

Public Document Pack

Cabinet

Tuesday, 15th August, 2017
at 4.30 pm

PLEASE NOTE TIME OF MEETING

Council Chamber - Civic Centre

This meeting is open to the public

Members

Councillor Simon Letts, Leader of the Council
Councillor Mark Chaloner, Cabinet Member for Finance
Councillor Satvir Kaur, Cabinet Member for Communities,
Culture and Leisure
Councillor Jacqui Rayment, Cabinet Member for
Environment and Transport
Councillor Dave Shields, Cabinet Member for Health and
Sustainable Living
Councillor Warwick Payne, Cabinet Member for Housing
and Adult Care
Councillor Christopher Hammond, Cabinet Member for
Transformation Projects
Councillor Paul Lewzey, Cabinet Member for Children's
Social Care
Councillor Dr Darren Paffey, Cabinet Member for
Education and Skills

(QUORUM – 3)

Contacts

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BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

The Forward Plan

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

Implementation of Decisions

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

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

Use of Social Media

The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair’s opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council’s Standing Orders the person can be ordered to stop their activity, or to leave the meeting.

By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public. Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so. Details of the Council’s Guidance on the recording of meetings is available on the Council’s website.

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

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

Executive Functions

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

Key Decisions

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

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

Procedure / Public Representations

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

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

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

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

Municipal Year Dates (Tuesdays)

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

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

CONDUCT OF MEETING

TERMS OF REFERENCE

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

RULES OF PROCEDURE

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

DISCLOSURE OF INTERESTS

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

DISCLOSABLE PECUNIARY INTERESTS

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

(i) Any employment, office, trade, profession or vocation carried on for profit or gain.

(ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

- a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

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

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

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

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

Principles of Decision Making

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

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

BUSINESS TO BE DISCUSSED

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

QUORUM

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

In exercising discretion, the decision maker must:

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

AGENDA

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

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

EXECUTIVE BUSINESS

3 STATEMENT FROM THE LEADER

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

Record of the decision making held on 18 July 2017, attached.

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

There are no matters referred for reconsideration.

6 REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)

There are no items for consideration

7 EXECUTIVE APPOINTMENTS

To deal with any executive appointments, as required.

MONITORING REPORTS

8 THE GENERAL FUND & HRA CAPITAL PROGRAMME 2017/18 TO 2021/22 - QUARTER 1 (Pages 5 - 36)

Report of the Cabinet Member for Finance detailing any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2017/18 to 2021/22, highlighting the changes in the programme since the last reported outturn position to Cabinet in July 2017. The report also notes the major forecast variances against the approved estimates.

9 CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JUNE 2017 (Pages 37 - 66)

To consider the report of the Cabinet Member for Finance summarising the General Fund and Housing Revenue Account financial position for the authority for the 3 month period to the end of June 2017.

ITEMS FOR DECISION BY CABINET

10 LOCAL AUTHORITY TRADING COMPANY FOR SOME COUNCIL SERVICES
(Pages 67 - 110)

Report of the Leader of the Council outlining the outcome of the 1st stage consultation on the proposed LATCo and the proposed next steps.

11 ESTABLISHMENT OF AN IN HOUSE EDGE OF CARE SERVICE ((Pages 111 - 148)

Report of the Cabinet Member for Children's Social Care seeking approval to establish an Edge of Care Service in house.

12 SUFFICIENCY OF EARLY YEARS PLACES IN MILLBROOK ((Pages 149 - 156)

Report of the Cabinet Member for Education and Skills detailing the Sufficiency of Early Years Places in Millbrook.

Monday, 7 August 2017

Service Director, Legal and Governance

SOUTHAMPTON CITY COUNCIL
EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 18 JULY 2017

Present:

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

7. TRANSPORT FOR THE SOUTH EAST

DECISION MADE: (CAB 17/18 19023)

On consideration of the report of the Cabinet Member for Environment and Transport, Cabinet agreed the following:

- (i) Portsmouth City Council and Southampton City Council jointly join TfSE as a single member with a single vote.
- (ii) The success of the joint arrangement should be jointly reviewed with Portsmouth City Council after a year to ensure that the interests of both cities and the wider Solent area is being represented effectively with this proposed approach.

8. ADOPTION OF SCC TRANSPORT ASSET MANAGEMENT PLAN (TAMP)

DECISION MADE: (CAB 17/18 18962)

On consideration of the report of the Cabinet Member for Environment and Transport, Cabinet agreed the following:

- (i) To approve the TAMP and so permit its operational, strategic and decision making approach of managing highways and transport related assets.
- (ii) To implement the relevant systems and processes to maintain Southampton's highway transport network as prescribed by the TAMP.
- (iii) To recognise the implications of the limited financial resources available to deliver the TAMP.

- (iv) To delegate authority to Service Lead – Supplier Experience following consultation with the Cabinet Member for Environment and Transport to approve the prioritisation of schemes arising from the TAMP.

9. PROCUREMENT OF CARERS SUPPORT SERVICES

DECISION MADE: (CAB 17/18 19014)

On consideration of the report of the Cabinet Member for Housing and Adult Care, Cabinet agreed the following:

- (i) To approve the recommendation to proceed with a procurement of an integrated Carers Support Services
- (ii) To delegate authority to the Director of Quality & Integration to carry out a procurement process for the provision for the carers' support services as set out in this report and to enter into contracts in accordance with the Contract Procedure Rules.
- (iii) To delegate authority to the Director of Quality & Integration following consultation with the relevant Cabinet Members to decide on the final model of commissioned services for Carers Support Services and all decision making in relation to this recommissioning.
- (iv) To authorise the Director of Quality and Integration to take all necessary actions to implement the proposals contained in this report.

10. ACCEPTANCE OF ADULT SOCIAL CARE GRANT

DECISION MADE: (CAB 17/18 19041)

On consideration of the report of the Cabinet Member for Housing and Adult Care, Cabinet agreed the following:

Cabinet recommends to Council on 19 July 2017:

- (i) To approve the acceptance of the one-off Government grant of £9,710,902 for adult social care over three years from 2017/18 to 2019/20;
- (ii) To approve the addition of £4.98M to the Housing & Adult Social Care Portfolio's revenue budget for 2017/18 and to note that the remaining £4.73M of the Government grant award will need to be added to the revenue budgets for 2018/19 and 2019/20; and
- (iii) To approve revenue expenditure of £4.98M in 2017/18 on schemes (set out in Appendix 1) that will meet adult social care needs, reduce pressures on the NHS and stabilise the social care provider market, in accordance with the grant conditions, Financial Procedure Rules and the governance arrangements for Southampton's Better Care Fund.

11. SHARED COMMISSIONING BETWEEN SOUTHAMPTON CITY COUNCIL AND SOUTHAMPTON CITY CLINICAL COMMISSIONING GROUP

DECISION MADE: (CAB 17/18 19230)

On consideration of the report of the Leader of the Council, Cabinet agreed the following:

- (i) To approve the establishment of a Joint Commissioning Board between the Council and Southampton City Clinical Commissioning Group to undertake Executive functions within the Boards proposed Terms of Reference.
- (ii) To delegate authority to undertake joint commissioning functions that are executive functions within agreed budgets to individual members of the Board (Officers and Members as appropriate) acting at Board meetings within the procedures set out in the terms of reference.

12. HIGHWAYS CONTRACT

DECISION MADE: (CAB 17/18 19004)

On consideration of the report of the Cabinet Member for Environment and Transport, and an amended Appendix 1, Cabinet agreed the following:

- (i) To delegate authority to the Service Director, Business Operations and Digital, following consultation with the Service Director, Legal and Governance and the Service Director, Finance and Commercialisation, to amend the HSP Contract by extending its term until 23:59 hours on 30 September 2025 and make associated amendments to reduce the Council's General Fund costs associated with this contract in each of the remaining years of the contract from 2017-18 onwards.
- (ii) To delegate authority to the Service Director, Business Operations and Digital, following consultation with the Service Director, Legal and Governance and the Service Director, Finance and Commercialisation, to extend the term of the Citywatch (also known as 'ROMTV') contract until 23:59 hours on 30 September 2025 and make associated amendments to reduce the Council's General Fund costs associated with this contract in 2017-18.
- (iii) To note the increase in financial commitment to the Authority covering the period 2020/21 to October 2025 to meet the additional contract costs over the extended years of the HSP and Citywatch contracts which total an estimated £13.3M (uplifted by indexation).
- (iv) To note that the renegotiated terms for the HSP and ROMTV contracts will achieve estimated General Fund savings - compared to current spending and costs. These are detailed in confidential Appendix 1.

13. COMMUNITY CHEST GRANTS 2017/18

DECISION MADE: (CAB 17/18 19026)

On consideration of the report of the Director of Quality and Integration, and an amended Appendix 1, the Cabinet Member agreed the following:

To agree the recommendations made by the cross-party Community Chest Grant Advisory Panel.

DECISION-MAKER:	CABINET		
SUBJECT:	GENERAL FUND AND HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME MONITORING 2017/18 – QUARTER 1		
DATE OF DECISION:	18 AUGUST 2017		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Sue Cuerden	Tel: 023 8083 4153
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Director	Name:	Mel Creighton	Tel: 023 8083 4897
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>The purpose of this report is to inform Cabinet of any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2017/18 to 2021/22, highlighting the changes in the programme since the last reported outturn position to Cabinet in July 2017. The report also notes the major forecast variances against the approved estimates.</p> <p>The net result of the changes since the previous report is that the current overall programme has increased by £0.31M, all within the General Fund programme.</p>	
RECOMMENDATIONS:	
(i)	Notes the revised capital programme, which totals £320.27M and the associated use of resources, as detailed in paragraph 22.
(ii)	Notes that £0.31M has been added to the programme, with approval to spend, under delegated powers in 2018/19. These additions are detailed in paragraph 6 and Appendix 2 and 3.
(iii)	Notes the changes to the programme as summarised in Appendix 2 and described in detail in Appendix 3.
(iv)	Notes that the forecast position at Quarter 1 is £155.29M, resulting in a potential underspend of £15.98M, as detailed in paragraph 11 and Appendix 3.
(v)	Notes that the capital programme remains fully funded up to 2021/22 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.

REASONS FOR REPORT RECOMMENDATIONS

1. The Capital Programme is reviewed on a quarterly basis in accordance with the Council’s Capital Strategy. The forecast position is reported to the Council Capital Board with any required programme update reported to Cabinet and Council for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The update of the Capital Programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of the budget setting process in the light of the funding available and the overall financial position.

DETAIL (Including consultation carried out)

CONSULTATION

3. Service Directors, Service Leads and Project Managers have been consulted in preparing the reasons for variations contained in Appendix 1. The General Fund and HRA capital programme outturn summarises additions to the capital programme and slippage and rephasing since the last approved programme reported in February 2017. Each addition has been subject to the relevant consultation process which reflects the role played by Council Capital Board. The content of this report has been subject to consultation with Finance Officers for each service.

THE FORWARD CAPITAL PROGRAMME

4. Table 1 below shows a comparison of the latest approved capital expenditure for the period 2017/18 to 2021/22 compared to the previously reported programme.

Table 1 – Programme Comparison

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£M	£M	£M	£M	£M	£M
Latest Programme	171.27	66.54	38.49	43.97	0.00	320.27
Previous Programme	171.27	66.23	38.49	43.97	0.00	319.96
Variance	(0.00)	0.31	0.00	0.00	0.00	0.31

5. The above table shows that the Capital Programme has increased by £0.31M, all within the General Fund. Appendix 1 provides details of each portfolios latest programme and the financing of that programme.

6. The overall increase in the programme of £0.31M includes a decrease of £1.21M, which is offset by an increase of £1.52M relating to additions to the programme approved under delegated powers. These changes are summarised in Appendix 2 and detailed in Appendix 3.

CHANGES TO THE OVERALL PROGRAMME			
The change in individual portfolios' capital programmes is shown in Table 2.			
<u>Table 2 – Changes in Portfolio Programmes</u>			
	Latest Programme £M	Previous Programme £M	Total Change £M
Communities, Culture & Leisure	1.99	1.99	0.00
Education & Childrens Social Care	33.69	33.55	0.14
E&T - City Services	4.37	4.43	(0.06)
Finance	1.70	1.70	0.00
Health & Adult Social Care	2.46	2.46	0.00
Housing & Sustainability	5.00	5.00	0.00
Leaders	42.93	42.93	0.00
Transformation	4.31	4.31	0.00
Transport	41.85	41.62	0.23
General Fund Programme	138.30	137.99	0.31
HRA Programme	181.97	181.97	0.00
Total Capital Programme	320.27	319.96	0.31
7.	Appendix 3 details the changes by individual portfolio programmes. This includes new schemes and changes to existing schemes where approval has been previously given by Council, Cabinet or made under delegated authority to amend the programme.		

