/15	1.41	2.38	3.01	3.61	3.68	3.56	3.53
31/01/2016	040/16	1.24	1.96	2.62	3.28	3.37	3.23	3.20
29/02/2016	082/16	1.27	1.73	2.43	3.23	3.36	3.24	3.19
31/03/2016	124/16	1.33	1.81	2.48	3.21	3.30	3.16	3.12
	<b>Low</b>	<b>1.21</b>	<b>1.67</b>	<b>2.30</b>	<b>3.06</b>	<b>3.17</b>	<b>3.05</b>	<b>3.01</b>
	<b>Average</b>	<b>1.41</b>	<b>2.20</b>	<b>2.85</b>	<b>3.46</b>	<b>3.54</b>	<b>3.45</b>	<b>3.42</b>
	<b>High</b>	<b>1.55</b>	<b>2.55</b>	<b>3.26</b>	<b>3.79</b>	<b>3.87</b>	<b>3.80</b>	<b>3.78</b>



**Table 3: PWLB Borrowing Rates - Fixed Rate, Equal Instalment of Principal (EIP) Loans**

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2015	127/15	1.66	2.14	2.71	3.03	3.24	3.35
30/04/2015	166/15	1.79	2.31	2.92	3.24	3.45	3.54
31/05/2015	204/15	1.78	2.30	2.93	3.26	3.45	3.53
30/06/2015	248/15	1.90	2.49	3.15	3.47	3.65	3.72
31/07/2015	294/15	1.96	2.50	3.09	3.39	3.57	3.63
31/08/2015	334/15	1.83	2.34	2.94	3.27	3.48	3.55
30/09/2015	379/15	1.76	2.23	2.82	3.19	3.43	3.51
31/10/2015	423/15	1.81	2.32	2.96	3.33	3.57	3.66
30/11/2015	465/15	1.79	2.27	2.87	3.25	3.49	3.56
31/12/2015	505/15	1.89	2.42	3.03	3.39	3.62	3.70
31/01/2016	040/15	1.54	2.00	2.65	3.04	3.29	3.38
29/02/2016	082/16	1.42	1.77	2.46	2.95	3.24	3.36
31/03/2016	124/16	1.50	1.85	2.51	2.96	3.22	3.31
	<b>Low</b>	1.36	1.70	2.33	2.78	3.07	3.18
	<b>Average</b>	1.76	2.25	2.88	3.24	3.47	3.55
	<b>High</b>	1.99	2.60	3.28	3.61	3.79	3.87





**Table 4: PWLB Variable Rates**

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR	Pre-CSR	Pre-CSR	Post-CSR	Post-CSR	Post-CSR
01/04/2015	0.62	0.63	0.66	1.52	1.53	1.56
30/04/2015	0.62	0.64	0.67	1.52	1.54	1.57
31/05/2015	0.62	0.65	0.68	1.52	1.55	1.58
30/06/2015	0.62	0.66	0.70	1.52	1.56	1.60
31/07/2015	0.62	0.66	0.72	1.52	1.56	1.62
31/08/2015	0.62	0.66	0.70	1.52	1.56	1.60
30/09/2015	0.66	0.67	0.76	1.56	1.57	1.66
31/10/2015	0.66	0.67	0.76	1.46	1.56	1.57
30/11/2015	0.64	0.67	0.72	1.54	1.57	1.62
31/12/2015	0.63	0.65	0.72	1.53	1.55	1.62
31/01/2016	0.64	0.66	0.69	1.54	1.56	1.59
29/02/2016	0.63	0.65	0.68	1.53	1.55	1.58
31/03/2016	0.61	0.65	0.67	1.51	1.55	1.57
<b>Low</b>	0.61	0.61	0.66	1.51	1.51	1.56
<b>Average</b>	0.63	0.66	0.71	1.53	1.56	1.61
<b>High</b>	0.67	0.69	0.78	1.57	1.59	1.68

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## 2015/16 ECONOMIC BACKGROUND

**Growth and Inflation:** The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil from \$67 a barrel in May 2015 to just under \$28 a barrel in January 2016, the appreciation of sterling since 2013 pushing down import prices and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year/year in February, but this was still well below the Bank of England's 2% inflation target. The labour market continued to improve through 2015 and in Q1 2016, the latest figures (Jan 2016) showing the employment rate at 74.1% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.2% excluding bonuses, but after a long period of negative real wage growth (i.e. after inflation) real earnings were positive and growing at their fastest rate in eight years, boosting consumers' spending power.

**Global influences:** The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. The effect of the Chinese authorities' intervention in their currency and equity markets was temporary and led to high market volatility as a consequence. There were falls in prices of equities and risky assets and a widening in corporate credit spreads. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU. Between February and March 2016 sterling had depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.

**UK Monetary Policy:** The Bank of England's MPC (Monetary Policy Committee) made no change to policy, maintaining the Bank Rate at 0.5% (in March it entered its eighth year at 0.5%) and asset purchases (Quantitative Easing) at £375bn. In its Inflation Reports and monthly monetary policy meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.

Improvement in household spending, business fixed investment, a strong housing sector and solid employment gains in the US allowed the Federal Reserve to raise rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%. Despite signalling four further rate hikes in 2016, the Fed chose not to increase rates further in Q1 and markets pared back expectations to no more than two further hikes this year.

However central bankers in the Eurozone, Switzerland, Sweden and Japan were forced to take policy rates into negative territory. The European Central Bank also announced a range of measures to inject sustained economic recovery and boost domestic inflation which included an increase in asset purchases (Quantitative Easing).

**Market reaction:** From June 2015 gilt yields were driven lower by the a weakening in Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall in the price of oil and commodities and acceptance of diminishing effectiveness of central bankers' unconventional policy actions. Added to this was the heightened uncertainty surrounding the outcome of the UK referendum on its continued membership of the EU as well as the US presidential elections which culminated in a significant volatility and in equities and corporate bond yields.

10-year gilt yields moved from 1.58% on 31/03/2015 to a high of 2.19% in June before falling back and ending the financial year at 1.42%. The pattern for 20-year gilts was similar, the yield rose from 2.15% in March 2015 to a high of 2.71% in June before falling back to 2.14% in March 2016. The FTSE All Share Index fell 7.3% from 3664 to 3395 and the MSCI World Index fell 5.3% from 1741 to 1648 over the 12 months to 31 March 2016.

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**COMPLIANCE WITH PRUDENTIAL INDICATORS DURING 2015/16**

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

The Council complied with all of its Prudential Indicators. Details of the performance against key indicators are shown below:

**1. Capital Expenditure**

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels. Council approved the Capital Programme for 2015/16 to 2019/20 in February 2016. Planned capital expenditure and financing is summarised below. Further detail is provided in the Capital update which is being submitted to council on 20<sup>th</sup> July 2016.

<b>Capital Expenditure and Financing</b>	<b>2015/16 Forecast £M</b>	<b>2015/16 Actual £M</b>	<b>2016/17 Estimate £M</b>	<b>2017/18 Estimate M</b>
General Fund	46.8	37.1	111.2	6.3
HRA	65.5	38.8	58.9	35.4
<b>Total Expenditure</b>	<b>112.3</b>	<b>75.9</b>	<b>170.1</b>	<b>41.7</b>
Capital receipts	14.0	5.2	3.4	3.4
Government Grants	28.0	23.7	31.2	5.0
Contributions	4.1	3.6	3.8	1.9
Major Repairs Allowance	19.0	19.8	19.9	20.3
Revenue	12.0	7.9	11.6	9.3
<b>Total Financing</b>	<b>77.1</b>	<b>60.2</b>	<b>69.9</b>	<b>39.9</b>
Temporary Financing	(1.0)	0.0	0.0	0.0
Unsupported borrowing	36.2	15.7	100.2	1.8
<b>Total Funding</b>	<b>35.2</b>	<b>15.7</b>	<b>100.2</b>	<b>1.8</b>
<b>Total Financing &amp; Funding</b>	<b>112.3</b>	<b>75.9</b>	<b>170.1</b>	<b>41.7</b>

**2. Gross Debt and the Capital Financing Requirement**

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. If in any of these years there is a reduction in the CFR, this reduction is ignored in estimating the cumulative increase in the CFR which is used for comparison with gross external debt. The S151 Officer reports that the Authority had no difficulty in meeting this requirement in 2015/16, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

There is a significant difference between the gross external borrowing requirement and the net external borrowing requirement represented by the Council's level of balances, reserves, provisions and working capital. The Council's current strategy is only to borrow to the level of its net borrowing requirement. The reasons for this are to reduce credit risk, take pressure off the Council's lending list and also to avoid the cost of carry existing in the current interest rate environment. The tables below detail our expected debt position and the year-on-year change to the CFR:

<b>Estimated Debt Position</b>	<b>2015/16 Actual £M</b>	<b>2016/17 Estimate £M</b>	<b>2017/18 Estimate £M</b>	<b>2018/19 Estimate £M</b>
Borrowing	99.8	197.7	198.4	199.0
Finance leases and Private Finance Initiatives	64.8	61.7	60.4	58.3
Transferred Debt	15.3	14.9	14.6	14.2
<b>Total General Fund Debt</b>	<b>179.9</b>	<b>274.3</b>	<b>273.4</b>	<b>271.5</b>
HRA	149.0	168.3	164.6	165.0
<b>Total Debt</b>	<b>328.9</b>	<b>442.6</b>	<b>438.0</b>	<b>436.5</b>

<b>Capital Financing Requirement (CFR)</b>	<b>2015/16 Actual £M</b>	<b>2016/17 Estimate £M</b>	<b>2017/18 Estimate £M</b>	<b>2018/19 Estimate £M</b>
General Fund	274.1	280.7	348.7	341.9
HRA	153.5	155.0	174.3	170.6
<b>Total CFR</b>	<b>427.6</b>	<b>435.7</b>	<b>523.0</b>	<b>512.5</b>
Capital expenditure financed from borrowing (inc PFI)				
General Fund (GF)	9.7	75.7	0.3	0.1
HRA	6.0	24.5	1.4	5.5
HRA Voluntary Repayment of Debt	(5.2)	(5.2)	(5.2)	(5.2)
GF Revenue provision for debt Redemption.	0.0	(4.9)	(4.8)	(4.8)
Movement in Other Long Term Liabilities	(2.4)	(2.8)	(2.2)	(2.4)
<b>Total CFR</b>	<b>435.7</b>	<b>523.0</b>	<b>512.5</b>	<b>505.7</b>

### **3. Authorised Limit and Operational Boundary for External Debt**

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that

the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The S151 Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2015/16; borrowing at its peak was £252.7M plus other deferred liabilities of £83M.

#### 4. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate

##### Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2015/16 (%)	Maximum during 2015/16 (%)
Upper Limit for Fixed Rate Exposure	100	81.8
Compliance with Limits:	Yes	Yes
Upper Limit for Variable Rate Exposure	50	18.2
Compliance with Limits:	Yes	Yes

#### 5. Total Principal Sums Invested for Periods Longer Than 364 days

This indicator allows the Council to manage the risk inherent in investments longer than 364 days and the limit is set at £50M. In 2015/16 the actual principal sum invested for periods longer than 364 days peaked at £27M, (compared to £14M in 2014/15). This reflects the continued investment into the longer term secured bond market.

#### 6. Maturity Structure of Fixed Rate Borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period.

Fixed Rate Debt	Lower Limit	Upper Limit	Actual Fixed Debt as at 31/03/2016	Average Fixed Rate as at 31/3/2016	% of Fixed Rate as at 31/3/2016	Compliance with set Limits?
	%	%	£M	%		
Under 12 months	0	45	17.40	3.11	8	Yes
12 months and within 24 months	0	45	0.00	0.00	0	Yes
24 months and within 5 years	0	50	27.70	3.14	13	Yes
5 years and within 10 years	0	75	30.30	3.48	14	Yes
20 years and within 30 years	0	75	15.00	4.65	7	Yes
30 years and within 40 years	0	75	66.70	3.82	31	Yes
40 years and within 50 years	0	75	57.10	3.60	27	Yes
			<b>214.2</b>	<b>3.58</b>	<b>100</b>	

Please note: the TM Code Guidance Notes (Page 15) states: "The maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender has the right to increase the interest rate payable without limit, such as a **Page 268** BOI loan, this should be treated as a right to require

payment". For this indicator, the next option dates on the Council LOBO loans will therefore determine the maturity date of the loans.

## 7. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 87 of the Prudential Code. The ratio is based on costs net of investment income. The upper limit for this ratio is currently set at 10% for the General Fund to allow for known borrowing decisions in the next two years and to allow for additional borrowing affecting major schemes. The table below shows the likely position based on the approved capital programme adjusted for actual borrowing made in year.

This indicator is not so relevant for the HRA, especially since the introduction of self financing, as financing costs have been built into their 30 year business plan, including the voluntary payment of MRP. No problem is seen with the affordability but if problems were to arise then the HRA would have the option not to make principle repayments in the early years.

Ratio of Financing Costs to Net Revenue Stream	2015/16 Approved %	2015/16 Actual %	2016/17 Forecast %	2017/18 Forecast %	2018/19 Forecast %
General Fund	6.83	5.80	8.47	9.11	9.59
HRA	14.93	14.07	14.12	14.31	14.77
<b>Total</b>	<b>10.17</b>	<b>9.18</b>	<b>11.18</b>	<b>11.57</b>	<b>12.15</b>

\*The figure quoted as the actual for 2015/16 General Fund includes MRP due for the year but not actually charged to revenue due to previous overprovision.

## 8. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the authority adopted the principles of best practice.

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services Code* on 19 February 2003 and all its subsequent updates. (latest 2011 edition)

## 9. HRA Limit on Indebtedness

Local authorities are required to report the level of the HRA CFR compared to the level of debt which is imposed (or subsequently amended) by the DCLG at the time of implementation of self-financing.

HRA Summary of Borrowing	2015/16 Approved £M	2015/16 Actual £M	2016/17 Approved £M	2017/18 Approved £M	2018/19 Approved £M
Brought Forward	153.5	153.5	174.6	193.9	190.2
Maturing Debt	(5.1)	(5.1)	(5.2)	(5.2)	(5.2)
New borrowing	25.6	0.0	24.5	1.5	5.5
Appropriations	0.6	0.6			
<b>Carried forward</b>	<b>174.6</b>	<b>149.0</b>	<b>193.9</b>	<b>190.2</b>	<b>190.5</b>
HRA Debt Cap (as prescribed by CLG)	199.6	199.6	199.6	199.6	199.6
<b>Headroom</b>	<b>25.0</b>	<b>50.6</b>	<b>5.7</b>	<b>9.4</b>	<b>9.1</b>



As indicated in this report none of the Prudential Indicators have been breached.

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### GLOSSARY OF TREASURY TERMS

**Amortised Cost Accounting:**

Values the asset at its purchase price, and then subtracts the premium/adds back the discount linearly over the life of the asset. The asset will be valued at par at its maturity.

**Authorised Limit (Also known as the Affordable Limit):**

A statutory limit that sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities).

**Balances and Reserves:**

Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.

**Bail - in Risk:**

Following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to "bail in" a bank before taxpayers are called upon.

A bail-in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.

**Bank Rate:**

The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.

**Basis Point:**

A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in **interest rates** and **bond yields**. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points. If rates were at 2.50%, and rose by 0.25%, or 25 basis points, the new interest rate would be 2.75%. In the bond market, a basis point is used to refer to the yield that a bond pays to the investor. For example, if a bond yield moves from 5.45% to 5.65%, it is said to have risen by 20 basis points. The usage of the basis point measure is primarily used in respect to yields and interest rates, but it may also be used to refer to the percentage change in the value of an asset such as a stock.

**Bond:**

A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The repayment date is also set at the onset but can be traded during its life, but this will affect the price of a bond

which may vary during its life.

**Capital Expenditure:**

Expenditure on the acquisition, creation or enhancement of capital assets.

**Capital Financing Requirement (CFR):**

The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.

**Certainty Rate:**

The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.

**CD's:**

Certificates of Deposits with banks and building societies

**Capital Receipts:**

Money obtained on the sale of a capital asset.

**Comprehensive Spending Review (CSR):**

Comprehensive Spending Review is a governmental process in the United Kingdom carried out by **HM Treasury** to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources. Spending Reviews typically focus upon one or several aspects of public spending while the CSR focuses upon each government department's spending requirements from a zero base (i.e. without reference to past plans or, initially, current expenditure).

**Constant Net Asset Value (CNAV)**

These are Money Market Funds which maintain a stable price of £1 per share when investors redeem or purchase shares which mean that that any investment will not fluctuate in value.

**Corporate Bonds:**

Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

**Cost of Carry:**

The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

**Counterparty List:**

List of approved financial institutions with which the Council can place investments with.

**Covered Bond:**

Covered bonds are debt securities backed by cash flows from mortgages or public sector loans. They are similar in many ways to asset-backed securities created in securitisation, but covered bond assets remain on the issuer's consolidated balance sheet (usually with an

appropriate capital charge). The covered bonds continue as obligations of the issuer (often a bank); in essence, the investor has recourse against the issuer and the collateral, sometimes known as "dual recourse."

**CPI :**

Consumer Price Index – the UK’s main measure of inflation.

**Credit Rating:**

Formal opinion by a registered rating agency of a counterparty’s future ability to meet its financial liabilities; these are opinions only and not guarantees.

**Department for Communities and Local Government (DCLG) :**

The DCLG is the UK Government department for Communities and Local Government in England. It was established in May 2006 and is the successor to the Office of the Deputy Prime Minister, established in 2001.

**Debt Management Office (DMO):**

The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the **DMADF**. All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.

**Diversification /diversified exposure:**

The spreading of investments among different types of assets or between markets in order to reduce risk.

**European Investment Bank (EIB):**

The European Investment Bank is the European Union's non-profit long-term lending institution established in 1958 under the Treaty of Rome. It is a "policy driven bank" whose shareholders are the member states of the EU. The EIB uses its financing operations to support projects that bring about European integration and social cohesion.