2017/18 MONITORING POSITION				
8.	The forecast performance of individual capital programmes in 2017/18 is summarised in table 3 below.			
	<u>Table 3 – Summary of the General Fund & HRA Capital Forecast 2017/18</u>			
	Portfolio	Latest Programme £M	Forecast £M	Variance £M %
	Communities, Culture & Leisure	0.90	1.10	0.20 22.22
	Education & Childrens Social Care	23.02	14.26	(8.76) (38.05)
	E&T - City Services	1.72	1.85	0.13 7.56
	Finance	1.10	0.59	(0.51) (46.36)
	Health & Adult Social Care	0.96	0.96	0.00 0.00
	Housing & Sustainability	4.30	4.24	(0.06) (1.40)
	Leaders	42.78	42.78	0.00 0.00
	Transformation	4.31	4.31	0.00 0.00
	Transport	26.19	26.19	0.00 0.00
	General Fund Programme	105.28	96.28	(9.00) (8.55)
	HRA Programme	65.99	59.01	(6.98) (10.58)
	Total Programme	171.27	155.29	(15.98) (9.33)
	Funded by:			
	Council Resources	110.84	97.84	(13.00) (11.73)
	Capital Grants	29.79	26.88	(2.91) (9.77)
	Capital Contributions	6.55	6.58	0.03 0.46
	Capital Receipts	10.41	10.31	(0.10) (0.96)
	Revenue Funding	13.68	13.68	0.00 0.00
	Total Funding	171.27	155.29	(15.98) (9.33)
9.	Reasons for major forecast variances on individual schemes are given for each Portfolio in Appendix 4 and 5, and also summarised in Table 4 below.			
10.	The capital programme is now being monitored on a monthly basis. Identified under and overspends are reported to the Council Capital Board. Programme changes for these will not be made until the outturn position is known and will be reported as part of the outturn report in June 2018, with approval to update the programme for these being sought at that time.			

	(Slippage)/ Rephasing £M	(Under)/ Overspend £M	Total Variance £M
Communities, Culture & Leisure	0.00	0.20	0.20
Education & Children's Social Care	(8.76)	0.00	(8.76)
E&T - City Services	0.00	0.13	0.13
Finance	(0.51)	0.00	(0.51)
Health & Adult Social Care	0.00	0.00	0.00
Housing & Sustainability	0.00	(0.06)	(0.06)
Leaders	0.00	0.00	0.00
Transformation	0.00	0.00	0.00
Transport	0.00	0.00	0.00
General Fund Variance	(9.27)	0.27	(9.00)
HRA Variance	(6.98)	0.00	(6.98)
Total Variance	(16.25)	0.27	(15.98)
Table 4 – Forecast Variance Explanation			
11.	The total forecast variance for 2017/18 is £15.98M. After accounting for slippage, the programme is currently forecast to be overspent by £0.27M in 2017/18. The reasons for this are detailed in Appendix 3 and summarised in Appendix 5.		
12.	Included in the forecast overspend is £0.39M which relates to projects which have been agreed by Council Capital Board (CCB) but have not yet been through the appropriate approval process (Woodmill Tidal Wall £0.19M and Shoreburs Greenway £0.20M). These budgets will be added to the programme before the next programme update.		
13.	Within the Housing & Sustainability programme there is a proposed budget virement to allocate £0.40M of unspent Home Improvement Loans/Disabled Facilities Grant repayments to the Disabled Facilities Grants project in order to reduce the waiting list for disabled adaptations for children, £0.20M in 2017/18 and £0.20M in 2018/19. To facilitate these works additional support costs will be incurred, currently forecast £0.10M overspend to be funded from Right to Buy receipts.		
14.	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.		
15.	The forecast programme identifies £16.25M of net slippage from 2017/18 into future years as detailed in Table 4 above. Major items of slippage are summarised in Appendix 4, with further explanations detailed in Appendix 3.		
CAPITAL RESOURCES			

16.	<p>The resources which can be used to fund the capital programme are as follows:</p> <ul style="list-style-type: none"> • Council Resources - Borrowing • Council Resources - Capital Receipts from the sale of HRA assets • Council Resources - Capital Receipts from the sale of General Fund assets • Contributions from third parties • Central Government Grants and from other bodies • Revenue Financing 																														
17.	<p>Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes within the Housing & Sustainability Portfolio.</p>																														
18.	<p>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 2017/18 these grants have been passported to these areas.</p>																														
	<p>Table 5 shows the current level of available resources other than borrowing.</p> <p><u>Table 5 – Available Capital Funding</u></p> <table border="1" data-bbox="319 1030 1420 1332"> <thead> <tr> <th>Resource</th> <th>Balance B/Fwd £M</th> <th>Received to Date 2017/18 £M</th> <th>Allocated To Current Programme £M</th> <th>Available Funding £M</th> <th>Anticipated Receipts 2017/18 £M</th> </tr> </thead> <tbody> <tr> <td>Capital Receipts</td> <td>(13.54)</td> <td>0.00</td> <td>11.87</td> <td>(1.67)</td> <td>(4.16)</td> </tr> <tr> <td>CIL</td> <td>(5.84)</td> <td>(0.77)</td> <td>2.79</td> <td>(3.82)</td> <td>(3.34)</td> </tr> <tr> <td>S106</td> <td>(9.24)</td> <td>(0.21)</td> <td>4.66</td> <td>(4.79)</td> <td>(0.79)</td> </tr> <tr> <td></td> <td>(28.62)</td> <td>(0.98)</td> <td>19.32</td> <td>(10.28)</td> <td>(8.29)</td> </tr> </tbody> </table>	Resource	Balance B/Fwd £M	Received to Date 2017/18 £M	Allocated To Current Programme £M	Available Funding £M	Anticipated Receipts 2017/18 £M	Capital Receipts	(13.54)	0.00	11.87	(1.67)	(4.16)	CIL	(5.84)	(0.77)	2.79	(3.82)	(3.34)	S106	(9.24)	(0.21)	4.66	(4.79)	(0.79)		(28.62)	(0.98)	19.32	(10.28)	(8.29)
Resource	Balance B/Fwd £M	Received to Date 2017/18 £M	Allocated To Current Programme £M	Available Funding £M	Anticipated Receipts 2017/18 £M																										
Capital Receipts	(13.54)	0.00	11.87	(1.67)	(4.16)																										
CIL	(5.84)	(0.77)	2.79	(3.82)	(3.34)																										
S106	(9.24)	(0.21)	4.66	(4.79)	(0.79)																										
	(28.62)	(0.98)	19.32	(10.28)	(8.29)																										
19.	<p>The table shows that the largest resource currently available is Section 106 funding. A review is underway of all S106 and Community Infrastructure Levy (CIL) monies to ensure that programmes of work are matched to the appropriate funding and to potentially identify areas where business cases could be commissioned for new projects. It is anticipated this work will be complete and incorporated into the programme update in October 2017.</p>																														
20.	<p>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.</p>																														
21.	<p>Table 6 below shows the previous and current capital receipt assumptions, together with the actual receipts received in year for the General Fund. 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.</p>																														
	<p><u>Table 6 – General Fund Capital Receipts Estimates</u></p>																														

	B/Fwd £M	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Latest Forecast	13.54	4.16	0.78	0.00	0.00	0.00	18.48
Previous Forecast	13.54	4.16	0.78	0.00	0.00	0.00	18.48
Variance	0.00	0.00	0.00	0.00	0.00	0.00	0.00

OVERALL CAPITAL PROGRAMME

22. Table 7 and 8 show capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme up to and including 2020/21.

Table 7 – Capital Expenditure by Programme

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Communities, Culture & Leisure	0.90	1.10	0.00	0.00	0.00	2.00
Education & Children's Social Care	23.02	10.67	0.00	0.00	0.00	33.69
E&T - City Services	1.72	0.00	2.65	0.00	0.00	4.37
Finance	1.10	0.03	0.27	0.30	0.00	1.70
Health & Adult Social Care	0.96	0.50	0.50	0.50	0.00	2.46
Housing & Sustainability	4.30	0.70	0.00	0.00	0.00	5.00
Leaders	42.78	0.15	0.00	0.00	0.00	42.93
Transformation	4.31	0.00	0.00	0.00	0.00	4.31
Transport	26.19	11.31	2.22	2.12	0.00	41.84
General Fund Programme	105.28	24.46	5.64	2.92	0.00	138.30
HRA Programme	65.99	42.08	32.85	41.05	0.00	181.97
Total Capital Programme	171.27	66.54	38.49	43.97	0.00	320.27

Table 8 – Use of Resources

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Council Resources	121.25	45.26	34.64	31.38	0.00	232.53
Contributions	6.55	2.10	0.00	0.00	0.00	8.65
Capital Grants	29.79	7.26	2.12	2.12	0.00	41.29
Revenue Financing	13.68	11.92	1.73	10.47	0.00	37.80
Total Financing	171.27	66.54	38.49	43.97	0.00	320.27

23. Table 8 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.

RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
24.	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 General Fund revenue budget. In addition any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme.
<u>Property/Other</u>	
25.	There are no specific property implications arising from this report other than the schemes already referred to within the main body of the report.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
26.	Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council. The Capital Programme update is prepared in accordance with the Local Government Acts 1972 – 2003.
<u>Other Legal Implications:</u>	
27.	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.
RISK MANAGEMENT IMPLICATIONS	
28.	None.
POLICY FRAMEWORK IMPLICATIONS	
29.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	NONE
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	General Fund Capital Programme – Scheme Details
2.	Variations Since the February 2017 Capital Update
3.	Key Issues – June 2017 Programme Update
4.	Major Slippage & Rephasing
5.	Forecast Variances

Documents In Members' Rooms		
1.	None	
2.		
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessments (ESIA) to be carried out.		Yes/No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
Other Background Documents		
Equality Impact Assessment and Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		
2.		

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COMMUNITIES, CULTURE & LEISURE

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
L1000	Oaklands Swimming Pool Feasibility	0.036	0.000	0.000	0.000	0.000	0.036	Dyer-Slade, Tina
L1010	Bargate Monument Repairs	0.004	0.000	0.000	0.000	0.000	0.004	Lasky, Lisa
L1020	Guildhall Square Electricity Supply Enhancement	0.036	0.000	0.000	0.000	0.000	0.036	Lintott, Craig
L1440	Tudor House Museum Phase 1	0.005	0.000	0.000	0.000	0.000	0.005	Matthews, Daniel
L6790	Sections 106 Playing Field Improvement	0.071	0.000	0.000	0.000	0.000	0.071	Dyer-Slade, Tina
L810U	Art in Public Places – Millbrook and Weston	0.017	0.000	0.000	0.000	0.000	0.017	Harris, Michael
L8260	Tudor House Museum Phase 2 Implementation	0.030	0.000	0.000	0.000	0.000	0.030	Matthews, Daniel
L8370	Woolston Library	0.085	0.000	0.000	0.000	0.000	0.085	Francis, Linda
L1011	Westgate & Tudor Water Ingress	0.024	0.000	0.000	0.000	0.000	0.024	Lasky, Lisa
L1013	Gamma Data System	0.006	0.000	0.000	0.000	0.000	0.006	Lasky, Lisa
L1015	SeaCity Treasure Trove	0.000	0.700	0.000	0.000	0.000	0.700	Lasky, Lisa
L6792	Outdoor Sports Centre Improvements	0.485	0.000	0.000	0.000	0.000	0.485	Dyer-Slade, Tina
L1014	Arts Gallery Improvements	0.100	0.400	0.000	0.000	0.000	0.500	Lasky, Lisa
Total Programme		0.899	1.100	0.000	0.000	0.000	1.999	

Sources of Finance

Council Resources	0.196	0.700	0.000	0.000	0.000	0.896
Contributions	0.573	0.000	0.000	0.000	0.000	0.573
Other Grants	0.030	0.000	0.000	0.000	0.000	0.030
Revenue Funding	0.100	0.400	0.000	0.000	0.000	0.500
Total Programme	0.899	1.100	0.000	0.000	0.000	1.999

EDUCATION & CHILDREN'S SOCIAL CARE

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
E5005	Primary Review P2 - Shirley Warren Primary	0.075	0.000	0.000	0.000	0.000	0.075	Floyd, Colin
E5011	Primary Review P2 - Fairisle Infant & Nursery	0.007	0.000	0.000	0.000	0.000	0.007	Floyd, Colin
E5017	Primary Review P2 - Valentine Junior School	0.345	0.000	0.000	0.000	0.000	0.345	Floyd, Colin
E5018	Primary Review P2 - Sholing Junior	0.133	0.000	0.000	0.000	0.000	0.133	Floyd, Colin
E5019	Primary Review P2 - Tanners Brook Junior	0.060	0.000	0.000	0.000	0.000	0.060	Floyd, Colin
E5020	Primary Review P2 - Fairisle Junior	1.186	0.000	0.000	0.000	0.000	1.186	Floyd, Colin
E5022	Primary Review Contingency	0.027	0.000	0.000	0.000	0.000	0.027	Mullan, Nigel
E5027	Expansion of St Johns Primary & Nursery	0.023	0.000	0.000	0.000	0.000	0.023	Hards, Richard
E5030	Portswood Primary Expansion	0.314	0.000	0.000	0.000	0.000	0.314	Floyd, Colin
E5031	Bitterne Manor Primary Expansion	0.012	0.000	0.000	0.000	0.000	0.012	Floyd, Colin
E5037	Springwell School - Main Expansion 15/16	8.102	1.170	0.000	0.000	0.000	9.272	Hards, Richard
E5039	Remedial works at Sholing - spring well intake 2015	0.007	0.000	0.000	0.000	0.000	0.007	Mullan, Nigel
E5041	Springhill Primary Academy School one modular building	0.145	0.000	0.000	0.000	0.000	0.145	Mullan, Nigel
E5044	St Monica (bulge class)	0.093	0.000	0.000	0.000	0.000	0.093	Floyd, Colin
E5046	Thornhill Expansion	0.030	0.000	0.000	0.000	0.000	0.030	Mullan, Nigel
E5047	PSBP Valentine and St Denys	0.553	0.000	0.000	0.000	0.000	0.553	Mullan, Nigel
E7203	Health and Safety Capital	0.200	0.000	0.000	0.000	0.000	0.200	Moore, Michael
E7205	Solar PV Resources Project	0.102	0.000	0.000	0.000	0.000	0.102	Mullan, Nigel
E7206	Renewable Heat Incentive	0.005	0.000	0.000	0.000	0.000	0.005	Davies, Ian
E7209	Chamberlayne Capital Maintenance	0.031	0.000	0.000	0.000	0.000	0.031	Hards, Richard
E7217	R&M Planned Programme 14-15	0.677	0.000	0.000	0.000	0.000	0.677	Floyd, Colin
E7218	R&M Planned Programme 16-17	6.200	0.000	0.000	0.000	0.000	6.200	Floyd, Colin
E7220	Early Years Expansion Programme	0.388	0.000	0.000	0.000	0.000	0.388	Moore, Michael
E7221	Early Years Expansion	1.050	0.000	0.000	0.000	0.000	1.050	Moore, Michael
E8160	ICT Harnessing Technology Grant	0.006	0.000	0.000	0.000	0.000	0.006	Taylor, Nicholas
E8185	Civil Service Sports Ground	0.075	0.000	0.000	0.000	0.000	0.075	Mullan, Nigel
E9022	Schools Access Initiative	0.005	0.000	0.000	0.000	0.000	0.005	Moore, Michael
E9061	Mayfield Academy	0.029	0.000	0.000	0.000	0.000	0.029	Mullan, Nigel
E9062	Lordshill Academy	0.219	0.000	0.000	0.000	0.000	0.219	Mullan, Nigel
E9093	Increased Places at St Mary's Primary - Phase 2	0.004	0.000	0.000	0.000	0.000	0.004	Floyd, Colin
E9117	Asbestos Removal	0.012	0.000	0.000	0.000	0.000	0.012	Moore, Michael
E9121	Bitterne Park Secondary Building programme -planning contributio	0.197	0.000	0.000	0.000	0.000	0.197	Hards, Richard
E9122	Bitterne Park Autism Resource Base	0.150	0.000	0.000	0.000	0.000	0.150	Hards, Richard
E9130	Building for Excellence	1.000	0.000	0.000	0.000	0.000	1.000	Mullan, Nigel
E9131	Health & Safety Programme	0.223	0.000	0.000	0.000	0.000	0.223	Moore, Michael
E9133	Schools Access Initiative	0.300	0.000	0.000	0.000	0.000	0.300	Moore, Michael
E9140	Asbestos	0.495	0.000	0.000	0.000	0.000	0.495	Moore, Michael
NEW	Schools Programme	0.500	9.500	0.000	0.000	0.000	10.000	Mullan, Nigel
	Radstock Road-Loft Conversion	0.037	0.000	0.000	0.000	0.000	0.037	Mullan, Nigel
Total Programme		23.017	10.670	0.000	0.000	0.000	33.687	

Sources of Finance

Council Resources	9.068	10.670	0.000	0.000	0.000	19.738
Central Govt Grants	13.949	0.000	0.000	0.000	0.000	13.949

Total Programme

23.017	10.670	0.000	0.000	0.000	33.687
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E&T - CITY SERVICES

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
C2921	Weekly Collection Support Scheme	0.010	0.000	0.000	0.000	0.000	0.010	Williams, Gale
E3001	Houndwell Park Play Area	0.007	0.000	0.000	0.000	0.000	0.007	Yeats, Nicholas
E3011	Deep Dene Play Area	0.009	0.000	0.000	0.000	0.000	0.009	Hill, Tony
E3013	The Common Play Area	0.553	0.000	0.000	0.000	0.000	0.553	Hill, Tony
J333B	Central Depot Development	0.071	0.000	0.000	0.000	0.000	0.071	Cooper, Malcolm
J426L	Southampton Common	0.091	0.000	0.000	0.000	0.000	0.091	Yeats, Nicholas
J4310	Deep Dene Improvements	0.003	0.000	0.000	0.000	0.000	0.003	Brown, Clifford
J4440	Sports Centre Water Supply Upgrade	0.014	0.000	0.000	0.000	0.000	0.014	Brown, Clifford
J4450	Riverside Park Pitch & Putt Irrigation System Upgrade	0.050	0.000	0.000	0.000	0.000	0.050	Brown, Clifford
J4480	Green Park	0.002	0.000	0.000	0.000	0.000	0.002	Brown, Clifford
J4490	Hum Hole	0.040	0.000	0.000	0.000	0.000	0.040	Brown, Clifford
J4500	Lordsdale Greenway	0.005	0.000	0.000	0.000	0.000	0.005	Brown, Clifford
J4520	Riverside Park	0.034	0.000	0.000	0.000	0.000	0.034	Brown, Clifford
J4540	Sullivan Recreation Ground	0.002	0.000	0.000	0.000	0.000	0.002	Brown, Clifford
J4560	Westwood Greenway	0.003	0.000	0.000	0.000	0.000	0.003	Brown, Clifford
J4570	Mayfield Park Improvements	0.023	0.000	0.000	0.000	0.000	0.023	Brown, Clifford
J8100	Mobile Working for P & C Frontline	0.007	0.000	0.000	0.000	0.000	0.007	Horton, John
J814B	St James Park - Implementation	0.002	0.000	0.000	0.000	0.000	0.002	Yeats, Nicholas
J4610	City Pride - Improvements to Queens Park	0.112	0.000	0.000	0.000	0.000	0.112	Brown, Clifford
J8290	Realignment of Park Walk Entrance to East Park	0.029	0.000	0.000	0.000	0.000	0.029	Brown, Clifford
E3027	Adey Close Play Area	0.005	0.000	0.000	0.000	0.000	0.005	Hill, Tony
E3029	Cedar Lodge Play Area	0.013	0.000	0.000	0.000	0.000	0.013	Hill, Tony
J4630	Shoreburs Greenway Footpath Improvement Project	0.004	0.000	0.000	0.000	0.000	0.004	McCulloch, Lindsey
E3033	Masefield Green Play Area	0.009	0.000	0.000	0.000	0.000	0.009	Hill, Tony
E3035	Newtown Adventure Playground	0.020	0.000	0.000	0.000	0.000	0.020	Hill, Tony
E3037	St James Park Play Area	0.037	0.000	0.000	0.000	0.000	0.037	Hill, Tony
E3038	Sullivan Recreation Ground Play Area	0.008	0.000	0.000	0.000	0.000	0.008	Hill, Tony
E3030	Green Lane Copse/Watts Close Play Area	0.004	0.000	0.000	0.000	0.000	0.004	Hill, Tony
E3031	Lamberhurst Close / Ropley Close Play Area	0.010	0.000	0.000	0.000	0.000	0.010	Hill, Tony
E3034	Mayfield Park Play Area	0.250	0.000	0.000	0.000	0.000	0.250	Hill, Tony
J4632	Portswood Entrance Improvements	0.049	0.000	0.000	0.000	0.000	0.049	Brown, Clifford
E3036	Octavia Road Play Area	0.020	0.000	0.000	0.000	0.000	0.020	Hill, Tony
C2922	Alternate Weekly Collection (AWC)	0.223	0.000	2.650	0.000	0.000	2.873	Williams, Gale
Total Programme		1.719	0.000	2.650	0.000	0.000	4.369	

Sources of Finance

Council Resources	0.520	0.000	2.650	0.000	0.000	3.170
Central Govt Grants	0.010	0.000	0.000	0.000	0.000	0.010
Other Grants	0.002	0.000	0.000	0.000	0.000	0.002
Revenue Funding	0.223	0.000	0.000	0.000	0.000	0.223
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Total Programme	1.719	0.000	2.650	0.000	0.000	4.369

FINANCE

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
M9710	Accommodation Strategy Action Programme (ASAP)	0.254	0.000	0.000	0.000	0.000	0.254	Verner, Andrew
P5100	Desktop Refresh Programme	0.553	0.030	0.270	0.300	0.000	1.153	Bendall, Tony
P5120	Works to Enable Accommodation Strategy	0.260	0.000	0.000	0.000	0.000	0.260	Verner, Andrew
P5140	Customer Portal	0.028	0.000	0.000	0.000	0.000	0.028	Bendall, Tony
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Total Programme		1.095	0.030	0.270	0.300	0.000	1.695	

Sources of Finance

Council Resources	0.686	0.000	0.000	0.000	0.000	0.686
Revenue Funding	0.409	0.030	0.270	0.300	0.000	1.009
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Total Programme	1.095	0.030	0.270	0.300	0.000	1.695

HEALTH & ADULT SOCIAL CARE

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
R9330	National Care Standards and H&S Work	0.026	0.000	0.000	0.000	0.000	0.026	Tracy Flint
R9340	Replacement of Appliances and Equipment	0.036	0.000	0.000	0.000	0.000	0.036	Tracy Flint
R9700	Common Assessment Framework	0.004	0.000	0.000	0.000	0.000	0.004	Frankcom, Alan
R9720	Residential Homes fabric furnishing CQC	0.012	0.000	0.000	0.000	0.000	0.012	Tracy Flint
R1100	S106 - Centenary Quay	0.111	0.000	0.000	0.000	0.000	0.111	Simon Mackie
R9777	Integrated Working	0.276	0.000	0.000	0.000	0.000	0.276	Sharon Whitaker
R9600	Telecare Equipment	0.500	0.500	0.500	0.500	0.000	2.000	Jean Brown
		0.965	0.500	0.500	0.500	0.000	2.465	

Sources of Finance

Council Resources	0.776	0.500	0.500	0.500	0.000	2.276
Capital Receipts	0.002	0.000	0.000	0.000	0.000	0.002
Contributions	0.111	0.000	0.000	0.000	0.000	0.111
Central Govt Grants	0.076	0.000	0.000	0.000	0.000	0.076
Total Programme	0.965	0.500	0.500	0.500	0.000	2.465

HOUSING & SUSTAINABILITY

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
C257F	Civic Centre IT server room	0.078	0.000	0.000	0.000	0.000	0.078	Taylor, Jason
C257G	Lighting Upgrades Salix Works	0.008	0.000	0.000	0.000	0.000	0.008	Taylor, Jason
C257I	Insulation Salix Works	0.004	0.000	0.000	0.000	0.000	0.004	Taylor, Jason
G4310	Green Projects	0.220	0.000	0.000	0.000	0.000	0.220	Zambra, Rosie
G4490	Insulation and Fuel Poverty Initiatives	0.002	0.000	0.000	0.000	0.000	0.002	Zambra, Rosie
G4690	Disabled Facilities Grants Approved in 2015/16	0.029	0.000	0.000	0.000	0.000	0.029	Zambra, Rosie
G4720	HIL/DFG Repayments	0.455	0.000	0.000	0.000	0.000	0.455	Zambra, Rosie
G6430	Support for Estate Regeneration	0.932	0.000	0.000	0.000	0.000	0.932	Bradbury, Mark
G6580	Estate Parking Improvements	0.238	0.000	0.000	0.000	0.000	0.238	Cooper, Aidan
C2440	Priory Road Property Level Protection Scheme	0.186	0.000	0.000	0.000	0.000	0.186	Foulds, Sam
G4730	Disabled Facilities Grants Approved in 2016/17	1.942	0.700	0.000	0.000	0.000	2.642	Zambra, Rosie
G4740	Disabled Facilities Grants Support Costs 2016/17	0.210	0.000	0.000	0.000	0.000	0.210	Zambra, Rosie
Total Programme		4.304	0.700	0.000	0.000	0.000	5.004	

Sources of Finance

Capital Receipts	0.694	0.000	0.000	0.000	0.000	0.694
Contributions	1.260	0.000	0.000	0.000	0.000	1.260
Central Govt Grants	2.350	0.700	0.000	0.000	0.000	3.050
Total Programme	4.304	0.700	0.000	0.000	0.000	5.004

LEADER'S

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
C620Y	QE2 Mile - Bargate Square	0.960	0.000	0.000	0.000	0.000	0.960	Bennett, Wendy
L8200	Southampton New Arts Centre (SNAC)	3.387	0.000	0.000	0.000	0.000	3.387	Low, Jill
L8201	Southampton New Arts Centre - Developer Payments	0.103	0.000	0.000	0.000	0.000	0.103	Low, Jill
M8000	Station Quarter Southside	0.202	0.000	0.000	0.000	0.000	0.202	Bennett, Wendy
M9370	Town Depot	0.187	0.050	0.000	0.000	0.000	0.237	Bennett, Wendy
M9390	Royal Pier	0.306	0.100	0.000	0.000	0.000	0.406	Bennett, Wendy
M9400	Mayflower Park Spitfire Memorial	0.012	0.000	0.000	0.000	0.000	0.012	Bennett, Wendy
M9420	West Quay Phase 3 WWQ	0.455	0.000	0.000	0.000	0.000	0.455	Bennett, Wendy
M942B	West Quay Phase 3 Site B	0.065	0.000	0.000	0.000	0.000	0.065	Bennett, Wendy
M9430	Northern Above Bar Fees - T&G Marketing Fees	0.023	0.000	0.000	0.000	0.000	0.023	Bennett, Wendy
M9480	Fruit & Veg (Disposal)	0.010	0.000	0.000	0.000	0.000	0.010	Bennett, Wendy
M9500	Northern Above Bar - Guildhall Square	0.197	0.000	0.000	0.000	0.000	0.197	Bennett, Wendy
M9830	Feasibility - Major Site Devlpmnt	0.059	0.000	0.000	0.000	0.000	0.059	Bennett, Wendy
M9000	Property Investment Fund	34.064	0.000	0.000	0.000	0.000	34.064	Mark Bradbury
M9100	Business Incubator	1.377	0.000	0.000	0.000	0.000	1.377	Mark Bradbury
M7000	Council Power Company	0.050	0.000	0.000	0.000	0.000	0.050	Mark Bradbury
M6000	Bitterne Public Services Hub	0.300	0.000	0.000	0.000	0.000	0.300	Mark Bradbury
M5000	Hampshire Community Bank	1.000	0.000	0.000	0.000	0.000	1.000	Mark Bradbury
M2000	Solent Credit union Deferred Shares	0.025	0.000	0.000	0.000	0.000	0.025	(blank)
Total Programme		42.782	0.150	0.000	0.000	0.000	42.932	