**Federal Reserve:**

The US central bank. (Often referred to as “the Fed”).

**Floating rate notes (FRNs) :**

Floating rate notes (FRNs) are debt securities with payments that are reset periodically against a benchmark rate, such as the three-month Treasury bill or the three-month London inter-bank offer rate (LIBOR). FRNs can be used to balance risks incurred through other interest rate instruments in an investment portfolio.

**FTSE 100 Index:**

The FTSE 100 Index is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge of business prosperity for business regulated by UK company law. The index is maintained by the FTSE Group, a subsidiary of the London Stock Exchange Group.

**General Fund:**

This includes most of the day-to-day spending and income.

**Gilts:**

Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

**Gross Domestic Product (GDP):**

Gross Domestic Product measures the value of goods and services produced within a country. GDP is the most comprehensive overall measure of economic output and provides key insight as to the driving forces of the economy.

**The G7:**

The G7, is a group consisting of the finance ministers of seven industrialised nations: namely the US, UK, France, Germany, Italy, Canada and Japan. They are seven of the eight (China excluded) wealthiest nations on Earth, not by GDP but by global net wealth. The G7 represents more than the 66% of net global wealth (\$223 trillion), according to Credit Suisse Global Wealth Report September 2012.

**IFRS:**

International Financial Reporting Standards.

**International Labour Organisation (ILO):**

The ILO Unemployment Rate refers to the percentage of economically active people who are unemployed by ILO standard and replaced the Claimant Unemployment Rate as the international standard for unemployment measurement in the UK.. Under the ILO approach, those who are considered as unemployed are either out of work but are actively looking for a job or out of work and are waiting to start a new job in the next two weeks. ILO Unemployment Rate is measured by a monthly survey, which is called the Labour Force Survey in United Kingdom. Approximately 40,000 individuals are interviewed each month, and the unemployment figure reported is the average data for the previous three months.

**LIBID:**

The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks). It is "the opposite" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend). Whilst the British Bankers' Association set LIBOR rates, there is no correspondent official LIBID fixing.

**LIBOR:**

The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to be more fluid in the marketplace to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

**LOBO:**

Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new

imposed fixed rate or repay the loan facility. The upshot of this is that on the option exercise date, the lender could propose an extreme fixed rate, say 20 per cent, which would effectively force the repayment of the underlying facility. The borrower's so called 'option' is only the inalienable right to accept or refuse a new deal such as a fixed rate of 20 per cent.

**Maturity:**

The date when an investment or borrowing is repaid.

**Maturity Structure / Profile:**

A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.

**Minimum Revenue Provision (MRP):**

An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.

**Money Market Funds (MMF):**

An open-end mutual fund which invests only in money markets. These funds invest in short term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. The fund's net asset value remains constant (eg £1 per unit) but the interest rate does fluctuate. These are liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies:

- **Constant net asset value (CNAV)** refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at €1/£1/\$1 and calculate their price to two decimal places known as "penny rounding". Most CNAV funds distribute income to investors on a regular basis (distributing share classes), though some may choose to accumulate the income, or add it on to the NAV (accumulating share classes). The NAV of accumulating CNAV funds will vary by the income received.
- **Variable net asset value (VNAV)** refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

This means that a fund with an unchanging NAV is, by definition, CNAV, but a fund with a NAV that varies may be accumulating CNAV or distributing or accumulating VNAV.

**Multilateral Development Banks:**

See Supranational Bonds below.

**Municipal Bonds Agency**

An independent body owned by the local government sector that seeks to raise money on the capital markets at regular intervals to on-lend to participating local authorities.

**Non Specified Investment:**

Investments which fall outside the CLG Guidance for **Specified investments** (below).

**Operational Boundary:**

This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

### **Premiums and Discounts:**

In the context of local authority borrowing,

- (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and
- (b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

If on a £1 million loan, it is calculated that a £150,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,150,000 plus accrued interest. If on a £1 million loan, it is calculated\* that a £50,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £950,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate.

*\*The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.*

### **Property:**

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

### **Prudential Code:**

Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

### **Prudential Indicators:**

Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators

### **Public Works Loans Board (PWLB):**

This is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

### **Quantitative Easing (QE):**

In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It *“does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim*



*against the Bank of England (known as reserves). The end result is more money out in the wider economy". Source: Bank of England.*

**Repo Rate:**

The interest rate at which the central bank in a country repurchases government securities (such as Treasury securities) from commercial banks. The central bank raises the repo rate when it wishes to reduce the money supply in the short term, while it lowers the rate when it wishes to increase the money supply and stimulate growth.

**Revenue Expenditure:**

Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

**RPI:**

Retail Prices Index is a monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the RPI index.

**(Short) Term Deposits:**

Deposits of cash with terms attached relating to maturity and rate of return (Interest).

**Specified Investments:**

Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

**Supported Borrowing:**

Borrowing for which the costs are supported by the government or third party.

**Supranational Bonds:**

Instruments issued by supranational organisations created by governments through international treaties (often called **multilateral development banks**). The bonds carry a AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

**Treasury (T) -Bills:**

Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating.

**Temporary Borrowing:**

Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

**Treasury Management Code:**

CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

**Treasury Management Practices (TMP):**

Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

**Unsupported Borrowing:**

Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

**Variable Net Asset Value (VNAV):**

Redemptions and investments in Money Market Funds (MMF's) are on the basis of the fund's Net Asset Value (NAV) per share. The NAV of any money market fund is the market value of the fund's assets minus its liabilities and is stated on a per share basis. The net value of the assets held by an MMF can fluctuate, and the market value of a share may not always be exactly the amount that has been invested.

**Yield:**

The measure of the return on an investment instrument.



### Investment Benchmarking

31 March 2016

Southampton  
22 English Unitaries Average  
128 Local Authorities Average

Internal Investments	£80.3m	£52.7m	£61.4m
External Funds	£7.5m	£8.1m	£7.3m
<b>TOTAL INVESTMENTS</b>	<b>£87.8m</b>	<b>£61.0m</b>	<b>£68.7m</b>

#### Security

Average Credit Score	3.48	4.17	4.22
Average Credit Rating	AA	AA-	AA-
Average Credit Score (time-weighted)	1.49	3.73	3.80
Average Credit Rating (time weighted)	AAA	AA-	AA-
Number of Counterparties / Funds	28	22	23
Proportion Exposed to Bail-in	53%	65%	66%

#### Liquidity

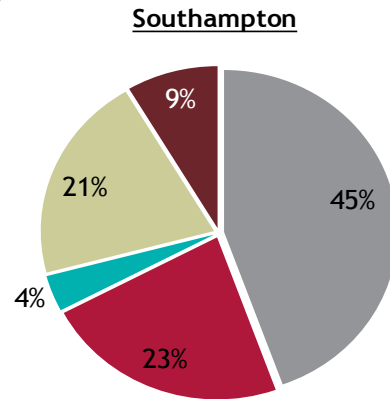
Proportion Available within 7 days	39%	41%	41%
Proportion Available within 100 days	46%	63%	64%
Average Days to Maturity	282	119	53

#### Market Risks

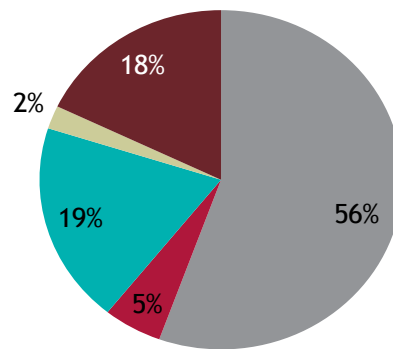
Average Days to Next Rate Reset	203	109	70
External Fund Volatility	2.9%	1.3%	2.7%

#### Yield

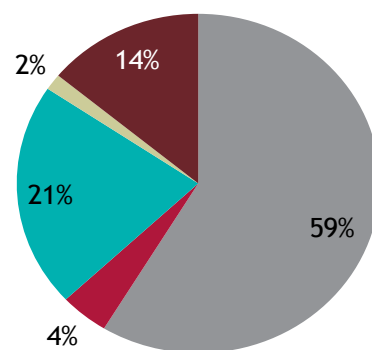
Internal Investment Return	0.96%	0.64%	0.71%
External Funds - Income Return	5.03%	3.87%	3.15%
External Funds - Capital Gains/Losses	3.70%	0.78%	-0.34%
External Funds - Total Return	8.73%	4.65%	2.81%
Total Investments - Income Return	1.30%	1.24%	1.04%
<b>Total Investments - Total Return</b>	<b>1.62%</b>	<b>1.41%</b>	<b>0.96%</b>



#### English Unitaries



#### Arlingclose Clients



Bank Unsecured
  Bank Secured  
 Government
  Corporate/RP  
 External Funds

#### Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by amount, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

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<b>DECISION-MAKER:</b>	<b>CABINET COUNCIL</b>		
<b>SUBJECT:</b>	<b>HRA CAPITAL PROGRAMME PROJECT APPROVALS 2016/17 AND 2017/18</b>		
<b>DATE OF DECISION:</b>	<b>CABINET 19 JULY 2016 COUNCIL 20 JULY 2016</b>		
<b>REPORT OF:</b>	<b>CABINET MEMBER FOR HOUSING AND ADULT CARE</b>		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Geoff Miller</b>	<b>Tel: 023 8083 4987</b>
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<b>STATEMENT OF CONFIDENTIALITY</b>
<b>N/A</b>

## **BRIEF SUMMARY**

This report seeks formal approval, in accordance with Financial Procedure Rules, for expenditure on various housing projects. These projects will contribute to the Council's strategic housing objectives through improving facilities on our estates, the wellbeing and the satisfaction of our residents in the areas where they live.

The proposals are consistent with the Housing Revenue Account (HRA) Business Plan and Capital Programme approved by the Council on 10 February 2016. As part of our approach to Self-financing, the Council is required to plan for longer term investment in our housing stock and as such Council agreed to a detailed five year Capital Programme. In order to deliver this programme of secure suitable procurement efficiencies, we now need to seek Scheme Approval to progress with planning, procurement and delivery of the associated projects, many of which are significant in nature and therefore require suitable lead in time.

The proposed works cover elements under the headings of:

- Safe, Wind and Weathertight
- Warm and Energy Efficient
- Modern Facilities
- Well Maintained Communal Facilities
- Estate Regeneration and New Build

In addition, the report recommends the addition of a new Existing Satisfactory Purchase Scheme to the HRA Capital Programme, which will aim to bring properties into Council stock by purchasing suitable properties from within the local market. The scheme will be part funded by useable 'right to buy' receipts avoiding the need to return these time-limited receipts to Central Government with interest.

## RECOMMENDATIONS:

### CABINET

- (i) To re-phase the capital budget for Renewing Communal Alarm Systems by bringing forward £1,071,000 in 2018/19 to 2016-17 (£250,000) and 2017-18 (£821,000)
- (ii) To note the reduction in required budget for the Copse Road Improvement work from £463,000 to £250,000 and the associated reduction of £213,000 in the level of Direct Revenue Financing required to fund the HRA Capital Programme
- (iii) To approve, in accordance with Financial Procedure Rules, capital expenditure of £12,471,000, phased as follows:  
 £3,509,000 in 2016/17 and  
 £8,962,000 in 2017/18, on schemes not exceeding £2,000,000.  
 Provision for these schemes exists within the HRA Capital Programme as detailed in the table below.

<b>Safe Wind and Weathertight</b>	<b>2016/17 000s</b>	<b>2017/18 000s</b>	<b>Total 000s</b>
Chimneys	2	42	44
Refurbish Balconies	105	134	239
Renew Porch/Canopies	0	231	231
Copse Road Improvement (Block 17-47)	250	0	250
Shop Walkway Roofing	477	0	477
Roofline Items	280	161	441
Downpipes at Redbridge Towers	350	0	350
Golden Grove/Ridding Close Balconies	171	0	171
Window Replacement	0	980	980
External Doors – Houses and Flats	0	577	577
Structural Works	0	900	900
<b>Total for Safe, Wind and Weathertight</b>	<b>1,635</b>	<b>3,025</b>	<b>4,660</b>
<b>Warm and Energy Efficient</b>			
Communal Building Services	76	158	234
Communal Doors	229	0	229
Communal Heating Systems	35	35	70
<b>Total for Warm and Energy Efficient</b>	<b>340</b>	<b>193</b>	<b>533</b>
<b>Modern Facilities</b>			
Programme Fees	0	665	665

Tenant Alterations	0	100	100
Electrical Systems	0	2,000	2,000
Housing Refurbishment Programme	0	1,351	1,351
<b>Total for Modern Facilities</b>	<b>0</b>	<b>4,116</b>	<b>4,116</b>
<b>Well Maintained Communal Facilities</b>			
	<b>2016/17 000s</b>	<b>2017/18 000s</b>	<b>Total 000s</b>
Windows – Communal	28	67	95
Communal Kitchens	56	20	76
Dry Riser Replacement Programme	54	54	108
Communal Central Fan Replacement Programme	33	33	66
Communal Central Water Pump Replacement Programme	40	40	80
Communal Area Works	266	130	396
SHAP (Supported Housing Asset Programme)	580	463	1,043
Replace Roller Shutter Doors	45	0	45
Renew Communal Systems (Alarms)	250	821	1,071
Communal Shed and Storage	182	0	182
<b>Total for Well Maintained Communal Facilities</b>	<b>1,534</b>	<b>1,628</b>	<b>3,162</b>
<b>Total for all areas:</b>	<b>3,509</b>	<b>8,962</b>	<b>12,471</b>

## COUNCIL

- (i) To approve, in accordance with Finance Procedure Rules, the addition of £4,785,000 for an Existing Satisfactory Purchase Scheme within the Estate Regeneration and New Build section of the HRA Capital Programme funded by Direct Revenue Financing (70%) and retained 'right to buy' receipts (30%).
- (ii) To approve capital expenditure of £4,785,000, in 2016-17 on the Existing Satisfactory Purchase Scheme and to give delegated authority to the Head of Capital Assets to agree individual property acquisitions as set out in Section 44 of this report.
- (iii) To re-phase the capital budget for ECO - Thornhill/Shirley Towers/Sturminster House/Albion Towers and District Heating by realigning the unapproved budget (£6,100,000) to current timelines with £2,940,000 in 2016-17 and £3,160,000 in 2017-18.
- (iv) To approve, in accordance with Financial Procedure Rules, capital expenditure of £16,984,000 phased as follows:
  - £6,100,000 in 2016/17

- £10,884,000 in 2017/18, on schemes exceeding £2,000,000.

Provision for these schemes exists within the HRA Capital Programme as detailed in the table below.

<b>Safe, Wind and Weathertight</b>	<b>2016/17 000s</b>	<b>2017/18 000s</b>	<b>Total 000s</b>
Wall Structure and Finish	1,486	1,944	3,430
<b>Total for Safe, Wind and Weathertight</b>	<b>1,486</b>	<b>1,944</b>	<b>3,430</b>
<b>Warm and Energy Efficient</b>			
ECO - Thornhill/Shirley Towers/Sturminster House/Albion Towers and District Heating	2,940	3,160	6,100
<b>Total for Warm and Energy Efficient</b>	<b>2,940</b>	<b>3,160</b>	<b>6,100</b>
<b>Modern Facilities</b>	<b>2016/17 000s</b>	<b>2017/18 000s</b>	<b>Total 000s</b>
Disabled Adaptations	1,046	1,087	2,133
Heating Systems	628	4,693	5,321
<b>Total for Modern Facilities</b>	<b>1,674</b>	<b>5,780</b>	<b>7,454</b>
<b>Total for all areas:</b>	<b>6,100</b>	<b>10,884</b>	<b>16,984</b>

## REASONS FOR REPORT RECOMMENDATIONS

1. Financial Procedure Rules state that all schemes already in the Capital Programme up to £500,000 will require Chief Officer approval, in consultation with the Cabinet Member, those between £500,000 and £2M will require Cabinet approval and those with a total value above £2M will require the approval of full Council. The schemes in this report fall into all of these categories but are presented in one report for completeness.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. There have been various consultation meetings with Tenant Groups and Leaseholder Groups during the last 12-18 months with regard to the proposed programme of Capital expenditure associated with the Housing Revenue Account (HRA) and the Council's Self-Financing regime. We are grateful to the groups for their input and would like to express our thanks for the feedback, which has been taken into account.
3. These works form part of the approved 5-Year Capital Programme (formally approved on 10 February 2016).



4. Parts of the works identified will contribute to the proposed ECO works and are critical in enabling the Council to obtain the maximum grant funded contribution for this project.
5. The alternative option of not undertaking the works identified would leave the Council's homes and surrounding areas in their present condition and would not accord with the view expressed during the consultation process or with the Council's policy of providing homes that comply with the four agreed headings of:
  - Safe, Wind and Weathertight
  - Warm and Energy Efficient
  - Modern Facilities
  - Well Maintained Communal Facilities.

**DETAIL (Including consultation carried out)**

6. This report seeks permission to proceed with the development, procurement and implementation of Capital projects which form part of the HRA Capital Programme for 2016/17 and 2017/18. This report deals with those schemes that are currently ready for approval.
7. The programme outlined in this report is consistent with the HRA Business Plan approved by Cabinet and Council in February 2016.
8. A key role in the development of the Capital programme has been the involvement of the Tenant Resource Group, Block Wardens, Housing Operations Repair Service, Tenant Representatives, Leaseholders and staff. Tenants and Leaseholder have also been closely involved in the production of the Council's long-term Business Plan for future investment.
9. Under Self-Financing, our Stock Condition Database (Keystone) is crucial to planning the works needed to our housing stock. As part of our approach to developing a Business Plan we have identified, through Keystone, the properties where work is required over the next five years and we are now in a position to strategically plan the investment needed to complete the work identified.
10. Therefore, the budgets identified and for which approval is sought are determined by the detail from Keystone to which we have then applied an accepted industry calculation for estimated value based upon known cost and Building Research Establishment (BRE) National Average at this time.
11. The details in the table above are therefore provided based upon the specific property assessments undertaken and are presented in unit quantities with a more detailed description of the work to be undertaken in the paragraphs below.