Sources of Finance

Council Resources	40.979	0.150	0.000	0.000	0.000	41.129
Contributions	0.262	0.000	0.000	0.000	0.000	0.262
Other Grants	1.541	0.000	0.000	0.000	0.000	1.541
Total Programme	42.782	0.150	0.000	0.000	0.000	42.932

TRANSFORMATION

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
T1000	Digital Investment Phase 1	0.056	0.000	0.000	0.000	0.000	0.056	Davis, Rebecca
T1001	Digital Investment Phase 2	1.254	0.000	0.000	0.000	0.000	1.254	Davis, Rebecca
T1002	Digital Investment Phase 3	3.000	0.000	0.000	0.000	0.000	3.000	Davis, Rebecca
Total Programme		4.310	0.000	0.000	0.000	0.000	4.310	

Sources of Finance

Council Resources	0.056	0.000	0.000	0.000	0.000	0.056
Capital Receipts	4.254	0.000	0.000	0.000	0.000	4.254
Total Programme	4.310	0.000	0.000	0.000	0.000	4.310

ENVIRONMENT & TRANSPORT

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
C2100	Purchase of Vehicles	1.061	0.090	0.100	0.000	0.000	1.251	Wheeler, Paul
C240E	Itchen Masterplan	0.003	0.000	0.000	0.000	0.000	0.003	Fox, Sam
C2410	Mobile Working	0.048	0.000	0.000	0.000	0.000	0.048	Ferris, Neil
C273C	Itchen Bridge Toll Automation Delivery Supervision	0.014	0.000	0.000	0.000	0.000	0.014	Zambra, Rosie
C550G	Improved Safety 2015/16 - Engineering	0.002	0.000	0.000	0.000	0.000	0.002	Churcher, Greg
C550H	Improved Safety - Engineering	0.355	0.000	0.000	0.000	0.000	0.355	Churcher, Greg
C7112	Road Safety Partnership	0.032	0.000	0.000	0.000	0.000	0.032	Churcher, Greg
C7131	Cycling	1.142	0.575	0.450	0.450	0.000	2.617	Bostock, Dale
C713S	Cycle Network Improvements	0.062	0.000	0.000	0.000	0.000	0.062	Bostock, Dale
C7141	Public Transport	0.349	0.290	0.290	0.290	0.000	1.219	Bousted, Pete
C7151	Improved Safety	0.072	0.206	0.200	0.200	0.000	0.678	Churcher, Greg
C7161	Travel to School	0.232	0.196	0.134	0.134	0.000	0.696	Tuck, Neil
C716M	Workplace Travel Plan Measures	0.052	0.018	0.000	0.000	0.000	0.070	Tuck, Neil
C716N	School Travel Plan Measures	0.061	0.000	0.000	0.000	0.000	0.061	Tuck, Neil
C7171	Accessibility	0.250	0.250	0.250	0.250	0.000	1.000	Bousted, Pete
C717C	District Schemes Programme	0.005	0.000	0.000	0.000	0.000	0.005	Alderson, Richard
C717N	Estate Regeneration - Transport Policy Contribution	0.076	0.000	0.000	0.000	0.000	0.076	Bousted, Pete
C717S	Station Boulevard	0.102	0.000	0.000	0.000	0.000	0.102	Bousted, Pete
C717T	Local Transport Improvement Fund	0.598	0.000	0.000	0.000	0.000	0.598	Bousted, Pete
C717U	Albert Road North Study	0.007	0.000	0.000	0.000	0.000	0.007	Steane, Ian
C7181	ITS	0.963	0.800	0.800	0.800	0.000	3.363	Bousted, Pete
C718D	CCTV Cameras	0.008	0.000	0.000	0.000	0.000	0.008	Perris, Colin
C718F	LTP Monitoring	0.066	0.000	0.000	0.000	0.000	0.066	Alderson, Richard
C718H	Network Capacity Improvements	0.050	0.000	0.000	0.000	0.000	0.050	Churcher, Greg
C718S	Redbridge Roundabout Junction Improvements	0.000	0.294	0.000	0.000	0.000	0.294	Bousted, Pete
C718T	Urban Freight Strategy - Delivery Service Plans	0.055	0.000	0.000	0.000	0.000	0.055	Tuck, Neil
C718U	Upper Shirley High Street	0.042	0.000	0.000	0.000	0.000	0.042	Churcher, Greg
C718V	Hospital Access Improvements	0.180	0.000	0.000	0.000	0.000	0.180	Bostock, Dale
C718W	Thomas Lewis Way/Stoneham Lane	0.106	0.000	0.000	0.000	0.000	0.106	Churcher, Greg
C718X	Electric Vehicle Action Plan	1.187	0.000	0.000	0.000	0.000	1.187	Churcher, Greg
C718Y	C-ITS Bluetooth	0.110	0.000	0.000	0.000	0.000	0.110	Steane, Ian
C718Z	Motor Cycle Parking	0.022	0.000	0.000	0.000	0.000	0.022	Churcher, Greg
C719B	Essential Highways Minor Works	0.050	0.000	0.000	0.000	0.000	0.050	Perris, Colin
C719D	Pothole Action Fund	0.141	0.080	0.000	0.000	0.000	0.221	Perris, Colin
C719E	Cycleway Maintenance	0.500	0.500	0.000	0.000	0.000	1.000	Perris, Colin
C723B	Major Cycle Route Signage	0.033	0.000	0.000	0.000	0.000	0.033	Bostock, Dale
C723H	Western Cycle Route Phases 2&3	0.400	0.000	0.000	0.000	0.000	0.400	Bostock, Dale
C723J	Eastern strategic cycle route development	0.106	0.000	0.000	0.000	0.000	0.106	Bostock, Dale
C723K	Northern strategic cycle route development	0.141	0.000	0.000	0.000	0.000	0.141	Bostock, Dale
C723L	Cycle parking at key locations	0.012	0.000	0.000	0.000	0.000	0.012	Bostock, Dale
C723M	Bitterne Precinct Access Scheme	0.050	0.000	0.000	0.000	0.000	0.050	Bostock, Dale
C723N	Bitterne Park Triangle	0.185	0.000	0.000	0.000	0.000	0.185	Bostock, Dale
C724B	Bus Lane & Traffic Enforcement	0.021	0.000	0.000	0.000	0.000	0.021	Churcher, Greg
C724D	Bus Corridor Minor Works	0.341	0.022	0.000	0.000	0.000	0.363	Churcher, Greg
C772A	Millbrook Roundabout Highway Capacity Improvements	0.428	0.000	0.000	0.000	0.000	0.428	Bousted, Pete
C774A	Northam Rail Bridge Replacement and corridor improvements	0.050	0.000	0.000	0.000	0.000	0.050	Bousted, Pete
C777C	B2P Northam River Bridge	0.034	0.000	0.000	0.000	0.000	0.034	Bradbury, Mark
C777E	b2P - Vicarage Bridge	0.035	0.000	0.000	0.000	0.000	0.035	Bradbury, Mark
C791H	Other Bridge Works	1.127	0.450	0.000	0.000	0.000	1.577	Bradbury, Mark
C791U	Northam River Bridge Containment	0.200	0.000	0.000	0.000	0.000	0.200	Bradbury, Mark
C7921	Principal Roads	1.056	1.000	0.000	0.000	0.000	2.056	Perris, Colin
C8000	Classified Roads	1.512	0.500	0.000	0.000	0.000	2.012	Perris, Colin
C806X	Scrim lead projects (Various)	0.040	0.000	0.000	0.000	0.000	0.040	Perris, Colin
C808M	Bitterne Road West (Athelstan Road to Rampart Road)	0.087	0.000	0.000	0.000	0.000	0.087	Perris, Colin
C808N	Bitterne Road West (Outside 509 to outside 693)	0.090	0.000	0.000	0.000	0.000	0.090	Perris, Colin
C808P	West Quay Road (Mayflower Roundabout to Southern Road)	0.515	0.000	0.000	0.000	0.000	0.515	Perris, Colin
C809A	Millbrook Roundabout Detailed Design	3.758	3.745	0.000	0.000	0.000	7.503	Perris, Colin
C8100	Unclassified Roads	3.863	1.420	0.000	0.000	0.000	5.283	Perris, Colin
C816C	Footways - Various Treatments	1.000	0.500	0.000	0.000	0.000	1.500	Perris, Colin
C818R	Rother Dale Investigation	0.012	0.000	0.000	0.000	0.000	0.012	Perris, Colin
C818S	Footways Improvements - Kathleen Road	0.012	0.000	0.000	0.000	0.000	0.012	Perris, Colin
C818Z	Bitterne Precinct Public Realm Works	0.414	0.000	0.000	0.000	0.000	0.414	Perris, Colin
C820A	Highways Drainage Investigations	0.138	0.124	0.000	0.000	0.000	0.262	Perris, Colin
C825B	Burgess Road (Approach to Bassett Ave / The Avenue)	0.072	0.000	0.000	0.000	0.000	0.072	Perris, Colin
C826P	Portswood Road (Grosvenor Road to outside Waggoners Arms PH)	0.018	0.000	0.000	0.000	0.000	0.018	Perris, Colin
C826Q	Bath Road (Bursledon Road to Bitterne Road East)	0.019	0.000	0.000	0.000	0.000	0.019	Perris, Colin
C826S	Stoneham lane (Bassett Green Road to Channel farm Road)	0.026	0.000	0.000	0.000	0.000	0.026	Perris, Colin
C826T	Butts Road (Shooters Hill Close to outside Butts Crescent)	0.272	0.000	0.000	0.000	0.000	0.272	Perris, Colin
C826U	Mousehole lane (Witts Hill to West End Road roundabout)	0.007	0.000	0.000	0.000	0.000	0.007	Perris, Colin
C826V	Botley Road (Portsmouth Road to Bursledon Road)	0.022	0.000	0.000	0.000	0.000	0.022	Perris, Colin
C826W	Cobden Avenue (Midanbury lane to outside 50 Cobden Avenue)	0.009	0.000	0.000	0.000	0.000	0.009	Perris, Colin
C826X	Athelstan Road (Cross Road to outside 5 Athelstan Road)	0.025	0.000	0.000	0.000	0.000	0.025	Perris, Colin
C826Y	Woodmill Lane (Oliver Road to approach to Thomas Lewis Way)	0.064	0.000	0.000	0.000	0.000	0.064	Perris, Colin
C828G	West Marlands Road Slab Repairs	0.012	0.000	0.000	0.000	0.000	0.012	Perris, Colin
		24.209	11.060	2.224	2.124	0.000	39.617	

ENVIRONMENT & TRANSPORT

Scheme No.	Description	Forecast 2017/18 £M	Forecast 2018/19 £M	Forecast 2019/20 £M	Forecast 2020/21 £M	Forecast 2021/22 £M	Total £M	Project Manager
C829Q	Fullerton Close (part)	0.010	0.000	0.000	0.000	0.000	0.010	Perris, Colin
C829S	Culver Close	0.026	0.000	0.000	0.000	0.000	0.026	Perris, Colin
C829T	Janson Road	0.120	0.000	0.000	0.000	0.000	0.120	Perris, Colin
C829U	Studland Close	0.033	0.000	0.000	0.000	0.000	0.033	Perris, Colin
C829V	Trent Close	0.027	0.000	0.000	0.000	0.000	0.027	Perris, Colin
C829W	Wakefield Road	0.148	0.000	0.000	0.000	0.000	0.148	Perris, Colin
C829X	Brookvale Road	0.020	0.000	0.000	0.000	0.000	0.020	Perris, Colin
C8300	St Lighting	0.061	0.000	0.000	0.000	0.000	0.061	Perris, Colin
C881F	Road Restraint Systems	0.164	0.250	0.000	0.000	0.000	0.414	Perris, Colin
C8900	City Centre Improvements	0.204	0.000	0.000	0.000	0.000	0.204	Boustred, Pete
C890J	Bernard Street, Queensway & Bargate Public Realm	0.027	0.000	0.000	0.000	0.000	0.027	Boustred, Pete
C890S	Guildhall Square Access Improvements	0.030	0.000	0.000	0.000	0.000	0.030	Boustred, Pete
C8911	Platform for Prosperity	0.117	0.000	0.000	0.000	0.000	0.117	Boustred, Pete
C893B	North of Station - Phase 2	0.323	0.000	0.000	0.000	0.000	0.323	Boustred, Pete
C9120	Highways Improvements (Developer)	0.299	0.000	0.000	0.000	0.000	0.299	Perris, Colin
C920A	Highways Maintenance Risk Fund	0.144	0.000	0.000	0.000	0.000	0.144	Perris, Colin
C920B	Highways Maintenance Compensation Event Fund	0.018	0.000	0.000	0.000	0.000	0.018	Perris, Colin
C947J	Emergency Repairs to MSCPs	0.062	0.000	0.000	0.000	0.000	0.062	Zambra, Rosie
C947K	Grosvenor MSCP	0.050	0.000	0.000	0.000	0.000	0.050	Zambra, Rosie
NEW	Millbrook Road West Green Wall	0.100	0.000	0.000	0.000	0.000	0.100	Tuck, Neil
		1.983	0.250	0.000	0.000	0.000	2.233	
Total Programme		26.192	11.310	2.224	2.124	0.000	41.850	

Sources of Finance

Council Resources	3.110	0.090	0.100	0.000	0.000	3.300
Capital Receipts	4.114	2.868	0.000	0.000	0.000	6.982
Contributions	3.382	0.796	0.000	0.000	0.000	4.178
Central Govt Grants	11.836	6.556	2.124	2.124	0.000	22.640
Revenue Funding	3.750	1.000	0.000	0.000	0.000	4.750
Total Programme	26.192	11.310	2.224	2.124	0.000	41.850
Overall General Fund Capital Programme	105.283	24.460	5.644	2.924	0.000	138.311

VARIATIONS SINCE JULY 2017 CAPITAL UPDATE

Portfolio	Scheme	£M	Delegated Approval	Funding Source	Appendix 3 Ref.
<u>Additions to the Programme</u>					
Education & Childrens Social Care	Springhill School Temporary Classroom	0.14	**	Government Grant	ECSC1
Leader's	Town Depot	1.15	**	Contributions	LD2
Transport	Cycling Improvements	0.11	**	Contributions (S106)	E&T3
	Congestion Reduction	0.10	**	Contributions (S106)	E&T4
	Sustainable Travel	0.02	**	Contributions (S106)	E&T5
	TOTAL	1.52			
<u>Reductions from the Programme</u>					
E&T - City Services	Lordsdale Greenway	(0.06)	**	Government Grant/Council Resources	CS1
Leader's	Station Quarter Southside	(1.15)	**	Contributions	LD1
	TOTAL	(1.21)			
Total Variations to the Overall Programme		0.31			

** - Approved under Delegated Powers

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KEY ISSUES – QTR 1

COMMUNITIES, CULTURE & LEISURE PORTFOLIO

The portfolio programme currently totals **£2.00M**. This can be compared to the previous reported programme position of **£2.00M** resulting in nil movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£M	£M	£M	£M	£M	£M
Programme at last report	0.90	1.10	0.00	0.00	0.00	2.00
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	0.90	1.10	0.00	0.00	0.00	2.00

The forecast position of the revised 2017/18 programme is **£1.10M** which represents a £0.20 overspend.

PROGRAMME CHANGES

FORECAST CHANGES

CCL1 – Woodmill Outdoor Activity Centre (£0.19M overspend)

The Woodmill Outdoor Activity centre budget of £0.19M to be funded by council resources. Following concerns over the condition of the tidal wall, inspections show that if repairs are not made then parts of the wall will collapse into the river. This is a health and safety issue, the project is to undertake remedial repairs to a large part of the wall under controlled conditions. The project will be added to the programme under delegated powers following CCB recommendation.

CCL2 - Lordshill Community Hall overspend (£0.01M overspend)

There is an overspend of £0.01M on Lordshill Community Hall project. The payment in 2017/18 was for the retention payment which was not anticipated.

KEY ISSUES – QTR 1

EDUCATION & CHILDRENS SOCIAL CARE PORTFOLIO

The portfolio programme currently totals **£33.69M**. This can be compared to the previous reported programme position of **£33.55M**, resulting in a £0.14M overall movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£M	£M	£M	£M	£M	£M
Programme at last report	22.88	10.67	0.00	0.00	0.00	33.55
Approvals since last report	0.14	0.00	0.00	0.00	0.00	0.14
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	23.02	10.67	0.00	0.00	0.00	33.69

The forecast position of the revised 2017/18 programme is **£14.26M** which represents an **£8.76M** underspend.

PROGRAMME CHANGES

APPROVAL SINCE LAST REPORT

ECSC 1 –Springhill School (£0.14M addition in 2017/18)

There has been addition of £0.14M in 2017/18, to purchase a temporary bulge classroom for Springhill School.

FORECAST CHANGES

ECSC 2 –Springwell School – Main Expansion (Slippage of £4.31M from 2017/18 to 2018/19)

Completion of the phase 1 works on site has been delayed(due to variations in sequence of works, to be in agreement with this SEN schools requirements for noise and disturbance to pupils) and completion of phase 1 is now forecast for July 24th 2017. Phase 2 planning application now submitted. Design progressing with consultant team.

ECSC2 –Repairs & Maintenance for Schools Project (Slippage of £4.45M from 2017/18 to 2018/19)

The programme able to be resourced and delivered this year is estimated to cost £2.43M. This will be a significant increase in that achieved in previous years despite a further reduction in design resources available. However the impact on resources following transfer of the service and uncertainty over the reorganisation has restricted the number of projects able to be planned for the summer holiday period available to avoid disruption to the school during term time.

KEY ISSUES – QTR 1

CITY SERVICES PORTFOLIO

The portfolio programme currently totals **£4.37M**. This can be compared to the previous reported programme position of **£4.43M** resulting in £0.06M movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Programme at last report	1.78	0.00	2.65	0.00	0.00	4.43
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes	(0.06)	0.00	0.00	0.00	0.00	(0.06)
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	1.72	0.00	2.65	0.00	0.00	4.37

The forecast position of the revised 2017/18 programme is **£1.85M** which represents a **£0.13M** overspend.

PROGRAMME CHANGES

OTHER CHANGES

CS1 – Lordsdale Greenway (Lordsdale Greenway Stream Realignment) (deletion £0.06M in 2017/18)

The project could not be continued due to technical issue (stream cannot be realigned as there are water sewage pipes along the planned area) and the £0.04M funding from EA (environment agency) will not be forth coming, therefore the project needs to be deleted from the programme. The additional £0.02M was to be funded from Council Resources.

FORECAST CHANGES

CS2 - Shoreburs Greenway Footpath (£0.20M Overspend)

The additional funding of £0.20M is required in 2017/18 to fund the Shoreburs Greenway Footpath project. The £0.15M funding is from a successfully bid of Solent LEP grant and the additional £0.05M is to be funded from CIL. This will be added to the programme under delegated powers following CCB recommendation.

CS3 – Various schemes (£0.06 Underspend)

There is a forecast underspend of £0.02M in Play Area Improvement schemes due to projects completed and £0.04M for Central Depot due to solar panel not a viable option and the manager is in the process of considering options.

KEY ISSUES – QTR 1

FINANCE PORTFOLIO

The portfolio programme currently totals **£1.70M**. This can be compared to the previous reported programme position of **£1.70M** resulting in a **NIL** movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Programme at last report	1.10	0.03	0.27	0.30	0.00	1.70
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	1.10	0.03	0.27	0.30	0.00	1.70

The forecast position of the revised 2017/18 programme is **£0.59M** which represents a £0.51M underspend.

PROGRAMME CHANGES

FORECAST CHANGES

FIN 1 – Works to Enable Accommodation Strategy (£0.26M Underspend)

The remaining works approved under the original ASAP programme are now on hold pending a report from the Head of Capital Assets on the future of the accommodation strategy and the Civic Centre. This will be slipped into 2018/19 as part of the programme update in October.

FIN 2 – Accommodation Strategy Action Programme (ASAP) (£0.25M Underspend)

The remaining works approved under the original ASAP programme are now on hold pending a report from the Head of Capital Assets on the future of the accommodation strategy and the Civic Centre. There is no expenditure in 2017-18 forecast on this scheme in its current form. This will be slipped into 2018/19 as part of the programme update in October.

KEY ISSUES – QTR 1

HEALTH & ADULT SOCIAL CARE PORTFOLIO

The portfolio programme currently totals **£2.46M**. This can be compared to the previous reported programme position of **£2.46M** resulting in a nil movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Programme at last report	0.96	0.50	0.50	0.50	0.00	2.46
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00

New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	0.96	0.50	0.50	0.50	0.00	2.46

The forecast position of the revised 2017/18 programme is **£0.96M** which represents a nil variance.

KEY ISSUES –QTR 1

HOUSING & SUSTAINABILITY PORTFOLIO

The portfolio programme currently totals **£5.00M**. This can be compared to the previous reported programme position of **£5.00M** resulting in a nil movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Programme at last report	4.30	0.70	0.00	0.00	0.00	5.00
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	4.30	0.70	0.00	0.00	0.00	5.00

The forecast position of the revised 2017/18 programme is **£4.24M** which represents a £0.06M underspend.

PROGRAMME CHANGES

FORECAST CHANGES

H&S 1 – Handyperson Service (£0.04M Overspend)

Approval was given to add £0.04M to the programme to fund the Handyperson Service for year 2017/18. The scheme will be funded by the government grant PUSH.

H&S 2 – Disabled Facilities Grants Support Costs (£0.10M Overspend)

£0.10M is forecast to be spent in year 2017/18 in order to reduce the disabled adaptations children's referral waiting list. Approval will be sought to increase the programme to be funded by Right to Buy receipts.

H&S 3 – HIL/DFG Repayments (£0.40M Underspend)

£0.40M of unutilised funding is going to fund the Disabled Facilities Grants project in order to reduce the waiting list for disabled adaptations for children.

H&S 4 – Disabled Facilities Grants – Approved in 2017/18 (£0.20M Overspend)

In order to carry out disabled adaptations in the private sector and to reduce the children's waiting list, additional resources are required. Approval will be sought to increase the scheme by £0.58M to be phased over two years; £0.20M in 2017/18 and £0.38M in year 2018/19. £0.18M will be funded from the DFG allocation from the Better Care Fund and £0.40M will be funded from the HIL/DFG Repayments scheme (G4720).

KEY ISSUES – QTR 1

LEADERS PORTFOLIO

The portfolio programme currently totals **£42.93M**. This can be compared to the previous reported programme position of **£42.93M** resulting in a nil movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£M	£M	£M	£M	£M	£M
Programme at last report	42.83	0.10	0.00	0.00	0.00	42.93
Approvals since last report	(0.05)	0.05	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	42.78	0.15	0.00	0.00	0.00	42.93

The forecast position of the revised 2017/18 programme is **£42.78M** which represents a nil variance.

PROGRAMME CHANGES

APPROVALS SINCE LAST REPORT

LD1 – Station Quarter Southside (£0.15M Decrease in 2017/18)

Approval was given to vire £0.15M from the 2017/18 budget to the Town Depot scheme (M9370).

LD2 – Town Depot (Addition £0.10M in 2017/18 and £0.05M in 2018/19)

Approval was given to increase the Town Depot scheme by £0.15M to be phased over two years; £0.10M in 2017/18 and £0.05M in 2018/19 to cover legal costs that will be required to progress the scheme forward to completion

FORECAST CHANGES

LD3 – Southampton New Arts Complex (Studio 144)

The project team are currently assessing the financial situation and concluding negotiations with contractors. This will be finalised in October and the final position reported to the relevant body at this stage.

KEY ISSUES – QTR 1

TRANSFORMATION PORTFOLIO

The portfolio programme currently totals **£4.31M**. This can be compared to the previous reported programme position of **£4.31M** resulting in a nil movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Programme at last report	4.31	0.00	0.00	0.00	0.00	4.31
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	4.31	0.00	0.00	0.00	0.00	4.31

The forecast position of the revised 2017/18 programme is **£4.31M** which represents a **£0.00M** variance.

KEY ISSUES – QTR 1

TRANSPORT PORTFOLIO

The portfolio programme currently totals **£41.85M**. This can be compared to the previous reported programme position of **£41.62M** resulting in a **£0.23M** movement on the programme.

The changes to the programme are shown in the following summarised table:

	2017/18 £M	2018/19 £M	2019/20 £M	2020/21 £M	2021/22 £M	Total £M
Programme at last report	26.22	11.05	2.22	2.12	0.00	41.62
Approvals since last report	(0.03)	0.26	0.00	0.00	0.00	0.23
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	26.19	11.31	2.22	2.12	0.00	41.85

The forecast position of the revised 2017/18 programme is **£26.19M** which represents a nil movement.

PROGRAMME CHANGES

APPROVALS SINCE LAST REPORT

E&T 1 – Cycling Improvements (Rephasing of £0.03M from 2018/19 to 2017/18)

A DDN was approved to rephase £0.03M from 2018/19 to 2017/18 on the Southern Road project within the Cycling Improvements scheme - funded by site specific section 106 monies. This will provide additional improvements on the upgraded cycle route from Southampton Central Station (south side) to the Port of Southampton, Western Docks at Dock Gate 10 on Southern Road. The re-phasing enables an increased commitment from Southampton City Council in the delivery of its cycle infrastructure improvements as set out in the adopted Cycling Strategy and 3 year implementation plan.

E&T 2 – City Centre Improvements Redbridge (slippage of £0.29M from 2017/18 to 2018/19)

A DDN was approved to slip £0.29M from 2017/18 to 2018/19 on the Redbridge Roundabout Junction Improvements project within the City Centre Improvements Redbridge scheme - funded by LTP Government Grant. This is due to the project now being programmed for delivery in 2018/19. This slippage is SCC match funding towards the £10M Highways England (HE) investment in highway capacity improvements at the Redbridge Roundabout. This is a key transport funding investment for the city which will deliver a major improvement to the SCC highway network. HE will commence works in March 2018 and the release of the SCC contribution will be upon completion of the project in autumn 2018.