**SAFE, WIND AND WEATHERTIGHT**

**Cabinet**

12. Chimneys:  
The additional budget reflects a combination of inflationary cost increases and newly identified works from stock condition surveys. Works are subject to validation by appointed contractor prior to commencement. Investment is not limited to any specific area and is driven by priority of maintenance investment.
13. Balcony Refurbishment:  
Private balcony refurbishment is emerging as a growing area for investment. Little investment has been undertaken to date on the private balcony areas resulting in deterioration to both the concrete slabs, greenhouses and partitions. Further

validation will be undertaken scheme by scheme to identify areas where urgent investment is required. To realise synergies of contractor skills and location, detailed assessments of the private balcony areas will be undertaken scheme by scheme at the same time as the Supported Housing Walkway project.

14. Porch/Canopy Refurbishment:

In order to make most effective use of this budget, it will be used where External Wall Insulation (EWI) is installed and the existing canopy needs to be replaced as part of this upgrade. Any surplus monies will be earmarked for urgent replacements identified by the Repairs or Structures Teams to ensure that properties remain safe.

15. Copse Road Improvement:

Monies have been earmarked to undertake urgent repairs to one block in Townhill Park. We plan to accelerate the redevelopment of properties within the Estate Regeneration timetable if possible, however some investment is required to keep the block in a condition where the units can continue to be let in the interim, which has been subject to a business case.

16. Shop Walkway Roofing:

Feedback from Capita Valuers' Team has identified significant under-investment in the walkways above shop units. This has resulted in many properties having patch repairs undertaken which are now becoming ineffective and resulting in more extensive investment being required. Monies have been identified to supplement the existing roofing programme to allow walkways above shop units to be replaced where required. Individual sites are to be assessed to determine whether capital investment is appropriate, or if ongoing repairs are suitable.

17. Roofline Items:

Roofline items (bargeboards, downpipes, fascia and gutters) across the city require replacement as original units have now deteriorated and require replacement. A proportion of this budget will be utilised with the Supported Housing Walkway project and the external decoration programme to realise the benefits of combining various elements as part of block refurbishment works. Reactive capital replacement works will account for the remainder of the budget to respond to items of work beyond day to day repairs.

18. Downpipes at Redbridge Towers:

Works to replace the downpipes on Redbridge Towers have been identified as being required. Similar works have already commenced at Millbrook Towers where the original downpipes have corroded causing rainwater to gather on balconies and potentially cause further damage to the balcony area.

19. Golden Grove/Ridding Close Balconies:

Design faults and subsequent modifications to the buildings in these areas have created properties which are prone to water ingress. A package of works has been designed to address the building deficiencies through making good building faults and applying a resin coating to the external face of the building to reduce the risk of further water ingress. This has been successfully deployed at blocks at Golden Grove in 2015/16 and this is now a full roll-out of this solution.

20. Window Replacement:

Re-phasing to accommodate ECO works and work within overall budget constraints has resulted in works from 2016 onwards being re-phased to later years. The programme for 2017/18 will therefore be delivered based on priority of need city wide, validated by ongoing survey assessments.

21. External Door Replacement:

The 2016/17 budget requirement has been redistributed to later years to better reflect the requirements of the stock within the resources available. Therefore the programme for 2017/18 will be delivered based on city wide priorities, validated by ongoing survey assessments.

22. Structural Works

Structural works budget identified based on historic spend and expected demands from ageing stock. Regular surveys of blocks are being undertaken to identify works required to ensure the ongoing safety and integrity of the structures.

**Council**

23. Wall Structure and Finish:

Ongoing programme to address deterioration in wall finishes across the city that cannot be addressed through day to day repairs. Works will protect the weather tightness of the assets to prevent damp related issues.

**MODERN FACILITIES**

**Cabinet**

24. Programme Fees:

There are certain fees involved with managing the programmes of work included within the HRA Capital Programme that are not charged to individual schemes. Separate Scheme Approval is therefore sought for these essential programme management fees.

25. Tenant Alterations:

Whilst the full impact of alterations by tenants to council stock is not yet known, this capital budget exists to address such alterations as and when they are identified which require investment to either maintain or remove as policy dictates.

26. Electrical Systems:

Investment in the rewiring of the housing stock addresses properties where the need to upgrade the electrical installation has been identified. This in conjunction with the ongoing compliance activities helps to ensure that properties remain safe in relation to the electrical installations present.

27. Housing Refurbishment Programme:

The majority of the kitchen and bathroom programme will be completed in the current year before the next cycle of replacements commences. Short term ongoing expenditure from 2017-18 onwards relates to a combination of known refusals (which are expected to need works when the properties become void) and addressing properties where there is either a separate W.C. (downstairs) or where there has been an adaptation of an additional bathroom to meet a tenant's need, which to date have not formed part of the programme.

**Council**

28. Disabled Adaptations

This is an ongoing requirement to facilitate the adaptation of properties to meet the changing needs of our tenants.

29. Heating Systems:

Ongoing programme of heating upgrades to properties across the city, separate to the ongoing ECO project. Priorities will be determined either by feedback from maintenance teams or identified appliances which are inefficient.

**WARM AND ENERGY EFFICIENT**

**Cabinet**

30. Communal Building Services:

This budget is for undertaking capital works to communal electrical systems and landlord lighting systems. The communal electrical testing and specialised surveys will be relied on to identify priority areas for works.

31. Communal Doors

There is a budget to allow a continuing programme of upgrades to block entrance doors. Priorities have been identified by Local Housing Offices based on evidence relating to ASB and other security issues.

32. Communal Heating Systems

There is a capital budget to upgrade heating systems for communal areas where required. Specialist surveys will be required to confirm whether full replacement is required or if upgrades will fulfil requirements.

33. Communal Shed & Storage:

This capital budget is to compliment the external decoration programme to allow shed areas to be updated as necessary with new doors and roof replacements.

**Council**

34. ECO Thornhill/Shirley/Sturminster/Albion & District Heating

This is re-phasing and the approval of the remainder of the funding in 2016-17 and 2017-18 to deliver ECO works across the city. The current unapproved budget is phased over 3 years from 2016-17 to 2018-19. This re-phasing and approval will ensure that the scheme budget is in line with current completion dates and will incorporate external wall insulation, windows upgrades and district heating systems.

**WELL MAINTAINED COMMUNAL FACILITIES**

**Cabinet**

35. Communal Windows

Capital budget for the replacement of communal windows in blocks across the city identified from a combination of survey assessments and feedback from Repairs teams.

36. Communal Kitchens

Capital budget for the replacement of communal kitchens in supported blocks across the city identified from a combination of survey assessments and feedback from Repairs teams.

37. Dry Riser Replacement Programme

Following the identification of valve failures in 2 dry riser systems, a 5 year programme has been developed for the replacement of dry risers to all high rise blocks across the city. Dry risers have been certified as currently being compliant however due to the age further failures and increasing maintenance, costs are expected to rise if left unaddressed.

38. Central Fan Replacement Programme

Fans in high rise blocks which service the central ventilation systems have suffered from under investment, relying on ad hoc maintenance to service and/or replace units as they fail. This capital budget is to initiate a programme of works to replace all fans that have not already been replaced to ensure that the systems work correctly to provide the necessary ventilation to dwellings within the blocks.

39. Central Water Pump Replacement Programme:

Water pumps in high rise blocks have suffered from under investment, relying on ad hoc maintenance to service and/or replace units as they fail. This capital budget is to initiate a programme of works to either replace pumps that have not already been replaced or alternatively convert to mains pressure where possible to ensure that the systems work correctly to provide the necessary water pressure to dwellings within the blocks.

40. Communal Area Works

Communal Area Works relate to a variety of capital improvement works to the communal areas within blocks. Improvements include renewal of flooring surfaces and refurbishment of communal facilities where required (such as laundry rooms, bin areas). Where possible works will be coordinated with other capital programmes to minimise disruption to tenants.

41. SHAP Programme

This is a capital budget to support delivery of improvements to Supported Housing as determined by the Supported Housing Team.

42. Roller Shutter Doors

Capital budget to allow planned replacement of roller shutter doors across the city. This is a growing requirement as they approach the end of their useful life and increasingly present a health and safety risk to bin persons and onsite staff.

43. Renew Communal Systems (Alarms):

The replacement of the warden call system which has been identified by Supported Housing teams as needing replacement due to age and ongoing difficulties in maintaining.

## **ESTATE REGENERATION AND NEW BUILD**

### **Council**

44. Existing Satisfactory Purchase Scheme

This scheme, totalling £4,785,000, will aim to bring properties into Council stock by purchasing suitable properties (chiefly family-sized) from within the local market that add long term valuable assets to the Council housing stock and help to meet the high demand on Southampton's social housing waiting list. This scheme will be 30% funded by useable 'right to buy' receipts, in quarters 2 and 3 of 2016-17, avoiding the need to return these time-limited receipts to Central Government with interest. The Woodside/Wimpson capital scheme will use further useable receipts from quarter 4 of 2016-17.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

45. There are sufficient funding streams available within the HRA Capital Budget to meet the requirements of the proposed schemes. In addition, a number of the items will represent an investment that will support an ongoing reduction in revenue expenditure

within the HRA. Obtaining Scheme Approval in this way minimises administration plus officer and member time plus maximises the potential for wider procurement efficiencies from longer term planning.

**Property/Other**

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

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

47. 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:**

48. None

**POLICY FRAMEWORK IMPLICATIONS**

49. The proposed schemes in this report 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.

<b>KEY DECISION?</b>		<b>Yes</b>	
<b>WARDS/COMMUNITIES AFFECTED:</b>		<b>All wards</b>	
<u>SUPPORTING DOCUMENTATION</u>			
<b>Appendices</b>			
<b>1.</b>	<b>None</b>		
<b>Documents In Members’ Rooms</b>			
<b>1.</b>	<b>None</b>		
<b>Equality Impact Assessment</b>			
<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>			<b>No</b>
<b>Privacy Impact Assessment</b>			
<b>Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.</b>			<b>No</b>
<b>Other Background Documents</b>			
<b>Other Background documents available for inspection at:</b>			
<b>Title of Background Paper(s)</b>		<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
<b>1.</b>	<b>None</b>		

<b>DECISION-MAKER:</b>	<b>COUNCIL</b>		
<b>SUBJECT:</b>	HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2015/16		
<b>DATE OF DECISION:</b>	20 JULY 2016		
<b>REPORT OF:</b>	CABINET MEMBER FOR HOUSING AND ADULT CARE		
<b><u>CONTACT DETAILS</u></b>			
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<b>Director</b>	<b>Name:</b>	<b>Mel Creighton</b>	<b>Tel: 023 8083 4897</b>
	<b>E-mail:</b>	<b>mel.creighton@southampton.gov.uk</b>	

## STATEMENT OF CONFIDENTIALITY

None

## BRIEF SUMMARY

This is the Housing Revenue Account (HRA) revenue and capital outturn report for the financial year 2015/16.

The actual level of net revenue spending in 2015/16 was a break even position, with expenditure exactly equalling income. There was a budgeted surplus for the year of £260,600, which was not achieved. This was originally intended to offset a forecast overspend in 2014/15, which did not materialise. The revised HRA working balance at 31 March 2016 of £2,000,000 meets the minimum requirement for the HRA, as approved by Cabinet and Council in February 2012.

The outturn for day to day service expenditure and income items (excluding depreciation and direct revenue financing of capital) was an adverse variance for the year of £909,000. The whole of this variance has been balanced by a reduction in the revenue allocated to fund the capital programme.

Total capital expenditure in 2015/16 was £38,818,000 compared to the latest approved budget of £56,008,000, which represents a 69.2% spend level. Capital financing that was not used during the year, mainly due to scheme slippage, will be available to fund expenditure in 2016/17.

The level of HRA capital expenditure in 2015/16 has not been exceeded in any of the preceding thirteen years that expenditure has been recorded in the Council's current financial system. The expenditure has made significant improvements to the condition of the Council's housing stock, which include replacing lifts, providing new heating systems and boilers, installing new communal door entry systems, refurbishing supported housing schemes and completing significant numbers of new kitchens and bathrooms. Capital expenditure has also been focused on carrying out works within our estates and neighbourhoods. This includes the decent neighbourhoods' programme and estate regeneration and new build.

## RECOMMENDATIONS:

	(i)	To note the HRA revenue outturn for the financial year 2015/16, as set out in Appendix 1, and the working balance at the end of the year of £2,000,000.
	(ii)	To note the HRA capital outturn for the financial year 2015/16, as summarised in paragraph 12 of this report.
	(iii)	To approve the amendments to schemes in the HRA Capital Programme for 2016/17, as set out in Appendix 3, to take account of the slippage and re-phasing in 2015/16.
	(iv)	To note the 2015/16 capital financing, as set out in paragraph 17 of this report, and that the use of available resources will be reviewed as part of the next full update of the HRA Business Plan later in 2016.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
1.	The HRA revenue and capital outturn for 2015/16 forms part of the Council's statutory accounts.	
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
2.	This report outlines the actual level of spend on the HRA for the financial year 2015/16. The figures have been prepared in accordance with statutory accounting principles. There are, therefore, no other options relating to the HRA outturn position for Members to consider. However, Members could decide not to amend the 2016/17 Capital Programme to reflect the 2015/16 outturn. However, such a decision could result in approved capital schemes either not being completed, or overspending due to contractual commitments.	
<b>DETAIL (Including consultation carried out)</b>		
3.	<b><u>Background</u></b> The Housing Revenue Account records all the income and expenditure associated with the provision and management of Council owned homes in the City. This account funds a significant range of services to over 18,000 Southampton tenants and leaseholders and their families. This provides for the allocation, management, maintenance and improvement of Council homes in the City.	
4.	The HRA Capital Programme deals with all capital expenditure on Council Housing and related environmental works. The main focuses are to continue the investment in estate regeneration and new build programmes, as well as delivering safe, wind and weather tight homes, which are warm and energy efficient, and also a focus on providing modern facilities and well maintained communal facilities.	
5.	This report sets out the actual level of revenue spending on day to day services provided to council tenants recorded in the HRA in 2015/16. The report compares the latest estimate for 2015/16 with the final expenditure for the year.	
6.	This report also summarises the HRA Capital Programme outturn for 2015/16 and recommends adjustments to the 2016/17 capital programme to take account of actual spending in 2015/16.	
7	Local Authorities with a retained housing stock are required to publish the HRA revenue outturn in accordance with CIPFA's Service Reporting Code of	



	Practice. The HRA outturn for 2015/16 can be found in this form in the authority's Annual Statement of Accounts.										
8.	<p><b><u>Consultation</u></b></p> <p>The HRA revenue and capital outturn outlined in this report represents the actual level of spending in 2015/16. The financial information has been prepared in accordance with statutory accounting principles. The adjustments to the capital programme for 2016/17 are directly related to performance in 2015/16. Although there is no statutory duty to consult, the information in this report has been discussed at meetings of the Tenant Resources Group, which comprises tenants from across the city, and their input to this report is acknowledged with thanks.</p>										
9.	<p><b><u>Revenue Outturn</u></b></p> <p>The actual level of net revenue spending in 2015/16 was a break even position, with expenditure exactly equalling income. There was a budgeted surplus for the year of £260,600, which was not achieved. This was originally intended to offset a forecast overspend in 2014/15, which did not materialise. However, the outturn for day to day service expenditure and income items (excluding depreciation and direct revenue financing of capital) was an adverse variance for the year of £909,000. Much of this was due to 2013/14 winter related remedial repair work, as detailed in Appendix 2. The whole of this variance has been balanced by a reduction in the revenue allocated to fund the capital programme.</p>										
10.	After this adjustment, the HRA Revenue Summary, attached at Appendix 1, shows a reduction in expenditure of £15,000 (0.02%) and a reduction in income of £275,600 (0.36%). An explanation of the main variances can be found at Appendix 2.										
11.	The HRA Business Plan, agreed by Cabinet and Council in February 2012, set a minimum working balance for the HRA each year of £2,000,000. The revised HRA working balance at 31 March 2016 meets this minimum requirement.										
12.	<p><b><u>Capital Outturn</u></b></p> <p>A summary of capital expenditure for the HRA is shown in the following table:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Section</th> <th style="text-align: right;">Approved Estimate 2015/16 £000</th> <th style="text-align: right;">Actual Outturn 2015/16 £000</th> <th style="text-align: right;">Over/(Under spend) £000</th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Safe Wind and</td> <td style="text-align: right;">16,146</td> <td style="text-align: right;">12,496</td> <td style="text-align: right;">(3,650)</td> <td style="text-align: right;">(22.6)</td> </tr> </tbody> </table>	Section	Approved Estimate 2015/16 £000	Actual Outturn 2015/16 £000	Over/(Under spend) £000	%	Safe Wind and	16,146	12,496	(3,650)	(22.6)
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13.	Appendix 3 shows the variances in every scheme in the capital programme. Appendix 4 provides an explanation of significant variances.																														
14.	The expenditure detailed above has made significant improvements to the condition of the Council's housing stock, which includes essential major repairs, various environmental / neighbourhood improvements and the provision of new kitchens and bathrooms.																														
15.	<p>Some amendments to the HRA Capital Programme, which take account of the variations in 2015/16, are recommended for approval in this report (see Appendix 3). The impact of these changes on the 2016/17 approved programme is shown in the following table. Although every effort will be made to complete as much of the programme as possible, it must be recognised this is the largest and most ambitious annual capital programme proposed to date. Making funding available in 2016/17 ensures as many schemes as possible can be commenced promptly, while any that cannot be started in 2016/17 can be carried over to the following year.</p> <table border="1"> <thead> <tr> <th></th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>February 2015 Approved Programme 2016/17</td> <td>58,889</td> </tr> <tr> <td>Previously Approved Changes</td> <td>(1,117)</td> </tr> <tr> <td>Current Programme 2016/17</td> <td>57,772</td> </tr> <tr> <td>Spending delayed into 2016/17 from 2015/16</td> <td>17,672</td> </tr> <tr> <td>Spending brought forward into 2015/16 from 2016/17</td> <td>(1,008)</td> </tr> <tr> <td>Proposed Programme 2016/17</td> <td>74,436</td> </tr> </tbody> </table>		£000	February 2015 Approved Programme 2016/17	58,889	Previously Approved Changes	(1,117)	Current Programme 2016/17	57,772	Spending delayed into 2016/17 from 2015/16	17,672	Spending brought forward into 2015/16 from 2016/17	(1,008)	Proposed Programme 2016/17	74,436																
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16.	In addition, Appendix 3 shows variations on completed capital schemes. There are under spends of £922,000 and over spends of £321,000, leading to a net under spend of £601,000 on existing projects.																														
17.	The final financing of the capital spending in 2015/16 is shown below:																														