E&T 3 – Cycling Improvements (Addition of £0.11M to 2017/18)

A DDN was approved to add £0.03M in 2017/18 on the Quiet Ways Cycle Routes project within the Cycling Improvements scheme – funded by site specific section 106 monies. This will help to design, develop and implement a suite of measures for the first year of the Quiet Ways programme, within the Cycle Delivery Plan 2017-2020. Quiet Ways will provide pleasant and well signed, safe, alternative cycle routes along quieter local roads through neighbourhoods. Also, to add £0.08M in 2017/18 on the Bitterne Park Triangle

project within the Cycling Improvements scheme – funded by site specific section 106 monies. This will deliver improved pedestrian and cycle access with a crossing at the Triangle.

E&T 4 – Congestion Reduction (Addition of £0.10M to 2017/18)

A DDN was approved to add £0.10M in 2017/18 on the Hospital Access Improvements, Coxford Road project within the Congestion Reduction scheme - funded by site specific section 106 monies. This will help to continue to deliver junction improvements around the Hospital entrance at peak visiting times and provide an access lane to the Hospital to prevent traffic queuing on Coxford Road and blocking the through passage of other vehicles.

E&T 5 – Sustainable Travel (Addition of £0.02M to 2017/18)

A DDN was approved to add £0.02M in 2017/18 on the STP - Mount Pleasant School project within the Sustainable Travel scheme - funded by site specific section 106 monies. This will deliver support the transport planning measures planned outside the school.

KEY ISSUES – QTR 1

HOUSING REVENUE ACCOUNT

The portfolio programme currently totals **£181.97M**. This can be compared to the previous reported programme position of **£181.97** resulting in a nil movement in the programme.

The changes to the programme are shown in the following summarised table:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£M	£M	£M	£M	£M	£M
Programme at last report	65.99	42.08	32.85	41.05	0.00	181.97
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	0.00	0.00	0.00	0.00	0.00	0.00
Programme Total	65.99	42.08	32.85	41.05	0.00	181.97

The forecast position of the revised 2017/18 programme is **£59.01M** which represents a £6.98M variance.

PROGRAMME CHANGES

FORECAST CHANGES

Estate Regeneration and New Build

HRA 1 – Estate Regeneration - Woodside / Wimpson (£5.25M Underspend)

Slippage has been identified from the work flow planning schedule submitted by the newly appointed supplier following a tender exercise. The main activity on this scheme is not scheduled to start before January 2018. Therefore approval will be sought as part of the October update to slip the budget into 2018/19.

Well Maintained Communal Facilities

HRA 2 – Future Decent Neighbourhoods Schemes. (£0.90M Underspend)

Slippage has arisen following the need for further testing to check the suitability of potential projects that have been identified as meeting the objectives of this scheme. Further delays have also arisen from difficulties experienced in appointing landscape architects with the right experience to assist with developing proposed schemes. Therefore approval will be sought as part of the October update to slip the budget into 2018/19.

HRA 3 – Roads/Paths/Hard Standing. (£0.30M Underspend)

Slippage is due to an ongoing contractual issue with the supplier over additional costs being proposed for several projects within these works. Clarification is being sought over which works are covered by the existing retainer. Therefore approval will be sought as part of the October update to slip the budget into 2018/19.

HRA 4 – THP Phase 2 MacArthur/Vanguard. (£0.15M Underspend)

Slippage on this scheme has been caused by difficulties in appointing sufficiently experienced landscape architects to assist in the development of proposed schemes. This is causing a delay on the commencement of this scheme. Therefore approval will be sought as part of the October update to slip the budget into 2018/19.

HRA 5 – Decent Neighbourhoods: Cuckmere Lane. (£0.37M Underspend)

Slippage on this scheme has been caused by delays in completing the tender documentation following the discovery of issues with drains on the site which need to be resolved before the tender can be completed and published. Therefore approval will be sought as part of the October update to slip the budget into 2018/19.

Agenda Item 8

Appendix 4

FORECAST SLIPPAGE & REPHASING AS AT JUNE 2017 CAPITAL UPDATE

Portfolio	Scheme	Appendix 3 Reference	(Slippage)/ Rephasing £M
Education & Childrens Social Care	Springwell School	ECSC1	(4.31)
	Schools R&M	ECSC2	(4.45)
Finance	Works to Enable Accomodation Strategy	FIN1	(0.26)
	Accomodation Strategy Acation Plan	FIN2	(0.25)
HRA	Estate Regeneration - Woodside/Wimpson	HRA1	(5.25)
	Decent Neighbourhoods	HRA2	(0.90)
	Roads/Paths/Hard Standings	HRA3	(0.30)
	THP Phase 2 MacArthur/Vanguard	HRA4	(0.15)
	Decent Neighbourhoods - Cuckmere Lane	HRA5	(0.37)
	Other minor schemes		(0.01)
			<u><u>(16.25)</u></u>

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Agenda Item 8

Appendix 5

2017/18 FORECAST VARIANCES as at JUNE 2017

Portfolio	Ref (see Appendix 3)	Scheme	Forecast (Under)/ Overspend £M	
Communities, Culture & Leisure	CCL1	Woodmill Outdoor Activity Centre	0.19	*
	CCL2	Lordshill Community Hall	0.01	
	Communities, Culture & Leisure Total		0.20	
E&T - City Services	CS2	Shoreburs Greenway Footpath	0.20	*
	CS3	Various Scheme	(0.07)	
	E&T - City Services Total		0.13	
Housing & Sustainability	H&S1	Handyperson Service	0.04	
	H&S2	Disabled Facilities Grant Support Costs	0.10	
	H&S3	HIL/DFG Repayments	(0.40)	
	H&S4	Disabled Facilities Grant 17/18	0.20	
Housing & Sustainability Total		(0.06)		
Total		0.27		

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DECISION-MAKER:	CABINET		
SUBJECT:	CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF JUNE 2017		
DATE OF DECISION:	15 AUGUST 2017		
REPORT OF:	CABINET MEMBER FOR FINANCE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Sue Cuerden	Tel: 023 8083 4153
	E-mail:	Sue.Cuerden@southampton.gov.uk	
Chief Financial Officer:	Name:	Mel Creighton	Tel: 023 8083 4897
	E-mail:	Mel.Creighton@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY

This report summarises the General Fund and Housing Revenue Account (HRA) revenue financial position for the Authority for the three months to the end of June 2017, and highlights any key issues by Portfolio which need to be brought to the attention of Cabinet.

RECOMMENDATIONS:

General Fund

It is recommended that Cabinet:

- i) Note the current General Fund revenue position for 2017/18 as at June 2017, which is a forecast overspend at year end of £5.36M against the working budget, as outlined in paragraph 3.
- ii) Note that the forecast overspend for portfolios is £5.36M as outlined in paragraph 4.
- iii) Note the actions and assumptions being put in place to address the overspend position as described in paragraphs 5 to 11.
- iv) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2017/18 as detailed in paragraphs 12 to 19.
- v) Note the Key Financial Risk Register as detailed in Appendix 1.
- vi) Note the performance against the financial health indicators detailed in Appendix 2.
- vii) Note the performance outlined in the Treasury Management update on benchmarking, prudential indicators and financial outlook in paragraphs 32 to 33 and attached as Appendix 3.
- viii) Note the performance outlined in the Quarterly Collection Fund

Statement attached as Appendix 4.

Housing Revenue Account

It is recommended that Cabinet:

- ix) Note the current HRA budget monitoring position for 2017/18, as at June 2017. There is a forecast overspend at year end of £0.20M against the working budget as outlined in paragraphs 33 to 35.

REASONS FOR REPORT RECOMMENDATIONS

1. To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not Applicable.

DETAIL (including consultation carried out)

FINANCIAL POSITION

3. Table 1 sets out the financial summary for the General Fund. This financial summary details the current budget against forecast expenditure and the subsequent variance. The current forecast outturn position shows a £5.36M overspend. An explanation of these variances is found in paragraphs 4 to 11.

Table 1 – General Fund Position

	Current Budget 2017/18 £M	Forecast 2017/18 £M	Forecast Variance £M
Portfolios			
Communities, Culture & Leisure	4.63	4.62	0.01 F
Education & Children's Social Care	42.32	42.04	0.28 F
Environment & Transport	21.81	21.91	0.09 A
Finance Portfolio	23.81	24.07	0.26 A
Health & Sustainable Living	(5.15)	(5.17)	0.01 F
Housing & Adult Care	62.80	68.36	5.56 A
Leader's Portfolio	11.05	10.80	0.26 F
Transformation Projects	0.00	(0.00)	0.00 F
Total Portfolios	161.27	166.63	5.36 A
Levies & Contributions	0.63	0.63	0.00
Capital Asset Management	29.70	29.70	0.00
Other Expenditure & Income	(12.71)	(12.71)	0.00
Net Revenue Expenditure	178.89	184.25	5.36 A
Funded By:			
Draw from Balances	0.00	0.00	0.00
Council Tax	(92.58)	(92.58)	0.00
Business Rates	(47.91)	(47.91)	0.00
Non-Specific Government Grants & Other Funding	(38.40)	(38.40)	0.00
Total Funding	(178.89)	(178.89)	0.00

(SURPLUS)/DEFICIT	0.00	5.36	5.36 A
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Explanation of Variances

4. There is a forecast overspend on Portfolio of £5.36M. The significant issues regarding each portfolio are detailed in the following paragraphs.
5. Communities, Culture and Leisure £0.01M Favourable
There is a minor underspend within Leisure and Heritage as a result of vacant posts.
6. Education & Children's Social Care £0.28M Favourable

Childrens Social Care

Children's social care are still continuing to see a reduction in the number of placements with Foster Carers and Independent Fostering Agencies as children are placed with more permanent Special Guardian Orders creating a net underspend of £1.0M.

However there is an increasing demand and cost for residential placements that has led to a forecast overspend of £0.93M. A new initiative by the Care Placement Service, which identifies negotiation with providers and monitoring and interrogation of invoices as key to reducing unit costs of each placement, started in December 2016 and unit costs will continue to be monitored for permanent carers for the children.

The service has a favourable net forecasted position against agency budget of £0.64M and minor underspends of £0.02M

There is a detailed plan with a dedicated Service Manager to ensure progression on each case.

Home to school transport

For children attending Special schools there is currently a forecast overspend of £0.5M due to the impact of the continuing increase in school transport numbers and costs at Special Schools.

The full year effect of the pressure in 2017/18 is £0.57M. As part of setting the 2017/18 estimates, a one off sum of £0.35M was added to HTST budgets to allow enough time for implementation of savings from April 2018. The service has an existing savings target for Personal Transport Budgets (PTB) of £0.06M, leaving £0.29M additional funding to contribute towards the overall pressure.

As a result of additional demand an extra 70 special schools places have been allocated in 2017/18. This will provide an additional pressure of £0.28M. This gives an overall forecast pressure for 2017/18 of £0.5M. However, once the one-off funding of £0.35M is removed in 2018/19, the underlying ongoing pressure will be £0.79M (assuming the PTB savings target of £0.06M is achieved).

The service is working on an action plan and timeline to illustrate the consultation that will be undertaken linked to this area. The actual delivery of savings may take longer than expected due to the delays and requirements of the consultation process.

Education Psychologists

Increased demand for statutory services has seen less availability of staff to undertake fee earning activities leading to an underachievement of income of £0.09M which is being addressed by the phase 3 restructure which sees appointment of a dedicated resource and a newly designed online brochure to develop the offer to schools.

7. Environment & Transport £0.09M Adverse

Waste Collections

In domestic collections there is an adverse forecast variance of £0.07M relating to the estimated additional cost of temporary agency cover for staff sickness absences and related issues. Also there is an adverse forecast variance of £0.02M, for loss of income for bin replacement which is not yet being charged for. It was decided by Council that charging for replacement bins should not be implemented at the same time as the introduction of AWC collections and will be delayed until October 2017.

There is an adverse forecast variance of £0.1M for additional tipping costs for commercial waste disposal due to the unavailability of the incinerator necessitating the delivery of some commercial waste to transfer stations. Our current arrangement only covers the guarantee to dispose of Domestic waste not Commercial Waste.

There is an adverse forecast variance on the cost of a static security guard at the City Depot as CCTV on the site has not yet been deployed. The service is waiting for confirmation of when the CCTV will be installed.

Transport

As part of setting budget for 2017/18, Council approved a provision of £0.09M in respect of City Ride. Since setting the budget an alternative funding source has been identified and this provision is no longer needed. It is expected that this budget will be utilised to offset other pressures.

8. Finance Portfolio £0.26M Adverse

The adverse forecast variance relates primarily to an approved saving to reorganise IT provision to prepare for digital futures. A detailed review of current provision is underway, with any potential changes to follow, generating forecast slippage of £0.19M against the budget saving.

A further approved saving to rationalise the number of licences by 20% has been delayed and forecast to slip by 6 months. A detailed review of licences is due to be carried out once recruitment of an IT specialist has been completed. Forecast slippage of this saving of £0.06M against budget.

9. Health & Sustainable Living £0.01M Favourable

There is a minor underspend relating to vacant posts.

10. Housing and Adult Care £5.56M Adverse

Mental Health

An adverse forecast variance of £0.57M for the total cost of Mental Health

client package costs is due to an increase in the number of clients. The budget was based on 238 clients but there are currently 275 clients being charged to this service. The Phase 3 restructure will provide additional review capacity to ensure the care being provided is appropriate to each client's needs and ensuring care is provided in the most cost effective way.

There has been a delay in the closure of Kentish Road respite centre, which was originally planned for April 2017. This has caused an overspend of £0.15M. The decision to close Kentish Road was made with the assurance to families and individuals that closure would not happen until there were suitable alternatives identified for each client. At the end of April 2017, a letter was sent to all carers informing them that Kentish Road is planned to close by 31 October 2017. The Integrated Commissioning Unit are working with adult social care colleagues to identify the alternatives or to develop them.