	Resources Used £000
	Grants/Contributions 1,248
	Depreciation 19,833
	Direct Revenue Financing 7,532
	Capital Receipts 4,195
	Borrowing 6,010
	<b>TOTAL</b> 38,818
18.	<p>The main changes to the resources are explained below:</p> <ul style="list-style-type: none"> <li>• Borrowing of £6,010,000 was required to finance capital expenditure in the year. This was a significantly reduced sum, mainly due to the slippage in the programme. However, borrowing of £41,000,000 would be needed to deliver the full proposed programme for 2016/17. If that level of borrowing is needed, it can be achieved within the government 'debt cap' while still preserving the Council approved £6,000,000 borrowing headroom.</li> <li>• As described in paragraph 9, the combined depreciation and direct revenue financing (DRF) contribution to the funding of capital expenditure has been reduced to balance the deficit in the outturn for day to day service expenditure and income items. The deficit was principally due to 2013/14 winter related remedial repair work. It is anticipated that this work will reduce the draw on the capital programme in future years.</li> <li>• There was an increase in the useable capital receipts from right-to-buy sales in 2015/16 which has enabled the forward capital programme to remain fully funded.</li> </ul>
19.	<p>The funding changes in 2015/16 mainly arise from timing issues. The HRA business plan assumes that part of the annual revenue income will be used to fund capital expenditure. The level of this revenue funding has been reduced in 2015/16, and a greater proportion of the capital programme will be funded from the increases in the useable capital receipts from right-to-buy sales. In overall terms, there has not been any material change in the resources needed to fund the Programme.</p>
20.	<p><b><u>Overall position</u></b></p> <p>In summary:</p> <ul style="list-style-type: none"> <li>• The HRA working balance remains at the minimum value of £2,000,000.</li> <li>• The capital programme for 2016/17 will be increased by £16,664,000 due to the slippage and re-phasing from 2015/16.</li> <li>• There was no material change in the overall level of resources needed to fund the HRA Capital Programme.</li> </ul>

<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
21.	These are contained in the detail of the report.
<b><u>Property/Other</u></b>	
22.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
23.	The requirement to maintain a Housing Revenue Account is set out in the Local Government and Housing Act 1989 and the requirement to publish final accounts is set out in the Accounts and Audit Regulations 2003.
<b><u>Other Legal Implications:</u></b>	
24.	None.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
25.	The HRA revenue and capital outturn for 2015/16 forms part of the Council's overall Statutory Accounts. The details in this report reflect the actual level of spending on day to day services that were provided to council tenants and the actual level of capital spending in 2015/16. This is compared to the approved budget for the year.

<b>KEY DECISION?</b>	Yes.
<b>WARDS/COMMUNITIES AFFECTED:</b>	All.
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	HRA Revenue Summary Outturn 2015/16
2.	Revenue Variances
3.	HRA Capital Programme Outturn 2015/16
4.	Capital Variances
<b>Documents In Members' Rooms</b>	

1.	None.	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
<b>Other Background Documents</b>		
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>		
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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## HOUSING REVENUE ACCOUNT

Latest Agreed Budget 2015/16		Actual Outturn 2015/16	Variance
£'000		£'000	£'000
<b><u>SUMMARY</u></b>			
<b><u>EXPENDITURE</u></b>			
11,029.1	Responsive Repairs	13,494.8	2,465.7
5,531.2	Housing Investment	5,251.9	(279.3)
16,560.3	Total Repairs	18,746.7	2,186.4
200.0	Rents Payable	(38.8)	(238.8)
69.8	Debt Management	37.5	(32.3)
20,982.3	Supervision & Management	20,695.9	(286.4)
6,063.6	Interest Repayments	5,117.2	(946.4)
4,910.7	Principal Repayments	5,122.2	211.5
18,976.9	Depreciation	19,901.5	924.6
9,366.0	Direct Revenue Financing of Capital	7,532.4	(1,833.6)
77,129.6	<b>TOTAL EXPENDITURE</b>	77,114.6	(15.0)
<b><u>INCOME</u></b>			
73,984.4	Dwelling Rents	73,397.2	587.2
1,203.8	Other Rents	1,128.3	75.5
75,188.2	Total Rental Income	74,525.5	662.7
1,594.4	Service Charge Income	1,590.8	3.6
577.6	Leaseholder Service Charges	974.4	(396.8)
30.0	Interest Received	23.9	6.1
77,390.2	<b>TOTAL INCOME</b>	77,114.6	275.6
260.6	<b>SURPLUS/(DEFICIT) FOR YEAR</b>	0.0	260.6
<b><u>BALANCES</u></b>			
2,000.0	Working Balance B/Fwd	2,000.0	0.0
260.6	Surplus/(deficit) for year	0.0	260.6
2,260.6	<b>WORKING BALANCE C/FWD</b>	2,000.0	260.6

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## HOUSING REVENUE ACCOUNT

### KEY ISSUES – OUTTURN 2015/16

The Portfolio has over spent by **£0.26M** at year-end, which represents a percentage variance against budget of **0.3%**. The Portfolio outturn variance has moved **adversely** by **£0.04M** from the position reported at Quarter 3.

	<b>Outturn Variance £M</b>	<b>%</b>	<b>Movement from Quarter 3 £M</b>	<b>%</b>
Portfolio Outturn	0.26 A	0.3	0.04 A	0.1
Grant Carry Forwards	0.00	0.0	-	-
<b>Final Portfolio Outturn</b>	<b>0.26 A</b>	<b>0.3</b>	<b>0.04 A</b>	<b>0.1</b>
Carry Forward Requests	0.00	0.0	0.0	0.0

A summary of the movements in the Portfolio outturn variance, compared to Quarter 3, are shown in the table below:

<b>Division / Service Activity</b>	<b>Outturn Variance £M</b>	<b>Forecast Variance Quarter 3 £M</b>	<b>Movement £M</b>	<b>Ref.</b>
Repairs & Maintenance	2.19 A	0.65 A	1.54 A	HRA 1
Dwelling Rents	0.58 A	0.58 A	0.00	HRA 2
Leaseholder Service Charges	0.40 F	0.46 F	0.06 A	HRA 3
Supervision & Management	0.29 F	0.19 A	0.48 F	HRA 4
Interest & Principal Repayments	0.73 F	0.54 F	0.19 F	HRA 5
Rents / Rates Payable	0.24 F	0.20 F	0.04 F	HRA 6
Other Rents	0.07 A	0.00	0.07 A	HRA 7
Depreciation	0.92 A	0.00	0.92 A	HRA 8
Direct Revenue Financing	1.84 F	0.00	1.84 F	HRA 9
<b>Total</b>	<b>0.26 A</b>	<b>0.22 A</b>	<b>0.04 A</b>	

**The SIGNIFICANT issues for the Portfolio are:**

**HRA 1 – Repairs & Maintenance (£2.19M adverse, £1.54M adverse movement)**

**Restructure savings have not yet been realised and there has been a continuation of damp reduction works.**

The delayed implementation of the restructure has not delivered the envisaged part-year savings (£0.65M). However, the workforce has now been reduced in line with the consultants proposals, and this, along with improved working practices and efficiencies, will contribute towards the required savings in 2016/17.

The completion of the winter related remedial repair work from 2013/14 (£1.35M) has presented significant pressures on the Housing Operations budget this year. Now that this work is completed and the final costs have been paid, Housing Operations can concentrate on driving forward with their efficient workforce, reducing costs for void works and vehicle use along with efficient and targeted Management Support to meet the savings proposals as set out in the Housing Revenue Account (HRA) February 2016 budget report.

The £1.54M adverse movement compared with quarter 3 has arisen due to major further costs becoming apparent during the closedown process as all feeder systems charges and final invoices are paid and adjusted for.

A significant element of the Housing Operations adverse variance is due to additional works required on leasehold dwellings and these costs are charged on to our leaseholders. This extra income is shown in HRA 3 below. In order to alleviate the remaining pressure on the HRA outturn, an earlier comprehensive review of all budgets in the HRA was undertaken in month 10 prior to the year end and other material savings have been identified to offset the Repairs and Maintenance adverse variance. These are detailed below.

**HRA 2 – Dwelling Rents / Voids (£0.58M adverse, no movement)**

**There was a shortfall in rental income.**

As part of the estimate process, certain assumptions were made as to the size of the housing stock. A larger number of right-to-buy sales than estimated were made during the last few months of 2014/15, which has led to a reduced income from dwelling rents of £0.44M. This is unchanged from quarter 3.

In addition, dwelling and hostel voids are higher than estimated, which has led to a reduced income of £0.14M. This is unchanged from quarter 3. The recently recruited Empty Properties Manager will aim to continue to improve the void turnaround time to meet the required void savings target in 2016/17.

**HRA 3 – Leaseholder Service Charges (£0.40M favourable, £0.06M adverse movement)**

**There has been an increase in Repair & Maintenance work to leaseholder properties.**

The increase in revenue major works to the leaseholder dwellings for DRI works as noted in HRA 1 above has meant that income from charges to our leaseholders has significantly increased by £0.40M.

The £0.06M adverse movement compared to quarter 3 has arisen due to the invoices raised to our leaseholders being lower than the profiled forecast based on charges raised in the previous 3 quarters.

**HRA 4 – Supervision and Management (£0.29M favourable, £0.48M favourable movement)**

**A number of significant variances contribute to this figure.**

A sustained improvement in collection rates has meant that the increase in provision for bad debts can be reduced creating a favourable variance of £0.41M. The £0.41M favourable movement compared to quarter 3 is due to the changeable nature of the debt profile from week to week and our provision is based on a snapshot of the debt at year end.

The restructure of the Repairs / Housing Operations divisions has incurred redundancy and pension costs of £0.48M. Whilst funding for these costs was not budgeted in the HRA revenue accounts, Direct Revenue Financing of Capital has been reduced to allow for these costs to be met. The shortfall in Capital financing has been covered by higher capital receipts than expected from asset sales.

In order to restructure the Repairs / Housing Operations divisions, consultants were brought in to complete the exercise in the first half of 2015/16. So that their plan could be fully implemented, their support has continued in a reduced capacity for the whole year, which has incurred additional costs of £0.41M. To mitigate this impact, the recruitment freeze and essential spend directive has contributed a favourable variance of £0.47M across a number of cost centres. This situation is unchanged from quarter 3.

Due to reduced fuel costs, a mild winter and continuing efficiencies there have been overall savings on utility charges across the HRA of £0.14M. The £0.03M favourable movement compared to quarter 3 is due to the large array of different periods that the charges cover and the assessment during the year of the amount of fuel used.

The IT systems maintenance costs for Total Mobile that were originally intended to be paid from the central HRA IT support and maintenance budget were actually paid from the Housing Operations budget, giving a saving of £0.09M. This £0.09M favourable variance compared to quarter 3 has arisen due to aligning the expenditure to the correct team.

There have been lower call-out / repair costs in the concierge service than budgeted due to a program of replacing worn-out components in 2014/15, saving £0.07M. This £0.07M favourable variance has arisen due to the varying nature of call out costs from month to month and our prudent forecasts in the final quarter of the year.

**HRA 5 – Interest & Principal Repayments (£0.73M favourable, £0.19 favourable movement)**

**There is a reduced borrowing requirement for the capital programme.**

A re-evaluation of the capital programme during the year has resulted in the reduction in the borrowing requirement, and thus reduced the financing cost charged to revenue. Due to no borrowing being required until year end, a further favourable movement in the financing costs has resulted in a net favourable movement of £0.19M from quarter 3.

**HRA 6 – Rents / Rates Payable (£0.24M favourable, £0.04 favourable movement)**

**There is a reduction in council tax payable on empty properties.**

Following an investigation into council tax payable on empty properties set aside for regeneration, an exemption from council tax for a number of Regeneration properties was agreed, resulting in a large prior-year credit and a reduction in the forecast for current year costs. The £0.04M favourable movement from quarter 3 is a result of final outstanding invoices being lower than the prudent forecast.

**HRA 7 – Other rents (£0.07M adverse, £0.07M adverse movement)**

**There is a reduction in income from investment properties, garages and parking spaces.**

An increase in the number of unoccupied retail units in the final quarter of the year has led to a reduction in rental income of £0.07M.

**HRA 8 – Depreciation (£0.92M adverse, £0.92M adverse movement)**

**There are increased component lifetime repair costs to housing stock.**

The year end process of reviewing the replacement costs of the components in our housing stock has identified increased costs for a number of differing elements (e.g. flat roofs). This has been reflected in an increased depreciation charge. The £0.92M adverse movement from quarter 3 is due to this being a yearly exercise.

This increased Depreciation charge is used to fund the capital programme and the increase is mitigated by a corresponding reduction in Direct Revenue Financing (DRF) as detailed in HRA 9 below.

**HRA 9 – Direct Revenue Financing (DRF) (£1.84M favourable, £1.84M favourable movement)**

**The reduction in capital funding is due to other funding methods.**

Due to an increased depreciation charge, as detailed in HRA 8 above, DRF has been reduced by £0.92M to maintain the same total level of revenue financing for capital.

In addition, the HRA policy is to maintain a contingency of £2.0M in revenue balances. In order to achieve this a mixture of alternative funding has been used in the financing of the capital programme (£0.92M).

This £1.84M adverse variance compared to quarter 3 is due to these revenue movements being a year end adjustment in the HRA accounts.

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# HRA CAPITAL OUTTURN 2015/16

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Estate Regeneration &amp; New Build</b>										
H6360	Cumbrian Way	3	0	3	2	(1)	0	0	(1)	0
H6370	Exford Parade	98	0	98	28	(70)	(70)	0	0	0
H6380	Laxton Close	71	0	71	25	(46)	(45)	0	0	0
H6390	Meggeson Avenue	5	0	5	8	3	0	0	0	3
H6490	Estate Regeneration City Wide Framework	50	0	50	31	(19)	(19)	0	0	0
H6530	Weston Shopping Parade Redevelopment	90	0	90	73	(17)	(17)	0	0	0
H653A	Weston Shopping Parade housing & Comm facilities	318	0	318	15	(303)	(303)	0	0	0
H6560	Townhill Park: Estate Regeneration Framework	200	0	200	79	(121)	(121)	0	0	0
H6570	Townhill Park: Site Assembly	1,466	0	1,466	425	(1,041)	(1,041)	0	0	0
H6590	Townhill Park: Design and Contract P1, 2 and 3	883	0	883	701	(182)	(182)	0	0	0
H6480	L.A. New Build - Cumbrian Way	7	0	7	8	1	0	0	0	1
H6700	Erskine Court Rebuild	6,414	0	6,414	5,151	(1,263)	(1,263)	0	0	0
H6720	Estate Regeneration Woodside / Wimpson (Unapproved)	0	500	500	309	(191)	(191)	0	0	0
H6491	Social Housing 1	55	0	55	52	(3)	0	0	(3)	0
H6492	Social Housing 2	598	0	598	0	(598)	0	0	(598)	0
<b>Total Estate Regeneration &amp; New Build</b>		<b>10,258</b>	<b>500</b>	<b>10,758</b>	<b>6,907</b>	<b>(3,851)</b>	<b>(3,252)</b>	<b>0</b>	<b>(602)</b>	<b>4</b>
<b>Safe Wind &amp; Weather Tight</b>										
H012A	Roofing Lot 1 West	939	0	939	336	(602)	(602)	0	0	0
H012B	Roofing Lot 2 East	939	0	939	271	(668)	(668)	0	0	0
H0255	HRA Business Case Resources	378	0	378	135	(243)	(243)	0	0	0
H0331	Electrical Riser Upgrades	430	0	430	430	0	0	0	0	0
H1113	Structural Works.	701	0	701	310	(391)	(391)	0	0	0
H1116	Windows	600	0	600	537	(63)	(63)	0	0	0
H1119	Housing Investment Database – Replacement	11	0	11	10	(1)	(1)	0	0	0
H1120	Electrical System	2,223	0	2,223	2,183	(40)	(40)	0	0	0
H1121	Roof Finish-Pitched/Structure/Gutter/Downpipes etc	387	0	387	126	(261)	(262)	0	0	0
H1122	Wall Structure & Finish	450	0	450	294	(156)	(156)	0	0	0
H1123	Chimney	0	0	0	0	0	0	0	0	0
H1124	External Doors - Flats	71	0	71	50	(21)	0	0	(21)	0
H1130	Lift Refurbishment – Ventnor Court	0	0	0	(6)	(6)	0	0	(6)	0
H113A	Lift Refurbishment – Canberra Towers	1,035	0	1,035	202	(833)	(833)	0	0	0
H113C	James Street- New Lift and Lift Shaft	23	0	23	(89)	(112)	(112)	0	0	0
H1144	Lift Refurbishment – Manston Court	266	0	266	319	53	0	0	0	0
H1147	Lift Refurbishment - South Front	163	0	163	248	85	0	0	0	0
H1149	Lift Refurbishment - Sarnia Court	103	95	198	169	(29)	0	0	(29)	0
H114A	Programme Management Fees Current	610	0	610	602	(8)	(8)	0	0	0
H1150	External Doors - Houses	50	0	50	33	(17)	(10)	0	(7)	0
H1152	Lift Refurbishment - Graylings, Canute House & St James Hou	0	0	0	8	8	0	8	0	0
H1153	Lift Refurbishment - Albion Towers / Holyrood	0	0	0	3	3	0	3	0	0
H1155	Rozel Court - New Lift and associated works	976	0	976	621	(355)	(355)	0	0	0
H1171	Supported Housing 2 Storey Walkway Repairs Current	3,000	0	3,000	3,587	587	0	587	0	0

Agenda Item 17  
Appendix 3

# HRA CAPITAL OUTTURN 2015/16

Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
H1174	Golden Grove Balconies	156	75	231	303	72	0	73	0	0
H125A	Garage Maintenance - Approved	5	0	5	0	(5)	(5)	0	0	0
H1272	Renew Porch/Canopy	20	0	20	0	(20)	0	0	(20)	0
H1290	Sprinkler Project	700	0	700	247	(453)	(453)	0	0	0
H139A	Water Quality Remedial Works	300	0	300	234	(66)	(66)	0	0	0
H139C	Remedial Works Following Compliance Inspections.	70	0	70	8	(62)	(62)	0	0	0
H144A	Manston Court - External Lift	20	0	20	26	6	0	6	0	0
H1751	Renew Communal Windows	50	0	50	0	(50)	(50)	0	0	0
H3050	Roof Replacement 11/12	0	0	0	(1)	(1)	0	0	0	0
H4170	CESP - International Way Energy Savings Initiative	29	0	29	3	(26)	0	0	(26)	0
H4540	Lift Refurbishment - Itchen View Estate	38	0	38	38	0	0	0	0	0
H4593	Tenant Alteration Budget	7	0	7	7	0	0	0	0	0
H6730	Existing Satisfactory Purchase Scheme	1,227	0	1,227	1,249	22	0	0	0	22
	<b>Total Safe Wind &amp; Weather Tight</b>	<b>15,976</b>	<b>170</b>	<b>16,146</b>	<b>12,496</b>	<b>(3,650)</b>	<b>(4,380)</b>	<b>677</b>	<b>(108)</b>	<b>160</b>
	<b>U Modern Facilities</b>									
H0281	HHSRS - Approved	31	0	31	7	(24)	(4)	0	(20)	0
H028	Central Heating Distrib System Inc Elec Store Htrs	474	0	474	387	(87)	0	13	(100)	0
H0540	Disabled Adaptions - General	1,410	0	1,410	1,493	83	0	83	0	0
H0545	Disabled Adaptations - Extensions	56	0	56	26	(30)	(30)	0	0	0
H1127	Central Heating Gas Boilers	2,172	0	2,172	2,050	(122)	(122)	0	0	0
H1129	Supported Schemes Adapted Bathroom Programme	220	0	220	200	(20)	0	0	(20)	0
H1145	Homeless Temporary Accommodation	0	0	0	(15)	(15)	0	0	(15)	0
H118A	Housing Refurbishment 12/13 – West – Drew Smith	4,523	0	4,523	4,343	(180)	(180)	0	0	0
H119A	Housing Refurbishment 12/13 – East – Mitie Property Services	2,910	0	2,910	3,138	228	0	228	0	0
H3461	Supported Kitchen - Current	1,257	0	1,257	1,109	(148)	(148)	0	0	0
H3483	Decent Homes Voids - 2015/16	96	0	96	40	(56)	0	0	(56)	0
H4591	Studio Conversions	85	0	85	72	(13)	(13)	0	0	0
	<b>Total Modern Facilities</b>	<b>13,234</b>	<b>0</b>	<b>13,234</b>	<b>12,851</b>	<b>(383)</b>	<b>(497)</b>	<b>324</b>	<b>(211)</b>	<b>0</b>
	<b>Well Maintained Communal Facilities</b>									
H0331	Rotterdam Towers - Car Parking	150	(67)	83	71	(12)	(12)	0	0	0
H0340	DN: Thornhill	100	0	100	0	(100)	(100)	0	0	0
H1110	Communal Areas Works	1,000	0	1,000	510	(490)	(490)	0	0	0
H1115	Door Entry System Replacement Programme	588	0	588	595	7	0	7	0	0
H111B	Weston Court Communal Works	1,685	0	1,685	1,607	(78)	(78)	0	0	0
H111D	Small Blocks Communal Works	122	0	122	91	(31)	(31)	0	0	0
H111F	Floor Coverings to Communal Corridors	125	0	125	2	(123)	(123)	0	0	0
H111M	Bellamy Court SHAP Refurbishment Project	417	0	417	307	(110)	(110)	0	0	0
H111S	63-124 Rozel Court Central Core	0	0	0	10	10	0	0	0	10
H1133	Roads/Paths/Hard Standing	306	0	306	91	(215)	(215)	0	0	0
H1138	Utility Supplies (Communal – Electric, Gas and Water)	200	0	200	188	(12)	(12)	0	0	0
H1801	Millbrook Towers S/V Downpipe Replacement	0	450	450	3	(447)	(447)	0	0	0



# HRA CAPITAL OUTTURN 2015/16

Appendix 3

Project Ref	Project Name	February Update	Changes	Approved Budget	Actual	Variance	Slippage	Rephasing	Underspend	Overspend
		£000	£000	£000	£000	£000	£000	£000	£000	£000
H476R	Supported Communal Improvements - Basset Green Commun	0	0	0	2	2	0	0	0	2
H476S	SCI - Milner Court Scooter Store	4	0	4	(36)	(40)	(40)	0	0	0
H4770	Lift Refurbishment - Milner and Neptune Court	0	0	0	0	0	0	0	0	0
H4801	Supported Housing Area Programme	0	0	0	0	0	0	0	0	0
H4803	Sarnia Court Central Core Refurbishment Project	350	0	350	436	86	0	0	0	86
H6263	Kingsland	0	0	0	(0)	(0)	0	0	0	0
H6266	THP Phase 2 MacArthur/Vanguard	133	0	133	120	(13)	(13)	0	0	0
H6271	DN: Northam Improvements	69	0	69	67	(2)	0	0	(2)	0
H6310	DN: Millbrook Towers Improvements	131	0	131	120	(11)	(11)	0	0	0
H6314	DN: Millbrook Block Improvements	40	0	40	38	(2)	(2)	0	0	0
H6315	DN: Shirley	123	0	123	65	(58)	(58)	0	0	0
H6319	DN: Estate Improvement Programme	200	0	200	170	(30)	(30)	0	0	0
H6324	DN: Leaside Way Improvements	23	0	23	23	0	0	0	0	0
H6326	DN: Church Street	0	0	0	5	5	0	0	0	5
H632B	DN: Holyrood Improvements	15	0	15	14	(1)	(1)	0	0	0
H6331	Estate Parking Improvements.	180	67	247	187	(60)	(60)	0	0	0
H6333	DN: Rozel Court	75	0	75	0	(75)	(75)	0	0	0
H6334	DN: Cuckmere Lane	110	0	110	75	(35)	(35)	0	0	0
	<b>Total Well Maintained Communal Facilities</b>	<b>6,146</b>	<b>450</b>	<b>6,596</b>	<b>4,762</b>	<b>(1,834)</b>	<b>(1,943)</b>	<b>7</b>	<b>(2)</b>	<b>103</b>
	<b>Warm &amp; Energy Efficient</b>									
H1304	Insulation Works - City Wide	0		0	4	4	0	0	0	4
H1305	External Wall Insulation - Kingsland Estate	134		134	1	(133)	(133)	0	0	0
H1355	Thornhill District Energy Scheme	8,284	(1,784)	6,500	1,466	(5,034)	(5,034)	0	0	0
H135A	ECO - Staffing Costs	0	254	254	125	(129)	(129)	0	0	0
H135B	ECO - Capita Costs	0	70	70	0	(70)	(70)	0	0	0
H135C	ECO - Planning & Legal Costs	0	60	60	0	(60)	(60)	0	0	0
H135D	ECO - Works / Holding	0	1,400	1,400	0	(1,400)	(1,400)	0	0	0
H1356	Thornhill District Energy Scheme - Unapproved	530		530	0	(530)	(530)	0	0	0
H139B	LANB Rectification Works	100		100	150	50	0	0	0	50
H1302	Renewable Energy Source	300		300	56	(244)	(244)	0	0	0
	<b>Total Warm &amp; Energy Efficient</b>	<b>9,348</b>	<b>0</b>	<b>9,348</b>	<b>1,802</b>	<b>(7,546)</b>	<b>(7,600)</b>	<b>0</b>	<b>0</b>	<b>54</b>
	<b>TOTAL HRA Outturn</b>	<b>54,962</b>	<b>1,120</b>	<b>56,082</b>	<b>38,818</b>	<b>(17,264)</b>	<b>(17,672)</b>	<b>1,008</b>	<b>(922)</b>	<b>321</b>

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## HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

### KEY ISSUES – CAPITAL OUTTURN 2015/16

The total spend for the year is **£38.81M**. This can be compared with the budgeted figure for 2015/16 of **£56.08M** resulting in an under spend of **£17.27M**, which represents a percentage under spend against budget of **30.8%**.

The programme is shown in the following summarised table:

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£M	£M	£M	£M	£M	£M
Programme at last report	54.96	58.89	35.37	30.97	27.12	207.31
Approvals since last report	1.12	(1.12)	0.00	0.00	0.00	0.00
<b>Programme Total</b>	<b>56.08</b>	<b>57.77</b>	<b>35.37</b>	<b>30.97</b>	<b>27.12</b>	<b>207.31</b>
Slippage/Rephasing	(16.67)	16.67	0.00	0.00	0.00	0.00
(Under)Overspends	(0.60)					(0.60)
<b>Total Spend</b>	<b>38.81</b>	<b>74.44</b>	<b>35.37</b>	<b>30.97</b>	<b>27.12</b>	<b>206.71</b>

### PROGRAMME CHANGES

#### APPROVALS SINCE LAST REPORT

##### HRA 1 – Estate Regeneration Woodside / Wimpson Lane (£0.50M Re-phasing)

**A separate budget was approved to cover various planning related fees.**

Chief Officer Approval was given for the forward re-phasing of funding for the Estate Regeneration Woodside / Wimpson Lane scheme from 2016/17 to cover the cost of the architects, development and survey fees needed to bring the scheme to the planning stage.

##### HRA 2 – Golden Grove Balconies (£0.08M Re-phasing)

**Work started earlier than was originally planned.**

Chief Officer Approval was given for the forward re-phasing of funding for the Golden Grove Balconies scheme from 2016/17 as work started earlier than originally planned.

##### HRA 3 – Lift Refurbishment Programme (£0.10M Increase)

**Work started earlier than was originally planned.**

Chief Officer Approval was given for forward re-phasing from the 2017/18 Lift Refurbishment Programme as work started earlier than originally planned.

**HRA 4 – Millbrook Towers Downpipe Replacement Scheme (£0.45M Increase)**

**Funding was brought forward so that work could start earlier than planned.**

Chief Officer Approval was given for the forward re-phasing of funding for the Millbrook Towers Downpipe Replacement scheme from 2017/18, so that work could start earlier than planned. However, it was then decided to undertake further checks prior to works commencing, as described in HRA 24 below. Work will now be carried out in 2016/17, which is still ahead of the original plan.

**The SIGNIFICANT over spends and under spends for the Housing Revenue Account are:**

**HRA 5 - Social Housing 2 (under spend £0.60M)**

**A Right-To-Buy funded grant has been declined by a Registered Provider.**

Funding of £0.60M from Right-To-Buy Capital Receipts was scheduled to be paid to a Registered Provider (RP) to provide new homes. The RP was expected to additionally fund the scheme with monies from the HCA's Approved Development Programme (rent conversion funding). However, it has now been advised that Local Authority Right-To-Buy funding cannot be used in conjunction with the conversion capacity funding, as the same new affordable homes will, in effect, be counted twice. As a consequence, the RP declined the funding, which has now been returned to Central Government.

**HRA 6 - Central Heating Distribution Systems Including Electrical Storage Heaters (under spend £0.10M)**

**This project has been completed under budget.**

Energy Company Obligation (ECO) related expenditure, originally included in this budget, was transferred correctly to the ECO scheme. The saving has been used to offset overspends within the programme.

**HRA 7 - Decent Homes Voids - 2015/16 (under spend £0.06M)**

**This project has been completed under budget.**

This project has under spent mainly due to works being amalgamated into the Housing Refurbishment Programmes (HRP). The saving has been used to offset overspends within the programme.

**HRA 8 - Sarnia Court Central Core Refurbishment Project (over spend £0.09M)**

**There has been additional work undertaken for the CCTV/Concierge upgrade.**

This over spend was due to additional work undertaken to upgrade the CCTV/Concierge Milestone system. The over spend has been funded from under spends on other schemes within the Portfolio.

**The MAJOR items of slippage/re-phasing are:**

**Estate Regeneration and New Build**

**HRA 9 - Weston Shopping Parade Development (slippage £0.32M)**

**There have been delays to the Programme.**

There have been delays in the affordable housing and library works. These delays were due mainly to bad weather, compounded by staffing issues.

**HRA 10 - Townhill Park (slippage £1.34M)**

**There has been a delay to the start of demolition works.**

There have been delays in purchasing properties due to a continuing review of the delivery model for the scheme. Therefore, no further approval has been given to decant and as a result there were fewer than expected purchases of leaseholder properties in phases 2 and 3. In addition to this, there was also a longer timescale in commencing the contract for demolition work.

**HRA 11 – Erskine Court Rebuild (slippage £1.27M)**

**There has been an amended payment schedule to the contractor.**

The slippage reflects the scheme running three weeks late and is also due to a re-worked payment schedule to the contractor based on work completed. This has been revised from the schedule agreed when the scheme was created.

**HRA 12 – Estate Regeneration Woodside / Wimpson Lane (slippage £0.19M)**

**There have been delays due to a requirement to have a bat licence.**

Demolition work has been delayed due to the presence of bats. A bat licence application was applied for and demolition work commenced when this licence was in place.

**Safe Wind and Weather Tight**

**HRA 13 – Roofing East & West and Roof Finish (slippage £1.53M)**

**The requirement for a second tender process has created a delay.**

The procurement failed due to issues with the original tender process, requiring a second tender process to be completed. This has caused a delay to the start of this project.

**HRA 14 – Structural Works (slippage £0.39M)**

**The delay is due to the late delivery of final structural accounts.**

There is a significant amount of outstanding work built up as a result of a delay in receiving final structural accounts.

**HRA 15 – Wall Structure & Finish (slippage £0.16M)**

**There is a delay to due full planning permission being required.**

Due to restrictions on the area where work is to be completed, full planning permission is required, along with additional consultation, which has led to a delay in the scheme.

**HRA 16 – Lift Refurbishment – Canberra Towers (slippage £0.83M)**

**There are procurement delays.**

There have been delays to the start of this project due to issues with the tender for the procurement of the lift contract prior to start of work. A full procurement process is required because the lift has been exempted from being part of the wider refurbishment contract. Part of the site also suffered some vandalism which further added to the delay.

**HRA 17 – Rozel Court - New Lift and associated works (slippage £0.36M)**

**There has been a delay due to asbestos being found.**

This scheme has been delayed due to work needed to safely clear asbestos found at the site. Additionally, a delay has also been caused by planning and procurement issues.

**HRA 18 – Sprinkler Project (slippage £0.45M)**

**A delay has been caused due to the request to use a specialist contractor.**

Hampshire Fire and Rescue Service requested that SCC use their specialist contractor. A subsequent delay has been caused due to the additional processes that we have been required to go through to make this happen.

**Well Maintained Communal Facilities**

**HRA 19 – DN: Thornhill (slippage £0.10M)**

**These landscape works will commence as ECO works are completed.**

This budget has been created to repair any soft landscaping that has been damaged from scaffolding and site works and is closely linked to the ECO works. Since the ECO project is currently delayed this scheme will need to be slipped as well.

**HRA 20 – Communal Areas Works (slippage £0.49M)**

**There has been a delay in laying the high temperature pipework.**

The boxing in of the high temperature pipework has been delayed, as it is linked to the ECO project work. The ECO project itself has been delayed because of planning and contractor issues.

**HRA 21 – Floor Coverings to Communal Corridors (slippage £0.12M)**

**There is no framework agreement in place to progress this scheme.**

This project has been delayed as there is no existing framework agreement in place which has led to a delay in the procurement of a contractor. This project is also linked to the Thornhill District Energy scheme which has also contributed to the late start of these works.

**HRA 22 – Bellamy Court SHAP Refurbishment Project (slippage £0.11M)**

**An extension of time was granted due to additional works identified.**

The time frame for this project was extended following some additional work being identified for the removal of a ceiling.

**HRA 23 – Roads/Paths/Hard Standing (slippage £0.22M)**

**There has been reduced engineering design capacity from the SSP.**

The project has been delayed following the downsizing of the Council's partners' engineering design team, which has reduced their capacity to deliver. Their procurement team are now reviewing other suppliers to assist with this project.

**HRA 24 – Millbrook Towers S/V Downpipe Replacement (slippage £0.45M)**

**Further checks have been made to understand the extent of the work required.**

To avoid the need to make wholesale replacements of pipes, it was decided to examine the inside using cameras. Whilst the result is a delay in the scheme, it has been found that not all pipes need to be replaced.

**Warm and Energy Efficient**

**HRA 25 – Thornhill District Energy Scheme (ECO) (slippage £7.23M)**

**A change of contractor has led to additional planning work being needed.**

The contractor for this large scheme was changed and this has resulted in additional planning work being needed, causing a delay in the progress of this scheme.

**HRA 26 – Renewable Energy Source (slippage £0.24M)**

**There have been delays in the unique designs for two dwellings.**

The unique energy design works required have led to a delay. However this work has now been completed and the scheme is proceeding.