Net cost reductions of £1.43M for Learning Disability client packages against a savings target of £2.74M have been identified and will be achieved during the year. As work continues on the remaining savings targets of £1.31M, this has been forecast as an adverse variance, pending the verification of further savings.

Net cost reductions of £0.93M for older persons & physical disability client packages have been identified towards the approved savings target of £4.10M. However, the reductions are not yet meeting the savings profile. An adverse variance of £3.53M has been forecast, taking into account the further savings that will need to be realised. Savings are monitored monthly and reported to Adult Social Care Transformation Board.

It should be noted that, £1.00M from the 2017/18 additional Government grant for adult social care, totalling £4.98M, has been approved by Council in July to be allocated for additional investment to meet an increase in demand and complexity over and above original forecasts. This additional funding is not yet included in the forecast above but will support the delivery of the savings.

11. Leaders Portfolio £0.26M Favourable

The favourable variance has arisen within Admin Buildings and comprises a £0.20M underspend on supplies and services, together with £0.10M on utility costs. A detailed review of the supplies and services budgets has been undertaken to identify essential spend only, the forecast for which will be kept under review subject to any additional demands during the remainder of the year. Utility costs have also been reviewed in detail, looking at both current and historical data, but could be affected by the impact of increased occupation of the Civic Centre.

Implementation of Savings Proposals

12. Savings proposals of £19.67M were approved by Council in February 2017 as part of the overall budget package for 2017/18. Additionally at the end of 2016/17 there were unachieved savings, the ongoing impact of these savings, including the 2017/18 ramped up savings requirement, totals £4.26M giving a total of £23.93M savings to be achieved in 2017/18. The delivery of the savings is crucial to the financial position of the authority. Below is a summary of the progress as at the end of the first quarter to highlight the level of risk

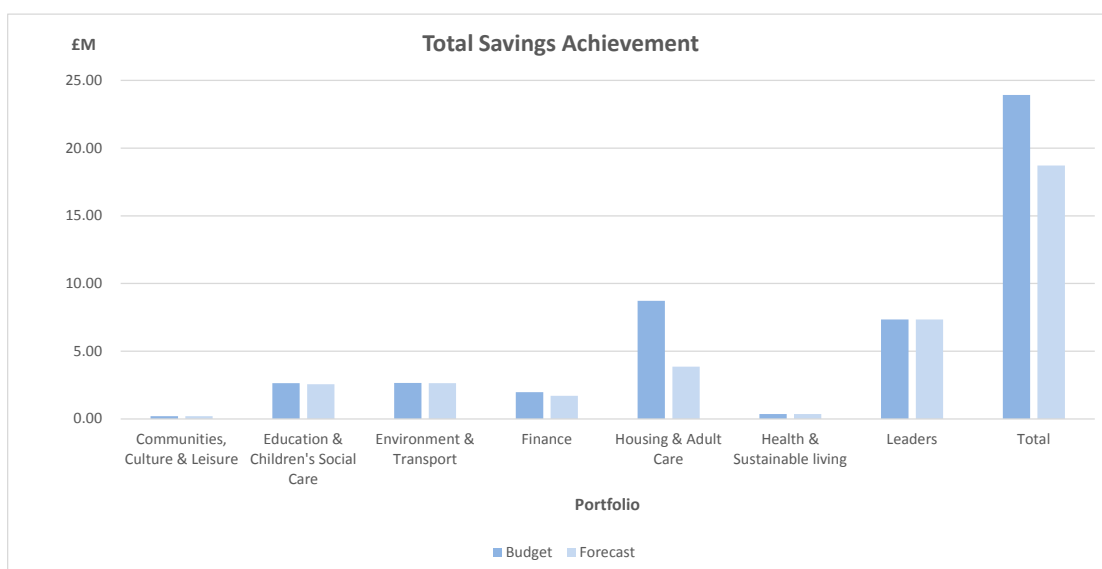
associated with delivery.

13. It should be noted that unachieved savings of £5.88M were reported as part of the outturn position for 2016/17. A number of these savings have been addressed as part of reviewing and setting the budget for 2017/18. Any residual impact has been included in the forecast achievement of savings for 2017/18 noted above.

Table 2 Analysis of Achievement of Savings

	%
Saving Achieved	31
Saving Forecast to be Achieved	45
Saving Unachieved	24

14. Savings that are currently forecast to be achieved represent a risk to the overall monitoring position until all management actions required to deliver the savings are complete and the reduction in spend can be evidenced.
15. The chart below shows the achievement of total savings required by Portfolio.



16. Savings that are unachieved and have a high level of risk associated with delivery, can be categorised into those which are due to non-implementation and in some cases due to the impact of factors such as rising demand for services which have meant that despite being implemented the estimated level of financial savings have not materialised.
17. The overall financial shortfall in the delivery of the savings proposals is currently forecast as £5.21M (£5.2M 17/18 and £0.01M prior years) or 21.8% of the total to be delivered.
18. It should be noted that non achievement of transformation savings were addressed as part of setting the approved budget 2017/18 by Council in February 2017.
19. The financial implications of the delivery of these proposals are reflected in the current forecast position, areas of ongoing concern have been fully reviewed, and appropriate action plans are being put into place. In addition, any implications for the budget for 2018/19 and future years will be addressed as

part of reviewing and setting the budget for those years.

20. **Government Grants**

The spring budget 2017 announced an additional Integrated Better Care Fund (IBCF) allocation of £9.71M for Southampton for the period 2017/18 to 2019/20 to meet adult social care needs, reduce pressures on the NHS and stabilise the social care provider market. A report detailing how this is to be spent was approved by Council in July 2017. The financial implications of this have not yet been reflected in the overall financial position. The additional funding for 2017/18 is £4.98M. Adjustments will be made at quarter 2.

Reserves & Balances

21. At the 31st March 2017, earmarked reserves totalled £68.55M with a Schools Balances totalling £5.01M.
22. During the period to the end of June 2017 a total of £0.33M has been allocated from reserves. The table below details the changes.

Table 3 – Changes to Reserves & Balances

Reserve	Balance 31st March 2017 £M	Allocated Qtr. 1 £M	Amended Balance 30th June 3017 £M
MTFS Reserve	26.73	0.33	26.4

23. It should be noted that a one off sum of £1.4M has been provisionally earmarked from the MTFS Reserve to support the high needs pressure within Education and Children's Services Portfolio whilst actions are agreed to address an overall pressure of £2.9M subject to submission of detailed plans of how this pressure will be addressed. This is further detailed in paragraph 28.
24. The General Fund Balance is currently £11.3M and there are no planned draws on this balance in 2017/18. However if the position remains the same the council will need to either allocate monies from earmarked reserves or utilise the General Fund Balance

Financial Risk Register

25. The council maintains a financial risk register which details the key financial risks that face the council at a given point in time. This is attached as Appendix 1.
26. Alongside the risks identified when setting the budget for 2017/18 a number of items have arisen since this time that may need to be addressed outside of those assumptions. Currently those main issues are:
 - Required actions as a result of the Grenfell Tower Block Fire - the budget for improvement works to Albion Towers, Sturminster House and Shirley Towers was approved, by Cabinet on 17 February 2015 and included provision for sprinklers. The HRA capital expenditure over the coming years is being reviewed to reallocate resources to enable further fire safety measures to be installed in the other tower blocks;
 - Following the General Election, clarification is still needed on the next stages of Business Rate Retention. This is covered by the Taxation

Reserve and is not expected to have an impact until 2019/20;

- Potential risk of savings proposals not being achieved – this is covered by the MTFs reserve;
- High Needs Funding – due to increasing pupil numbers within special schools and the associated cost of Home to School transport, there is a £2.9M pressure that will need to be resolved by 2018/19. In this financial year this pressure will be mitigated using DSG roll forward; review of the top-up funding; and an injection from general fund reserves to enable the schools and the service to plan and implement savings.
- There is still a risk from the economic climate due to Brexit and current levels of inflation. These are covered both by the MTFs reserve and by the contingencies (previously known as the risk fund).

Schools

27. There are currently 14 schools who have reported potential schools deficit balance for 2017/18. As per the revised No Deficit Policy, as agreed with the Schools Forum in September 2016, these schools will be expected to complete a robust deficit recovery plan (DRP) to address the deficit position. The Service Lead for Education and Early help is currently working with the affected schools. Once all schools have been reviewed a position statement will be reported in quarter 2.
28. The pressure on High Needs Budget is a national issue due to the significant increase in the number of Education Health and Care Plans (EHCP) being completed and the additional responsibility for students up to 25 with Special Educational needs in Further Education Colleges. This has led to a significant pressure within the High Needs Budget and development of a High Needs Working Group with representatives from all partners to explore and consider all options funding the pressure. The table below details the options approved and includes a one – off contribution from General Fund Reserves to facilitate a workable solution. The options in the table below were approved at the Schools Forum in June 2017 for 2017/18 and agreement to continue the Working Group to identify a robust recovery plan for the £2.9M forecast pressure in 2018/19.

Table 4 – High Needs Savings Options 2017/18

29.	Savings Options	2017/18 £M
	Redesign of Special Educational needs Top-up Banding	0.20
	Use of Independent Provision	0.50
	Removal of Contingency previously earmarked for potential 2016/17 overspend and further growth not already included in forecast	0.60
	Removal for funding allowed for growth in FE colleges	0.10
	One – Off contribution from DSG 2016/17 Carry Forward	0.10
	One – Off contribution from General Fund Reserves	1.40
	Total Savings	2.90

Financial Health Indicators

30. In order to make an overall assessment of the financial performance of the authority it is necessary to look beyond pure financial monitoring and take account of the progress against defined indicators of financial health. Appendix 2 outlines the performance to date, and in some cases the forecast, against a range of financial indicators which will help to highlight any potential areas of concern where further action may be required.
31. As Service Business Plans are further developed, it is intended to report significant key performance indicators within services that help assess the overall achievement of the Council's outcomes and priorities.

Treasury Management

32. The Council approved a number of indicators at its meeting in February 2017 and Appendix 3 outlines current performance against these indicators in more detail along with an update on the financial outlook. The council has operated within these prudential indicators for the first quarter and is forecast to do so for the remainder of the year.
33. As at the 30th June 2017 the Council held the following levels of borrowings and investment:

Table 5 Investment and Borrowing as at 30th June 2017

	£M	Average Yield/Rate %
Investments		
Cash	34.34	0.33
Long Term Bonds	7.62	2.56
Short Term Bonds	7.56	1.26
Property Fund	23.0	4.50
Total Investments	72.52	-
	£M	Average Yield/Rate %
External Borrowing		
Public Works Loan Board (PWLB)	217.5	-
Market Loans	9.00	-
Total Long Term Borrowing	226.5	
Temporary Borrowing	30.40	
Total External Borrowing	256.9	3.31

The interest cost of financing the Authority's long term and short term loan debt is charged to the Income and Expenditure account. The interest cost in 2017/18 of financing the Authority's loan debt is currently expected to be £9M of which £5.7M relates to the HRA. At present this is forecast to be in line with budget.

However this will be subject to movement as we go through the year and when the need to borrow becomes more certain using a combination of interest rate forecast and slippage in the capital programme to determine the level of balances available to us.

Investment

Balances initially increased at the beginning of the year rising from £58M to £92M in mid- June, but have since fallen back to £72M, £13M less than the same time last year. Current cash flow forecast indicate that this will fall further so in order to maintain our minimum working cash flow we will need an injection of temporary borrowing to replace maturing debt in October (£30M) and predictive fall in balances, especially if we make further investments under Property Investment Fund and spend estimated capital programme for year. The timing of this will depend on actual cash available and predicated interest rates. These deals will generate around £0.28M for the year, which is less than last year due to falling balances and interest rates and our change in strategy to invest in the CCLA as detailed below.

Following Brexit and the fall in interest rates there is a lack of availability of suitable bonds, so as bonds mature they are not currently being reinvested; this coupled with the decision to divert £20M of the money allocated to PIF investments to the CCLA (as the return is similar but with less risk as it can offer further diversification) will see a further fall in our internal investments

External Managed investments

The Council has continued to invest in property funds as an alternative to buying property directly bringing our investment to date to £23M. As previously reported these funds offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term and 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. As at the 30 June the sell price of our total investments were valued at £22.4M a notional “loss” of £0.6M against initial investments of £23M.

Our advisers Arlingclose have met with CCLA and they expect capital values to fall over the next two years but annual income should hold up around current levels. Arlingclose believe the negatives do not outweigh the potential for income generation and remain comfortable with the fund, they also advise that investment in the CCLA fund is less risky than buying individual properties. It should be noted that investment in the CCLA does not constitute capital expenditure and is seen as a treasury management tool.

The estimated yield for the year against current and planned investments is £1.1M for 2017/18 if yields remain around current levels and we invest as planned over the year

Housing Revenue Account

34. The expenditure budget for the HRA was set at £75.99M and the income budget at £74.99M, resulting in a net draw from the HRA balances of £1.00M. This is detailed in table below.