<b>DECISION-MAKER:</b>	CABINET COUNCIL		
<b>SUBJECT:</b>	CHANGES TO EXISTING REVENUE & CAPITAL BUDGETS		
<b>DATE OF DECISION:</b>	19 JULY 2016 20 JULY 2016		
<b>REPORT OF:</b>	SECTION 151 OFFICER (S151)		
<b><u>CONTACT DETAILS</u></b>			
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## STATEMENT OF CONFIDENTIALITY

None

## BRIEF SUMMARY

This report follows the report to Council on 10th February 2016 opening consultation on £8.6M of savings proposals in 2016/17 increasing to £20.8M by 2019/20. This report details the outcome of the consultation process and recommends approval of these savings following the consultation period.

## RECOMMENDATIONS:

### **CABINET recommends that Council:**

- i) To note the Medium Term Financial Forecast will be further updated for the November budget report to Cabinet.
- ii) To approve the savings proposals, as set out in Appendix 2 to this report.
- iii) To note the remaining budget shortfall for 2016/17 to 2019/20 as set out in paragraphs 7 to 10.
- iv) To note the required change to Treasury Management indicators as set out in paragraphs 32 to 39.
- v) Delegate authority to the S151 Officer to action all budget changes arising from the approved efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund Estimates.
- vi) Delegate authority to the S151 Officer following consultation with the Cabinet Member for Finance to do anything necessary to give effect to the recommendations in this report.

### **COUNCIL is recommended to:**

- i) To note the Medium Term Financial Forecast will be further updated for the November budget report to Cabinet.
- ii) To approve the savings proposals, as set out in Appendix 1 to this report.
- iii) To note the remaining budget shortfall for 2016/17 to 2019/20 as set out in paragraphs 7 to 10.
- iv) To note the required change to Treasury Management indicators as set out in paragraphs 32 to 39.
- v) Delegate authority to the S151 Officer to action all budget changes arising from the approved efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund Estimates.
- vi) Delegate authority to the S151 Officer following consultation with the Cabinet Member for Finance to do anything necessary to give effect to the recommendations in this report.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. The current medium term financial forecast highlights the challenges facing the Authority. This combined with potential impact of reductions in and changes to future funding levels for Local Government make it imperative that proposals for 2016/17 onwards are developed and savings achieved as early as possible.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. The Executive put forward a range of savings proposals for consultation in February 2016 as part of the annual budget setting process. These savings contribute to meeting the budget shortfall in 2016/17. Should these savings proposals not be approved, alternative proposals will be required to meet any resultant budget shortfall in year, with any shortfall being met from balances and reserves.
3. Further savings proposals may be submitted as part of the November 2016 budget report for early consultation as part of the annual budget setting process for 2017/18 to be approved by Council in February 2017.

### **DETAIL (Including consultation carried out)**

#### **CONSULTATION**

4. The proposals put forward were subject to consultation with the Council's Management Team and relevant Cabinet Members.
5. Consultation was undertaken with Trade Unions and staff affected by the proposals in line with the agreed Human Resources (HR) policies.
6. Public consultation was undertaken with any people or organisations affected by the proposals to ensure all options have been considered, as well as with residents at a wider level.

#### **BACKGROUND**

### **MEDIUM TERM FINANCIAL STRATEGY (MTFS) AND BUDGET SAVINGS**

#### **REQUIREMENT 2016/17 to 2020/21**

7. The Medium Term Financial Strategy agreed at Council on the 10<sup>th</sup> February 2016 set out a £42.3M savings target for the period 2016/17 to 2019/20. The profile of the target is set out in the following table:

8. Table 1 - Summary Savings Targets

	2016/17	2017/18	2018/19	2019/20
	£M	£M	£M	£M
<b>Savings Requirement</b>	0.0	24.6	31.3	42.3

9. It should be noted that at February Council, a decision was taken to reduce a savings proposal put forward in November 2015 relating to Schools Cost Recovery. This reduces the saving from £0.8M to £0.6M. This savings shortfall, if not addressed, will increase the overall budget gap to £42.5M. This will be reviewed in year and included in the next MTFS update.
10. A full update of the MTFS Model will be included in the November Cabinet report. This will include a review of the potential impact on local government finances as a result of the national referendum result to leave the European Union. There is no planned emergency budget planned before the autumn although initial indications are that the Government's intention to achieve a surplus national financial position by 2019/20 may be relaxed. The current Medium Term Financial Forecast (MTFF) is detailed in Appendix 3.

**OPTIONS FOR SAVINGS**

11. The scale of both the in-year and future financial challenge facing the Council combined with the potential impact of an ongoing difficult economic position make it imperative that proposals for 2016/17 onwards are developed and savings achieved as early as possible.
12. The report to Council 10<sup>th</sup> February 2016 set out draft savings proposals for consultation. These total £8.6M in 2016/17. These are set out in Appendix 2 in detail.
13. Where possible these will be implemented as soon as practicable in the current financial year. The achievement of these savings have been assumed in setting the 2016/17 budget with any shortfall in savings being met from balances and reserves.

**Consultation Feedback**

14. A full summary of the consultation for phase 1 of the 2016/17 budget is included in Appendix 1.
15. Southampton City Council undertook consultation with staff, service users and stakeholders regarding the second phase of proposals to set balanced General Revenue Account budget for 2016/17, between 10 February 2016 and 20 April 2016.
16. The consultation on the 2016/17 draft budget sought views on the proposal from relevant staff, residents, stakeholders and partner organisations. The formal written consultation ran from 10 February 2016 to 20 April 2016 with an extended period where responses and comments could still be received to enable as many people to respond on the proposal as possible.

17. In total, 158 people responded to the consultation on the Budget 2016/2017 (part two), either through a paper or online questionnaire, or a general letter or comment. All the questionnaire submissions that had at least one question completed were included in the analysis, to ensure every piece of feedback was considered.

The demographic make-up of the respondents is outlined below:

- The least represented age groups were under 16 and over 85, with 1% and 0% of responses respectively.
- The age group represented the most was the 55-64 year olds, with 16% of the overall respondents belonging to these age categories.
- The gender breakdown of consultation respondents was 53% male, 40% female and 7% preferring not to say.
- The ethnicity breakdown of consultation respondents was 86% White, 3% Mixed/multiple ethnic groups, 2% Asian/Asian British and 1% Black/African/Caribbean/Black British. 8% of respondents preferred not to state their ethnic group.
- The majority of respondents stated that they were not employed by Southampton City Council (76%), 15% are employed by Southampton City Council and 9% preferred not to say.

18. Respondents were asked for their views on four main areas of the Budget and were then given the opportunity to state concerns, impacts and alternatives. The four main areas were: Internal Efficiencies, Adult Social Care, Education and Children’s Social Care, and Income, Investment and Charges. Within each of these areas, respondents were asked about their general agreement with the proposal. If, in any proposal, respondents answered in the negative (disagree or strongly disagree), they were asked to state which specific parts of the proposal they disagreed with and which part they disagreed with the most.

19. The following Table 2 shows the response for each area.

<b>Information sheet</b>	<b>% Combined agreement</b>	<b>% Combined disagreement</b>
Internal Efficiencies	52	18
Adult Social Care	45	38
Education and Children’s Social Care	53	28
Investment, Income & Charges	56	29

All groups of proposals had a similar level of engagement.

20. Overall agreement with the 2016-17 phase 2 proposals was 51% with 29% in disagreement.

**Issues Raised**

21. At the end of the consultation respondents were given the opportunity to add their views about the Budget proposals overall, any impacts that should be considered

and any alternatives that could be considered.

The majority of the overall comments linked directly to the impacts that the budget could have on a wide range of people. For this reason, the comments were amalgamated and analysed together. Full details are available in Appendix 1.

### **Summary of Consultation**

22. Over 158 stakeholders have engaged with the consultation process in this phase and given their views on the proposals. The consultation has engaged with a range of individuals through a variety of methods to allow residents in Southampton to give their views on the budget for 2016/17. By looking at various demographic breakdowns of the respondents, while there were greater responses from older age groups, there was engagement across the board.
23. Following the conclusion of the consultation process approval is now sought to implement all of the savings detailed in Appendix 2.

### **REMAINING BUDGET GAP**

24. Further work is ongoing to identify additional savings to close the remaining budget shortfall for 2017/18 to 2019/20 and these will be brought forward to Cabinet in November for consideration and agreement to proceed to consultation, with final approval being sought by Cabinet and Council in February 2017.
25. In addition, an exercise is being undertaken to review all council services against a priorities and outcomes matrix (Outcomes Based Budgeting) to identify those services where further efficiencies and reductions may achieve further savings to address the remaining budget gap

### **STAFFING IMPLICATIONS**

26. It is inevitable that when the Council is faced with such a significant funding shortfall, that the savings proposals put forward by the Council will have an impact on staff cost and staff numbers.
27. 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.
28. At this stage, based on the savings proposals contained in this report, 149.28 FTE posts are potentially affected of which 24.0 are currently vacant and 125.28 are in post and would be at risk of redundancy.
29. It is anticipated that further proposals that will have an impact on staffing will be brought forward in the November budget report.
30. Through the consultation process the Executive has explored 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.
31. 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

## **PROPERTY INVESTMENT FUND**

32. The savings listed in Appendix 2 for approval include a saving proposal to achieve an additional £1M of net revenue income through a Property Investment Fund (PIF).
33. A sum of £65M was approved by Council in February 2016, within the Leader's Portfolio Capital Programme, to undertake investments to generate the level of required income.
34. The PIF aims to make a series of investments directly in property, property funds and corporate investment.
35. To support this activity, the council commissioned Arlingclose, our Treasury Management (TM) advisors, to make recommendations regarding investment in Property Funds, directly and indirectly, as well as Real Estate Investment Trusts (REITS). Investments of this type will provide additional diversification from just direct property investment and manage the overall risk of the fund.
36. The Council currently invests £7M with the CCLA LAMIT property fund and Arlingclose recommended a further investment in this fund of up to £20M. The anticipated level of return will substantially contribute to the £1M per annum income target to be achieved by the PIF.
37. In light of recent announcements by key Property Fund holders, such as Standard Life and Aviva to suspend activity on their property funds, further advice has been sought on how to proceed. The advice is that it is still recommended to make a further investment in this fund, but to wait for the market to stabilise. Officers will work closely with Arlingclose as part of the decision making process before making further investments. This may impact on the ability to achieve the full £1M additional income in 2016/17. This will be reviewed and reported quarterly as part of in year corporate monitoring to Cabinet, along with achievement of all currently approved savings proposals.
38. In order to facilitate a further investment in this and other property funds, it will be necessary to review and increase our individual TM counterparty investments limits currently set at £10M per counterparty. It is recommended that a new counterparty limit is approved in relation to investments in Property Fund, directly or indirectly, and REITS and that the counterparty limit be increased from a maximum £10M to a maximum of £30M. For all other counterparties the limits will remain unchanged.
39. At the current time there is no necessity to review any other TM limits, however this will be reviewed and updated as necessary. The S151 officer has delegated authority to approve these changes. The amendments will be reported as part of the quarterly financial and performance monitoring and in the TM Strategy Review to Cabinet and Council in November.

## **RESOURCE IMPLICATIONS**

### **Capital / Revenue**

40. The revenue and capital implications are as set out in the report.

**Property/Other**

41. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

42. Local Government Acts 1972, 2000 and 2003 and Local Government Finance Act 1992.

**Other Legal Implications:**

43. None

**POLICY FRAMEWORK IMPLICATIONS**

44.

**KEY DECISION?** Yes/No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Appendix 1 – Budget 2016/17 Phase 2 Consultation Report
2.	Appendix 2 – 2016/17 Saving Proposals
3.	Appendix 3 – Medium Term Financial Forecast
4.	
5.	

**Documents In Members’ Rooms**

1.	
2.	

**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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**Privacy Impact Assessment**

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

**Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. Council Tax and Budget Setting Report Feb 2016	
2.	

Report Tracking

VERSION NUMBER:	
DATE LAST AMENDED:	
AMENDED BY:	

**FOR DEMOCRATIC SERVICES USE ONLY:**

DATE AND TIME REPORT RECEIVED:	Date		Time:	
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CLEARANCE:

[TYPE YES or NO]

Name:

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## Southampton City Council 2016-2017 budget phase two – Consultation report

Appendix 1

### Introduction

1. Southampton City Council undertook consultation with staff, service users and stakeholders regarding the second phase of proposals to set balanced General Revenue Account budget for 2016/17, between 10 February 2016 and 20 April 2016.
2. It is vital that the council agrees and implements a transparent, comprehensive and co-ordinated process to consultation on the proposed 2016/17 budget. This will help stakeholders better understand the proposals and therefore make the consultation more meaningful. It is important that feedback received on previous year's budget consultations is taken into account when developing subsequent consultations.
3. Over the last few years, Southampton City Council has developed an approach to consultation that includes the use of more pictorial and accessible explanations of the background to the budget situation, themed information sheets, frequently asked questions and consultation questionnaires that include highlights of the relevant information. This approach has been adopted for both of the phases of budget consultation used to set the 2016/17 council budget.
4. The consultation on the proposed 2016/17 budget has built on the approach used in the two previous rounds of consultation. Improvements were made that condensed the information and reduced duplication across documents in line with feedback from last year's consultation.
5. The proposed budget was discussed at Cabinet on 9 February 2016 and Members agreed that the draft budget should be consulted on with key stakeholders and the public before a final decision is taken.

### Aims

6. Southampton City Council is in a challenging financial position with significant reductions in its funding from central government, at a time when demand for certain services such as adult and children's social care continues to increase. Therefore the aim of this consultation was to:
  - Communicate clearly and make residents aware of the financial pressures the council is facing
  - Ensure residents understand what is being proposed in the draft 2016/17 budget and are aware of what this will mean for them
  - Enable any resident, business or stakeholder who wishes to comment on the proposals the opportunity to do so, allowing them to raise any impacts the proposals may have
  - Ensure that the results are analysed in a meaningful, timely fashion, so that feedback is taken into account when final decisions are made
  - Provide feedback on the results to the consultation and how these results have influenced the final decision
7. This report summarises the processes and activities undertaken by Southampton City Council to achieve these aims and includes a summary of the consultation responses both for the consideration of decision makers and any interested individual or organisation.

### Consultation principles

8. The council takes its duty to consult with residents and stakeholders on changes to services very seriously. The council's consultation principles ensure all consultation is:
  - Inclusive: so that everyone in the city has the opportunity to express their views.
  - Informative: so that people have adequate information about the proposals, what different options mean, and a balanced and fair explanation of the potential impact, particularly the equality and safety impact.
  - Understandable: by ensuring that the language used to communicate is simple and clear and that efforts are made to reach all stakeholders, for example people who are non-English speakers or disabled people.

- Appropriate: by targeting people who are more likely to be affected and using a more tailored approach to get their feedback, complemented by a general approach to all residents, staff, businesses and partners.
  - Meaningful: by ensuring decision makers have the full consultation feedback information so that they can make informed decisions.
  - Reported: by letting consultees know what was done with their feedback.
9. Southampton City Council is committed to consultations of the highest standard, which are meaningful, and comply with the following legal standards:
- Consultation must take place when the proposal is still at a formative stage
  - Sufficient reasons must be put forward for the proposal to allow for intelligent consideration and response
  - Adequate time must be given for consideration and response
  - The product of consultation must be carefully taken into account.
10. The city of Southampton also has a compact (or agreement) with the voluntary sector in which there is a commitment to undertake public consultations for a minimum of 12 weeks wherever possible. This aims to ensure that there is enough time for individuals and voluntary organisations to hear about, consider and respond to consultations. This time period is also in line with national government guidance.
11. In this case it was agreed that, given the timescales a ten week period of written consultation would be used with a further two weeks when analysis and reporting was taking place when additional comments could be received and included within the reports.

### **Approach and methodology**

12. The consultation on the 2016/17 draft budget sought views on the proposal from relevant staff, residents, stakeholders and partner organisations. The formal written consultation ran from 10 February 2016 to 20 April 2016 with an extended period where responses and comments could still be received to enable as many people to respond on the proposal as possible.
13. Deciding on the best process for gathering feedback from stakeholders when conducting a consultation requires an understanding of the audience and the users of the service. It is also important to have more than one way for stakeholders to feedback on the consultation, to enable engagement with the widest range of the population.
14. The agreed approach for this consultation was to use a combination of paper and online questionnaires. This approach enables an appropriate amount of explanatory and supporting information to be included in a structured questionnaire, helping to ensure that residents are aware of the background and context to each of the proposals. It is therefore the most suitable methodology for consulting on a complex issue such as the whole draft council budget.
15. In addition to the main questionnaire, a general response email and postal address was also advertised. This was to allow for respondents who, for whatever reason, would not wish to use the questionnaire.

### **Appointment of contractor**

16. A decision was taken to appoint an external contractor to undertake this consultation. This was in recognition of the fact that any proposed changes to council services creates significant public interest. It was also recognised that the small in-house Research and Consultation team did not have the capacity to deliver this work.
17. The other main benefit of using a third party for the management and analysis of consultation responses is they are impartial and completely independent from Southampton City Council.
18. As part of the procurement process, a specification was drawn up by the Southampton City Council Research and Consultation team. The scoring criteria within the specification allocated 50% of points for quality, broken down equally into: understanding the brief, being able to deliver in the correct time

scales, and experience of similar projects. The remaining 50% was allocated according to the cost of the proposal. Once agreed, it was advertised through the UK SBS Market Research Purchasing Framework. This is a national government framework that enables a group of (80) research providers who have met all the technical and organisational requirements for working with government bodies to compete for projects under an agreed set of rules.

19. There was an opportunity for all the providers within Lot 2 'Quantitative and Qualitative' specialism (53 providers) to express an interest in seeing the full project research specification. In total, three submitted a tender for the project.
20. The tenders were carefully evaluated using scoring criteria laid out in the research specification. The council appointed the highest scoring tender, ICM Unlimited. Once the appointment was made, a project inception meeting was held which began the process of jointly developing the consultation materials.

### **Promotion and communication**

21. Throughout the consultation, every effort was made to ensure that as many people as possible were aware of the proposed budget and had an opportunity to have their say. Particular effort was made to communicate the proposals in a clear and easy to understand way. This was achieved by using an easy to read background to the proposal at the start of the questionnaire, grouping the proposals into themed groups with information sheets, a Frequently Asked Questions (FAQs) document, the Equality and Safety Impact Assessment and a Cumulative Impact Assessment. All of these were available on a dedicated council webpage.
22. The consultation was promoted in the following ways:
  - E-alerts, sent to subscribers of the council's email marketing service via a range of bulletins. These featured hyperlinks to further information about the consultation and the questionnaire itself.
  - A link to the Budget consultation web pages was included on the council website 'have your say' page for the duration of the consultation.
  - Emails were sent to a range of support organisations and stakeholders.
  - The council's Facebook and Twitter accounts were used to signpost people to the consultation information and questionnaire.
  - Paper versions of the budget questionnaire and information were available in libraries and council offices.

### **Previous Consultation Respondents and Results (Budget Consultation 2016 Phase One)**

23. In total there were 544 responses to the consultation on the first phase of the budget proposals for the 2016-2017 financial year. They were received as online or paper questionnaires, letters and emails.
24. In terms of demographics:
  - Age: The least represented groups were under 16 and over 85s. The group represented the most was the 55-64 year olds. This was seen as in line with expectations based on previous experience and consultations
  - Gender: The breakdown of respondents was 52% male and 44% female
  - Ethnicity: The most represented group was white. The remaining ethnicities had a breakdown of less than 3% of total respondents
  - Employment at Southampton: The breakdown within the consultations was that only 12% of those who responded were employed by Southampton City Council.
25. Budget Consultation Phase One was broken down into six sections.
  - Internal efficiencies – savings from redesigning and restructuring services, and reducing other internal costs
  - Digital (using technology to improve services) – improvements to online services and mobile working
  - Adult social care – changes in the way Adult Social Care services are provided
  - Housing – changes in the way services are provided to Council tenants
  - Services for all – changes to services everybody uses, such as parking and bus transport
  - Income and charges – increases and charges for some Council services

26. For each of these sections the general combined agreement and disagreement with each of the proposals was given. These are listed below

- Internal Efficiencies – 59% agreement vs. 18% disagreement
- Digital – 74% agreement vs. 17% disagreement
- Adult social care – 48% agreement vs. 32% disagreement
- Housing – 66% agreement vs. 18% disagreement
- Services for all – 54% agreement vs. 30% disagreement
- Income and charges– 57% agreement vs. 25% disagreement

27. Finally an overall ten point scale was given at the end of the consultation to ascertain the overall view on the proposals being consulted on. The average response was six which is on the more favourable side of neutral. The combined total for favourable responses (7-10) is 42%.

### Consultation respondents (phase 2)

28. In total, 158 people responded to the consultation on the Budget 2016/2016 (part two), either through a paper or online questionnaire, or a general letter or comment. All the questionnaire submissions that had at least one question completed were included in the analysis, to ensure every piece of feedback was considered.

29. This section shows the demographic makeup of respondents to the main questionnaires, enabling us to see which groups were represented in terms of age, gender, whether they consider themselves to be disabled and whether they are currently in receipt of care. It is important to note that:

- As consultations should be open for anyone to answer, they will not necessarily be representative of the whole population of Southampton. It is however important that as wide a range as possible are engaged and are given the opportunity to share their views on the proposal
- The analysis provided below does not cover all respondents, as some did not complete this section.

30. Figure 1 shows the age breakdown of the consultation respondents. Two groups were not represented at all within the consultation. These were the under 16s and over 85s. The groups with the lowest representation (with at least one respondent) were 16-24 and 75-84, both with 2% fitting into both of these age categories. The most represented group was the 55-64 year olds, with 26% of the overall respondents belonging to these age categories. This is in line with normal expectations as the over 45s tend to participate in greater numbers. As an example, in Southampton City Council’s budget consultation for 2014/2015, 48% of respondents were between 50-69 years old and 7% were between the ages of 17 and 29. Within this particular questionnaire, 65% of those who engaged with this consultation were over the age of 45, and 29% were 44 or under. The remaining 6% preferred not to state their age. However the age group of 25-34 contributed 16% of the total respondents: this was the third highest represented group. See Figure 1 for the full breakdown.

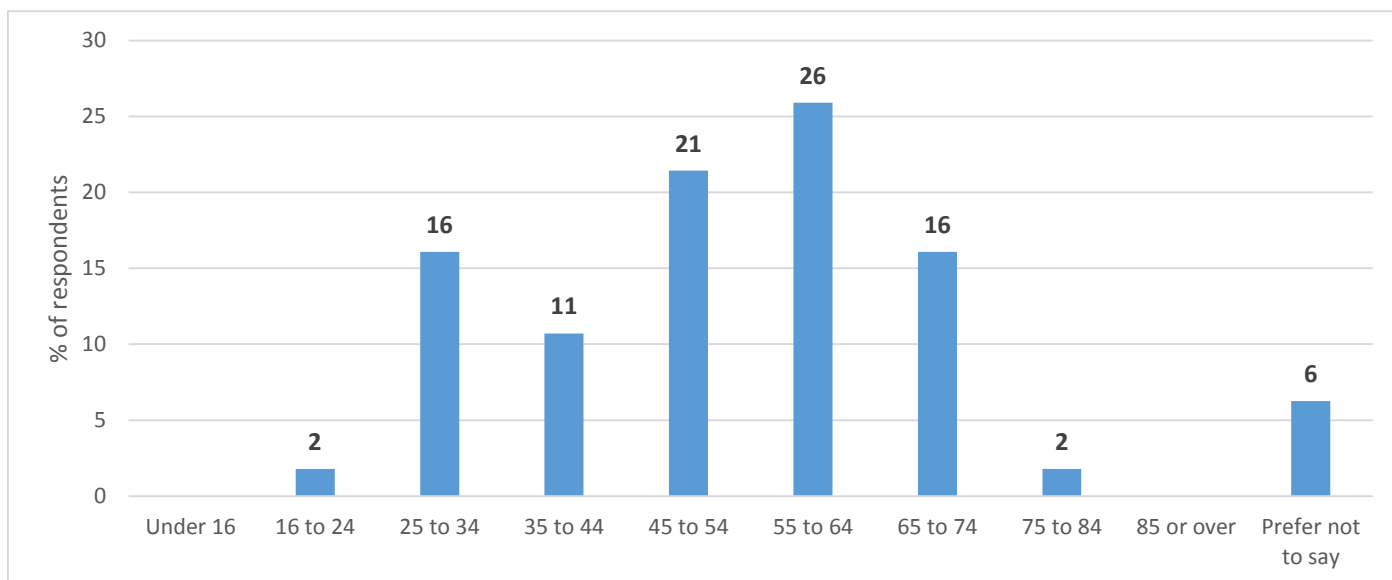


Figure 1

31. The gender breakdown of consultation respondents was 53% male, 40% female and 7% preferring not to say.
32. The ethnicity breakdown of consultation respondents was 86% White, 3% Mixed/multiple ethnic groups, 2% Asian/Asian British and 1% Black/African/Caribbean/Black British. 8% of respondents preferred not to state their ethnic group.
33. The majority of respondents stated that they were not employed by Southampton City Council (76%), 15% are employed by Southampton City Council and 9% preferred not to say.

**Consultation results**

34. Respondents were asked for their views on four main areas of the Budget and were then given the opportunity to state concerns, impacts and alternatives. The four main areas were: Internal Efficiencies, Adult Social Care, Education and Children’s Social Care, and Income, Investment and Charges. Within each of these areas, respondents were asked about their general agreement with the proposal. If, in any proposal, respondents answered in the negative (disagree or strongly disagree), they were asked to state which specific parts of the proposal they disagreed with and which part they disagreed with the most.

**Internal Efficiencies**

35. Figure 2 shows the breakdown in the level of agreement of the following statement; “To what extent do you agree or disagree with the internal savings proposals?”. Within the consultation document (whether it was conducted online or on paper) details were provided about the Internal Savings proposal, so that respondents were able to make an informed decision.
  - 52% of the total respondents who completed this question answered in the positive, stating that they either strongly agreed or agreed with the proposal (17% and 35% respectively).
  - 30% of the total respondents who completed this question answered by stating that they were neutral about the proposal
  - The remaining 19% of the total respondents who completed this question answered in the negative, stating that they either strongly disagreed or disagreed with the proposal (5% and 14% respectively).

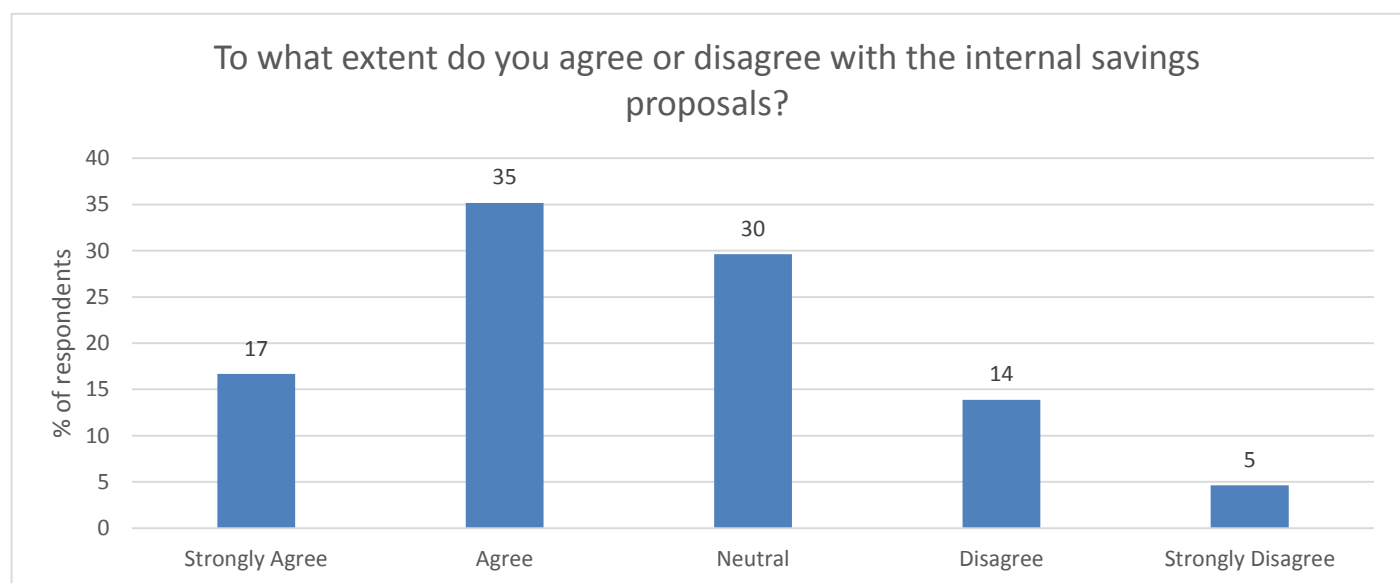


Figure 2

36. If respondents stated that they disagreed with the proposal (strongly or otherwise), they were given the opportunity to say which areas of the proposal they disagreed with.
  - The most common area of the proposal that respondents disagreed with was the contract renegotiation and decommissioning: additional domiciliary care savings (eight respondents).

- The least common areas of the proposal that respondents disagreed with was the Minimum Revenue Provision adjustments and the Phase 2 Operating Model. Both of these areas were selected by only one respondent.

37. Once respondents have outlined which proposals they disagreed with, there was an additional question which let them select the individual proposal they disagreed with the most.

- The proposal in Internal Efficiencies, with which respondents disagreed with the most was Procurement (four separate responses)

### Adult Social Care

38. Figure 3 shows the breakdown in the level of agreement of the following statement; “To what extent do you agree or disagree with the Adult Social Care savings proposals?”. Within the document itself (whether it was conducted online or on paper) details were provided about the Adult Social Care savings proposal, so that respondents were able to make an informed decision.

- 45% of the total respondents who completed this question answered in the positive, stating that they either strongly agreed or agreed with the proposal (9% and 36% respectively).
- 17% of the total respondents who completed this question answered by stating that they were neutral about the proposal
- The remaining 38% of the total respondents who completed this question answered in the negative, stating that they either strongly disagreed or disagreed with the proposal (11% and 27% respectively)

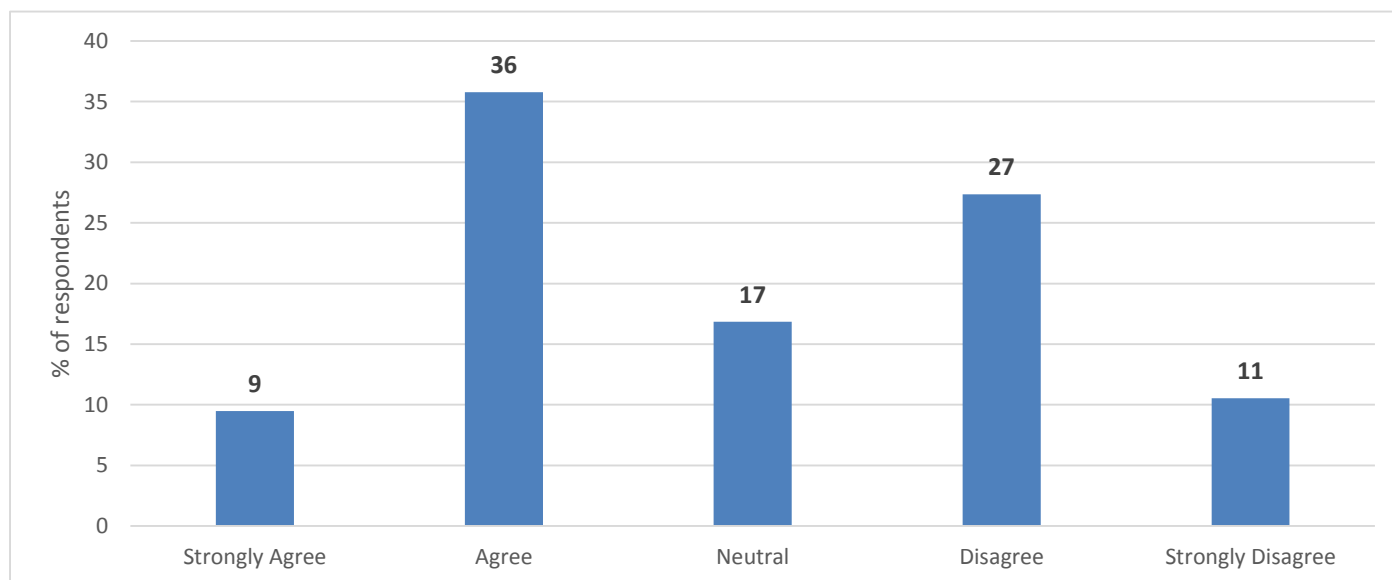


Figure 3

39. If respondents stated that they disagreed with the proposal (strongly or otherwise), they were given the opportunity to say which areas of the proposal they disagreed with.

- The most common area of the proposal that respondents disagreed with was all of the proposals (15 respondents). More specifically, the single proposal that was disagreed by most of the respondents was Residential and nursing care market shaping (10 respondents).
- The least common area of the proposal that respondents disagreed with was the Impact on LD package spend (6 respondents).

40. Once respondents have outlined which proposals they disagreed with, there was an additional question which let them select the individual proposal they disagreed with the most.

- The proposal in Adult Social Care, with which respondents disagreed with the most was Residential and nursing care market shaping (12 separate responses)

### Education and Children’s Social Care

41. Figure 4 shows the breakdown in the level of agreement of the following statement; “To what extent do you agree or disagree with the Education and children’s social care savings proposals?”. Within the



document itself (whether it was conducted online or on paper) details were provided about the Education and children’s social care savings proposal, so that respondents were able to make an informed decision.

- 53% of the total respondents who completed this question answered in the positive, stating that they either strongly agreed or agreed with the proposal (13% and 40% respectively).
- 18% of the total respondents who completed this question answered by stating that they were neutral to the proposal
- The remaining 28% of the total respondents, who completed this question, answered in the negative, stating that they either strongly disagreed or disagreed with the proposal (5% and 23% respectively)

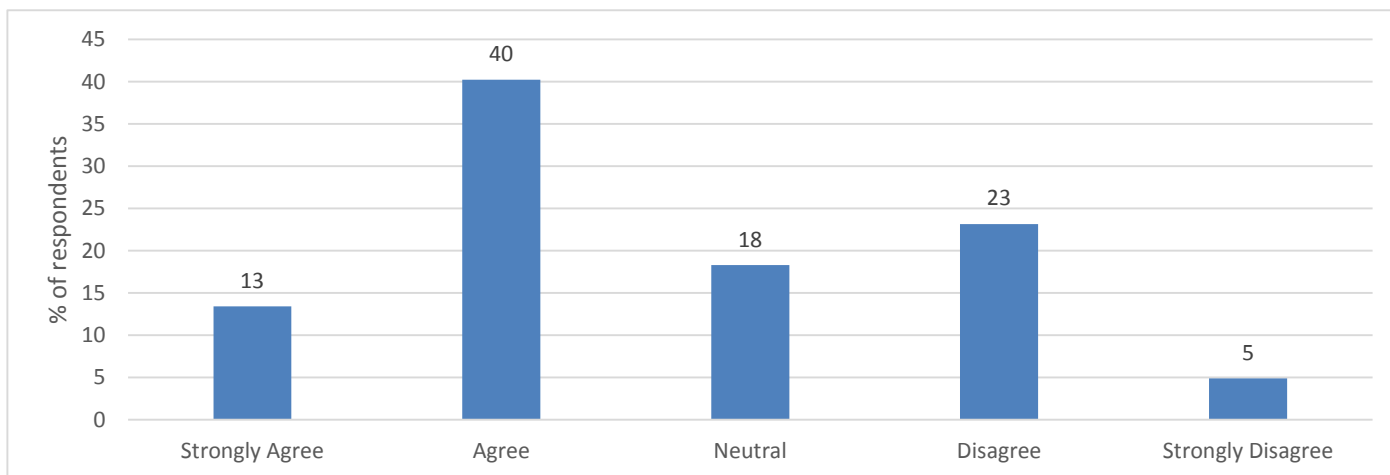


Figure 4

42. If respondents stated that they disagreed with the proposal (strongly or otherwise), they were given the opportunity to say which areas of the proposal they disagreed with.

- There were only two proposals in the Educations and Children’s Social Care section, Children’s Services efficiencies and Review of Looked After Children services, both proposals had 15 respondents stating they disagreed with each one.

43. Once respondents have outlined which proposals they disagreed with, there was an additional question which let them select the individual proposal they disagreed with the most.

- The proposal in Education and Children’s Social Care, with which respondents disagreed with the most was Review of Looked After Children Services (5 separate responses)

### Income, Investment and Charges

44. Figure 5 shows the breakdown in the level of agreement of the following statement; “To what extent do you agree or disagree with the Income, Investment and Charges savings proposals?”. Within the document itself (whether it was conducted online or on paper) details were provided about the Income, Investment and Charges savings proposal, so that respondents were able to make an informed decision.

- 56% of the total respondents who completed this question answered in the positive, stating that they either strongly agreed or agreed with the proposal (18% and 38% respectively).
- 16% of the total respondents who completed this question answered by stating that they were neutral about the proposal
- The remaining 29% of the total respondents who completed this question answered in the negative, stating that they either strongly disagreed or disagreed with the proposal (6% and 23% respectively)

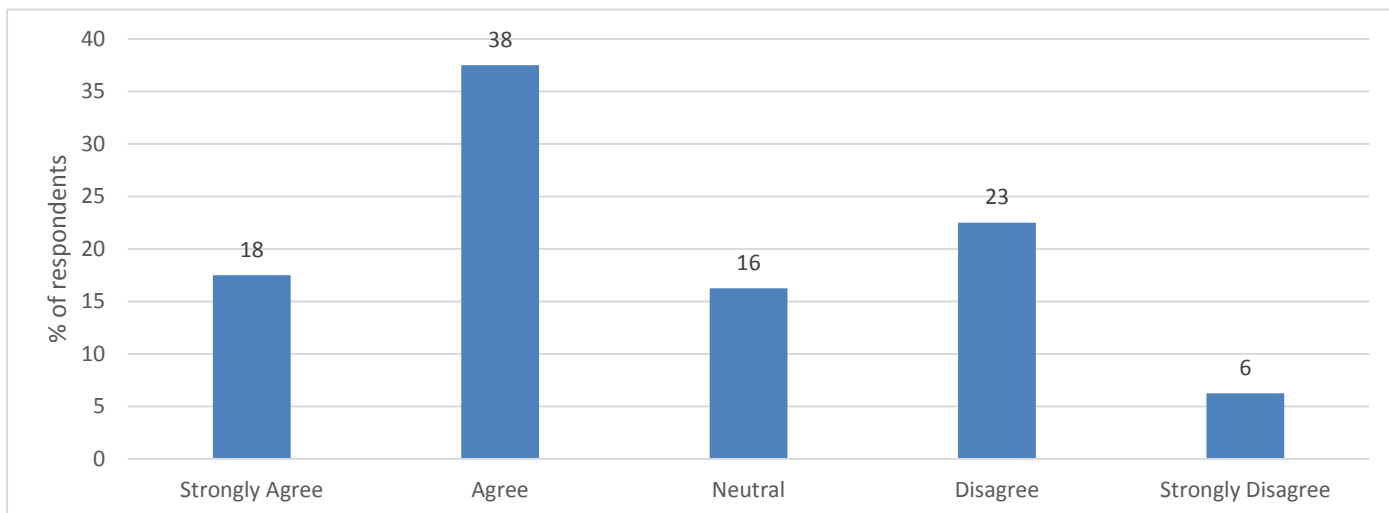


Figure 5

45. If respondents stated that they disagreed with the proposal (strongly or otherwise), they were given the opportunity to say which areas of the proposal they disagreed with.

- The most common areas of the proposal that respondents disagreed with were Increased fees and charges (regulatory and city services), Royal South Hants: On street parking and Borrow to invest (9 respondents for each)

46. Once respondents have outlined which proposals they disagreed with, there was an additional question which let them select the individual proposal they disagreed with the most.

- The proposal in Income, Investment and Charges, with which respondents disagreed with the most was Royal South Hants: On street parking (7 separate responses)

### Overall opinions on the budget and the Impacts

47. At the end of the consultation respondents were given the opportunity to add their views about the Budget proposals overall, any impacts that should be considered and any alternatives that could be considered.

48. The majority of the overall comments linked directly to the impacts that the budget could have on a wide range of people. For this reason, the comments were amalgamated and analysed together. Below are the main themes that appeared within these comments.

- Some respondents sympathised that setting a budget is difficult in this environment and recognised that reductions need to be made. Others believe that the cuts that have been made could be pushed further, although few specifics are given as to how.
- There was a broad concern that the proposals could affect the most vulnerable in society, specifically social care (both adult and children) and front line services. One example given is the issue of isolation felt by those with mental health issues.
- Some comments also noted that proposals could be short sighted as reductions to the budgets of key services could cost more in the future, meaning the proposals will not have a positive long lasting effect. The following examples were given;
  - Charging more for refuse collection may lead to fly tipping. Once this occurs this would have to be policed.
  - Those who require support, such as the elderly or ill, may not get that support under the new proposals. This could then put more pressure on the NHS and increase the overall cost.

### Alternatives

49. Finally respondents were given the opportunity to offer alternative ideas for generating income or areas where savings could be made. 37 suggestions of ways Southampton City Council could save or generate money were made. Below are the main themes that appeared within these comments.

- Reduce pay or positions, within the council, of top line managers
- Make sure large companies that reside within Southampton are paying their way within the city
- Increase council tax across the city as well as making students pay some form of council tax.

### Feedback on the consultation process

50. The council is committed to make the whole consultation process as transparent as possible. As a part of this, any feedback on the consultation process itself received during the course of the consultation is gathered together here.
51. Overall, out of the 158 people who took part in the consultation, two commented on the consultation process itself, representing 1% of total consultation responses.
52. The comments made regarding the consultation process are shown in table 1.

It's difficult to agree or disagree with the proposed 'efficiencies', when it's not clear what they actually entail
The proposals are so general that the general public do not know what is actually happening to actual services, so maybe give a better idea of actual cuts that will be occurring and how this will definitely affect residents and users of services.

Table 1

53. The feedback on the consultation process suggested that some improvements could be made to the supporting information.

### Conclusion

54. Over 158 stakeholders have engaged with the consultation process in this phase and given their views on the proposals. The consultation has engaged with a range of individuals through a variety of methods to allow residents in Southampton to give their views on the budget for 2016/17. As Figure 1 of this report has outlined, by looking at various demographic breakdowns of the respondents, while there were greater responses from older age groups there was still engagement across the board.
55. This consultation has ensured compliance with local and government standards. This report, the Cabinet report and appendices outline the full picture of the consultation results and will be used to inform decision makers.
56. The group of proposals with the highest level of engagement was Internal Efficiencies, the group with the least engagement was Income, Investment and Charges.
57. In total 702 residents and stakeholders have been engaged with throughout the two phases of the budget consultation.
58. In conclusion, this consultation allows Southampton City Council's Cabinet to understand the views of residents and stakeholders on the second phase of budget proposals. Therefore it provides a sound base on which to make a decision.

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**2016/17 SAVING PROPOSALS**

Portfolio	Portfolio Ref	Service Activity	Description of Item	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Implement- ation Cost	FTE In Post	FTE Vacant	Responsible Officer	Saving Type
Leaders	LEAD 15	Property Services	Property Rationalisation and Disposals	(300)	(800)	(1,700)	(2,258)	0	0.00	0.00	Andrew Elliott	Efficiency
Leaders	LEAD 16	Property Services	Public Sector PLC	(50)	(150)	(300)	(500)	0	0.00	0.00	Andrew Elliott	Income
Leaders	LEAD 17	Property Services	Property Investment Fund	(1,000)	(1,000)	(1,000)	(1,000)	0	0.00	0.00	Andrew Elliott	Income
Finance	FIN 17	Cross Cutting	Procurement	(1,000)	(4,000)	(4,000)	(4,000)	0	0.00	0.00	Stephen Giacchino	Efficiency
Finance	FIN 18	Finance Service	Minimum Revenue Provision adjustment regarding redeemed debt 2015/16 & 2016/17	(490)	(200)	(190)	(190)	0	0.00	0.00	Mel Creighton	Efficiency
Housing & Sustainability	HS 5	Community Safety	Efficiency arising from centralisation of support	(37)	(37)	(37)	(37)	0	1.00	0.00	Mitch Sanders	Efficiency
Environment & Transport	E&T 39	Itchen Bridge	Itchen Bridge Resourcing	(40)	(61)	(61)	(61)	0	3.28	0.00	Mike Harris/ Paul Walker	Reduction
Environment & Transport	E&T 40	On-Street Parking	Royal South Hants and University Hospital Southampton: On Street Parking	(180)	(180)	(180)	(180)	0	0.00	0.00	Mike Harris/ Paul Walker	Income
Environment & Transport	E&T 44	Regulatory & City Services	Increased fees & charges	(150)	(150)	(150)	(150)	0	0.00	0.00	Mitch Sanders	Income
Environment & Transport	E&T 45	Planning	Shared Planning Resource	(20)	(40)	(40)	(40)	0	0.00	0.00	Mike Harris	Efficiency
Health & Adult Social Care	HASC 13	Provider Services	Residential and Nursing Care market shaping	(500)	(900)	(1,380)	(1,820)	0	0.00	0.00	Stephanie Ramsey/Paul Juan	Efficiency
Health & Adult Social Care	HASC 14	Long Term	Cost Effective Care & efficient routes to market	(500)	(520)	(520)	(520)	0	0.00	0.00	Stephanie Ramsey/Mark Howell	Efficiency
Health & Adult Social Care	HASC 15	Long Term	Impact on Learning Disability Package Spend	(360)	(860)	(1,500)	(1,500)	0	0.00	0.00	Stephanie Ramsey	Efficiency
Health & Adult Social Care	HASC 16	Long Term	Contract Renegotiation & decommissioning; additional DomCare Savings	(520)	(520)	(520)	(520)	0	0.00	0.00	Stephanie Ramsey	Efficiency
Education and Childrens Social Care	ECSC 4	Looked After Children	Review of Looked After Childrens Services	(561)	(2,561)	(4,561)	(4,561)	0	0.00	0.00	Kim Drake	Reduction
Education and Childrens Social Care	ECSC 5	Childrens Services	Childrens Services Efficiencies	(360)	(500)	(500)	(500)	0	TBC	TBC	Kim Drake	Reduction
Cross Cutting	TRANS 3	Cross Cutting	Phase 2 Operating Model	(2,500)	(3,000)	(3,000)	(3,000)	0	121.00	24.00	Stephen Giacchino	Efficiency
<b>TOTAL FEBRUARY SAVING PROPOSALS</b>				<b>(8,568)</b>	<b>(15,479)</b>	<b>(19,639)</b>	<b>(20,837)</b>	<b>0</b>	<b>125.28</b>	<b>24.00</b>		

<b>SAVING PROPSALS SUMMARY TABLE</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>Implement- ation Cost</b>	<b>FTE In Post</b>	<b>FTE Vacant</b>
Communities, Culture & Leisure	0	0	0	0	0	0.00	0.00
Education and Childrens Social Care	(921)	(3,061)	(5,061)	(5,061)	0	0.00	0.00
Environment & Transport	(390)	(431)	(431)	(431)	0	3.28	0.00
Finance	(1,490)	(4,200)	(4,190)	(4,190)	0	0.00	0.00
Housing & Sustainability	(37)	(37)	(37)	(37)	0	1.00	0.00
Health & Adult Social Care	(1,880)	(2,800)	(3,920)	(4,360)	0	0.00	0.00
Leaders	(1,350)	(1,950)	(3,000)	(3,758)	0	0.00	0.00
Cross Cutting	(2,500)	(3,000)	(3,000)	(3,000)	0	121.00	24.00
<b>Total February Saving Proposals</b>	<b>(8,568)</b>	<b>(15,479)</b>	<b>(19,639)</b>	<b>(20,837)</b>	<b>0</b>	<b>125.28</b>	<b>24.00</b>

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## MEDIUM TERM FINANCIAL MODEL (PRIOR TO SAVINGS ALLOCATION)

### GENERAL FUND REVENUE ACCOUNT

	2015/16 Budget	Base Changes	2016/17 Budget	Base Changes	2017/18 Budget	Base Changes	2018/19 Budget	Base Changes	2019/20 Budget
	£M	£M	£M	£M	£M	£M	£M	£M	£M
Children's Services	38.95	6.32	45.28	(0.75)	44.53	(0.50)	44.03	-	44.03
Communities Culture and Leisure	7.08	(1.70)	5.38	-	5.38	-	5.38	-	5.38
Environment & Transport	22.32	(1.45)	20.87	(0.04)	20.83	-	20.83	-	20.83
Finance	35.51	(0.17)	35.34	(0.20)	35.14	-	35.14	-	35.14
Health & Adult Social Care	57.85	4.37	62.22	3.15	65.36	2.20	67.56	2.40	69.96
Housing & Sustainability	1.81	0.78	2.58	-	2.58	-	2.58	-	2.58
Leader's Portfolio	11.04	1.94	12.99	1.32	14.31	(1.96)	12.35	-	12.35
Transformation	0.64	(7.16)	(6.52)	(3.82)	(10.34)	0.56	(9.78)	0.28	(9.51)
Pressures - Future Years	-	-	-	1.00	1.00	1.00	2.00	1.00	3.00
Base Changes & Inflation	-	0.30	0.30	8.58	8.88	9.35	18.23	9.52	27.74
Improved Better Care Fund	-	-	-	(0.60)	(0.60)	(3.80)	(4.40)	(3.30)	(7.70)
<b>Portfolio Expenditure</b>	<b>175.20</b>	<b>3.23</b>	<b>178.43</b>	<b>8.64</b>	<b>187.07</b>	<b>6.84</b>	<b>193.91</b>	<b>9.89</b>	<b>203.80</b>
<b>Levies &amp; Contributions</b>	<b>0.63</b>	<b>-</b>	<b>0.63</b>	<b>-</b>	<b>0.63</b>	<b>-</b>	<b>0.63</b>	<b>-</b>	<b>0.63</b>
<b>Capital Asset Management</b>	<b>1.96</b>	<b>2.57</b>	<b>4.53</b>	<b>5.65</b>	<b>10.18</b>	<b>-</b>	<b>10.18</b>	<b>-</b>	<b>10.18</b>
<b>Other Expenditure &amp; Income</b>	<b>13.81</b>	<b>(7.85)</b>	<b>5.96</b>	<b>2.08</b>	<b>8.04</b>	<b>(0.70)</b>	<b>7.34</b>	<b>(0.70)</b>	<b>6.64</b>
February Savings	-	(8.57)	(8.57)	(6.91)	(15.48)	(4.16)	(19.64)	(1.20)	(20.84)
<b>Net Revenue Expenditure</b>	<b>191.60</b>	<b>(10.62)</b>	<b>180.98</b>	<b>9.46</b>	<b>190.44</b>	<b>1.98</b>	<b>192.43</b>	<b>7.99</b>	<b>200.41</b>
<b>Funding</b>									
Addition to / (Draw From) Balances	(7.13)	3.24	(3.89)	3.89	-	-	-	-	-
Council Tax	(77.27)	(2.16)	(79.43)	(1.57)	(81.00)	(1.55)	(82.55)	(1.63)	(84.18)
Adult Social Care Council Tax Levy	-	(1.58)	(1.58)	(1.64)	(3.22)	(1.76)	(4.99)	(1.83)	(6.82)
Other Government Grants	(4.27)	1.35	(2.92)	1.05	(1.87)	0.22	(1.65)	0.61	(1.04)
Revenue Support Grant	(42.86)	10.32	(32.55)	9.30	(23.25)	6.19	(17.06)	6.27	(10.79)
New Homes Bonus	(4.34)	(1.62)	(5.96)	0.00	(5.96)	2.16	(3.80)	0.10	(3.70)
New Homes Bonus Returned Funding	-	(0.14)	(0.14)	0.14	0.00	-	0.00	-	0.00
Business Rates	(46.55)	(0.92)	(47.48)	(0.47)	(47.94)	(0.47)	(48.42)	(0.48)	(48.89)
Top Up Grant	(1.60)	(0.02)	(1.62)	(0.03)	(1.65)	(0.05)	(1.70)	(0.06)	(1.76)
S31 Business Rates Grants	(0.80)	(0.08)	(0.88)	0.68	(0.20)	-	(0.20)	-	(0.20)
Other Business Rates Relief Grants	(1.20)	0.46	(0.74)	0.01	(0.73)	-	(0.73)	-	(0.73)
Collection Fund Surplus	(5.57)	1.77	(3.80)	3.80	-	-	-	-	-
<b>Total Funding</b>	<b>(191.60)</b>	<b>10.62</b>	<b>(180.98)</b>	<b>15.16</b>	<b>(165.82)</b>	<b>4.73</b>	<b>(161.09)</b>	<b>2.98</b>	<b>(158.10)</b>
<b>Savings Requirement</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>24.62</b>	<b>24.62</b>	<b>6.71</b>	<b>31.34</b>	<b>10.97</b>	<b>42.31</b>

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