Table 6 – HRA Summary

	2017/18 Budget	Q1 Forecast	Variance
	£M	£M	£M
Net rent income	(72.59)	(72.59)	0.00
Service charges & other income	(2.27)	(2.27)	0.00
Misc. Adjustments	0.00	0.00	0.00
RTB admin	(0.13)	(0.13)	0.00
Total income	(74.99)	(74.99)	0.00
Management	22.08	22.11	0.03
Depreciation	19.26	19.26	0.00
Responsive & Cyclical repairs	13.79	13.96	0.17
Other revenue spend	0.10	0.10	0.00
HTA cost of rent rebates	0.00	0.00	0.00
Total service expenses	55.23	55.43	0.20
Capital charges	5.98	5.98	0.00
Repayment of loans	5.59	5.59	0.00
Revenue contribution to capital	9.19	9.19	0.00
Total expenditure	75.99	76.19	0.20
(Surplus) / Deficit for the year	1.00	1.20	0.20

35. The forecast position for the year end on income and expenditure items shows an adverse forecast variance of £0.20M compared to this budget.
36. The variance is due to a delay in the implementation of the new materials contract, initially due to systems and stock replenishment issues. Although the contract was signed at the end of May 2017, a mobilisation period was needed before operations could commence. The contract will now start in August 2017, resulting in an adverse variance against the savings target. Management will be working to attain as much of the efficiency target as possible during the year by bringing some savings early on in the contract.

Collection Fund

37. Each billing authority is required to estimate the level of surplus or deficit on the Council Tax and Business Rate Element of the Collection Fund at the end of each financial year in order that these amounts can be included in the budget calculations for the coming financial year.
38. A forecast position for the Collection Fund as at the end of June 2017 has been made. The following table details the overall forecast changes.

Table 7 – Collection Fund Forecast 2017/18

	Council Tax £M	NDR £M	Total £M
Change in 2017/18 (Deficit) Surplus	0.00	0.00	0.00
(Reduction)/Increase in year-end Surplus brought forward from 2016/17	1.77	1.44	3.21
Overall 2017/18 Surplus	1.77	1.44	3.21
SCC Share of Surplus	1.52	0.71	2.22

39. The Council's share of the surplus for council tax is £1.52M and its share of the business rates surplus is £0.71M, giving a net surplus of £2.22M. These will be taken into account in setting the 2018/19 Council Tax and General Fund Budget. Appendix 4 details the Collection Fund Account for 2017/18.

40. The surplus of £2.22M is due to the additional surplus reported as part of the outturn position for 2016/17 to Council in July 2017. There are no other forecast changes.

RESOURCE IMPLICATIONS

Capital/Revenue

41. The revenue implications are contained in the report. There are no capital implications.

Property/Other

42. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

43. Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council.

Other Legal Implications:

44. None.

RISK MANAGEMENT IMPLICATIONS

See comments within report.

POLICY FRAMEWORK IMPLICATIONS

45. None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Key Financial Risk Register
2.	Health Indicators.
3.	Treasury Management Quarterly Benchmarking, Prudential Indicators and Financial Outlook Qtr. 1
4.	Collection Fund Qtr. 1

Documents In Members' Rooms

1.	None
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.	General Fund Revenue Budget Report 2017/18 to 2020/21 (Approved by Council February 2017)	

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KEY FINANCIAL RISKS

The following table identifies the key financial risks to the council's financial position over the short to medium term together with a summary of the mitigating actions in place and planned. These financial risks are reflected in the assessment of the adequacy of estimates and reserves. The assessment of risk is based on the following risk scoring criteria:

LIKELIHOOD (Probability)	
A - Almost Certain > 95%	Highly likely to occur
B - Likely ↑	Will probably occur
C - Possible 50%	Might occur
D - Unlikely ↓	Could occur but unlikely
E - Very Unlikely < 5%	May only occur in exceptional circumstances

IMPACT (Consequence)	
1 - Extreme	Loss or loss of income > £20m
2 - Major	Loss or loss of income £10m < £20m
3 - Significant	Loss or loss of income £5m < £10m
4 - Moderate	Loss or loss of income £500k < £5m
5 - Minor	Loss or loss of income £10k < £500k

- **Robustness of estimates**

Key Financial Risk	INHERENT RISK		Comments/Mitigating Actions in place	RESIDUAL RISK	
	Likelihood	Impact		Likelihood	Impact
FE1. Pay Inflation - underestimated in the original estimates.	Possible	Moderate	<i>The MTFS model is based on a pay award of 1% over the medium term - this is following the July 2015 budget and the announcement to cap public sector pay awards at 1%</i>	Unlikely	Minor
FE2. Interest rates are underestimated.	Possible	Moderate	<i>Reliance placed on market intelligence provided by Treasury Management advisors. Treasury Management Strategy is aligned with CIPFA Code and the CLG Guidance re investing funds prudently and having regard to the security and liquidity of its investments before seeking the highest rate of return.</i>	Unlikely	Minor
FE3. Existing fees and charges: Projected levels of income within the period are not achieved and/or maintained.	Possible	Moderate	<i>As part of the estimate setting process we are reviewing all fees and charges on annual basis, to reset these if necessary. If there are in year shortfalls these form part of the budget monitoring processes. Lower risk as existing income streams are known and are therefore more predictable</i>	Possible	Moderate
FE4. New income streams: Projected levels of income within the period are not achieved.	Possible	Moderate	<i>Income generating activity has been identified as part of savings proposals for 2017/18 and onwards. There is a risk that in light of the economic backdrop and brexit that these levels of income will not be achieved. Higher risk as it is based on new sources of income</i>	Possible	Moderate

FE5.	Volatility of Business Rates funding given the uncertainty around impact of successful appeals (SCC retains almost half the risk from the volatile nature of the receipts).	Likely	Significant	<i>The Valuations Office has undertaken a reset of rateable values from 2017/18. The provision has been reviewed in light of the revaluation and known current appeals and will be reviewed on a regular basis, at present this is deemed to be adequate.</i>	Unlikely	Minor
				<i>Appeals can be backdated and as a consequence of this the Council has set aside a provision to deal with this element of the financial impact.</i>		
				<i>In December 2014 the Government announced it was closing the appeals window and that appeals received on or after 1 April 2015 will only be backdated until this date.</i>		
FE6.	Increase in demand led spending pressures (including impact of Welfare Reform, social care, safeguarding) over and above the current budget provision.	Possible	Significant	<i>Annual budget setting process developed in consultation with service managers</i>	Possible	Moderate
				<i>Monitoring of capital (quarterly) and revenue (monthly) budgets, reported to CMT and Cabinet (Quarterly).</i>		
				<i>Action plans to address any significant in year budget variances are agreed with CMT with the status of the agreed actions reported to CMT on a monthly basis</i>		
				<i>Action plans & Transformation programme in place that are intended to manage/reduce the number of Looked After Children</i>		
FE7a.	Third party provider costs will increase as a result of the introduction of the National Living Wage	Almost certain	Moderate	<i>As each contract is procured any impact of this will need to be assessed and addressed to ensure services are procured within budget.</i>	Possible	Moderate
FE7b.	Third party provider costs increase as result of SCC having to 'step in' in the event of potential provide failure (social care providers)	Possible	Moderate	<i>ICU contract monitoring arrangements and general market oversight and intelligence</i>	Unlikely	Moderate
FE8.	Legal challenge to savings proposals that could result in the proposal being either discontinued or revised.	Possible	Moderate	Budget consultation process in place.	Unlikely	Minor
FE9.	Pressure on returns from investment properties in both the short and longer term.	Possible	Significant	There is a full and robust process around the financial and legal analysis of the individual investments. Investments are not confined to the Southampton area	Possible	Moderate
FE10.	Voluntary sector is either unwilling or unable to support the delivery of certain services or activities	Possible	Significant	Review the overall expectation and co-ordination of the services required of the voluntary sector. Consideration is given to this risk in deciding whether to design services around the voluntary sector	Possible	Moderate

FE11.	The council's service delivery partners seek to exit an agreement or are no longer able to deliver the required service.	Unlikely	Significant	Central Contracts Team monitors and work closely with the council significant service delivery partners. In addition, there are contractual obligations on both parties that set out the respective roles and responsibilities.	Very Unlikely	Moderate
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- Adequacy of proposed financial reserves**

Key Financial Risk		INHERENT RISK		Comments/Mitigating Actions	RESIDUAL RISK	
		Likelihood	Impact		Likelihood	Impact
FR1.	Business Rate Retention & Council Tax Growth– the council fails to collect, retain and grow council tax and business rate income.	Possible	Significant	<i>The assumption built into the MTFS is a 1% increase per annum reflecting the uplift set by government.</i>	Possible	Moderate
				<i>The current MTFS includes assumptions on growth which have been developed in conjunction with the Growth service area and recognise pipeline developments and their assumed operation dates. These will be monitored on a monthly as part of the standard monitoring.</i>		
FR2.	Delivery of all of the agreed savings is not achieved.	Possible	Major	<i>Progress and delivery of the overall Programme and individual projects is monitored at Service Director level, and thereafter by SLT & CMT, with any non achievement forming part of the normal budget monitoring action plan process.</i>	Unlikely	Significant
				<i>CMT & SLT review the validity and achievability of projects and provide approval (or not) to projects.</i>		
FR3.	The Government could impose a lower Council Tax referendum threshold (currently 1.99%) and/or reduce or remove the Adult Social Care Levy (3%)	Possible	Moderate	<i>Assumption is that Council Tax rises will be set at just below the 2% referendum limit in future years, at 1.99% (excluding the Adult Social Care Levy).</i>	Unlikely	Moderate
				<i>The Adult Social Care Levy was only introduced as part of the Autumn 2015 Spending Review and allows local authorities with social care responsibilities to increase Council Tax by a further 3% (17-18 & 18/19). No further assumptions have been made beyond 2019/20 for any increase in this income over and above the 6%</i>		
				<i>The MTFS assumes this levy will be taken in all years as the calculated increase in funding for adult social care far outweighs the income gained from this levy.</i>		
FR4.	Slippage in capital receipts (not accompanied by a slippage in spend).	Possible	Moderate	<i>Non-receipt of any planned income will require a permanent draw from balances, additional borrowing or for savings to be found in the capital programme.</i>	Possible	Minor
				<i>Impact reflects the cost of borrowing in short term (the interest payments).</i>		

FR5.	If building inflation was to exceed general inflation over a prolonged period, this would have a significant adverse impact on HRA balances and, in turn, the business model in respect of the redevelopment and refurbishment of the SCC Housing stock.	Possible	Significant	<i>Surpluses are liable to change annually, either favourably or not, and this will be reflected the annual review of stock investment needs and estimated unit rates.</i>	Possible	Moderate
				<i>Monitoring and assessment of potential impact with business model sufficiently flexible to allow for reassessment of priority outcomes against available budget</i>		
FR6.	As schools transfer to Academy status the council's share of the retained and general element of the Education Services Grant may reduce	Almost certain	Moderate	<i>Costs need to be reduced in line with reductions in funding.</i>	Possible	Minor
				<i>Development of a strategy in terms of whether / what services SCC may choose to still offer to Academy Schools</i>		
FR7.	The level of funds within the internal insurance provisions is inadequate to meet current or future demand	Possible	Moderate	<i>The adequacy of the provision is informed by the output from periodical (at least triennial) external actuarial reviews of the funds.</i>	Unlikely	Minor
				<i>The level of funding is required is reviewed as part of annual budget setting process and the position, in respect of potential liabilities is reviewed on a monthly basis.</i>		
FR8.	Ad hoc or unforeseen events / emergencies.	Possible	Significant	<i>The Council's Balance may utilised in respect of the financial impact of such an event.</i>	Possible	Significant
				<i>Subject to the nature of the event alternative sources of funding might be available e.g. Bellwin Scheme.</i>		

FR9.	The cost of implementing the Care Act 2014 is greater than anticipated.	Unlikely	Moderate	<i>Current assumption is for the cost of this new burden to be met by the funding allocation provided within the Better Care Fund and the new Carers and Care Act Implementation grant</i>	Unlikely	Moderate
				<i>This funding has now been included within the Revenue Support Grant and the main implications of the Care Act have been deferred until 2019-20.</i>		
FR10.	CCG could seek to reduce its level of contribution to the 'pooled budgeting' arrangement with SCC	Possible	Significant	<i>Ongoing relationship and dialogue with CCG re shared objectives and outcomes.</i>	Unlikely	Moderate
FR11.	The council is unable to quantify the financial impact on both vulnerable individuals and key council services arising from implementation of welfare reforms	Possible	Moderate	<i>The impact of Welfare Reform on all service areas will be difficult to monitor or to mitigate against.</i>	Possible	Moderate
FR12.	Inflation increases at a higher rate than anticipated	Possible	Moderate	<i>Assumptions have been made in the forecast about the likely level of general inflation that will apply from April 2017. Current indications are that an increase is likely and 1.6% rising to % CPI has been included in the MTFS Model</i>	Unlikely	Moderate
				<i>Market intelligence provided by Arlingclose - independent treasury advisors</i>		
				<i>An amount is included in the MTFS to cover key elements of inflation, for example in relation to fuel and energy costs, which can be volatile.</i>		
				<i>Beyond this provision, it would be managed as an 'in year' issue and services would be expected to absorb the difference.</i>		
FR13.	Brexit - Uncertainty and economic forces, at least in the short term, within both the local business and wider business sector may have an adverse impact on investment decisions and local employment which, in turn, would impact on business rate income.	Likely	Moderate	<i>National and local modelling in respect of the future approach to business rate retention will need to reflect changes in the financial environment.</i>	Likely	Moderate
				<i>There may be either pressure or incentives for non UK owned business to move operations back to within an EU country.</i>		
				<i>Treasury management advisors are regularly updating us on the economic impact of Brexit, the strength of the pound, inflation and interest rates</i>		
FR14.	There are unplanned and unforeseen consequences (and costs) arising from the implementation of new, or changed, systems and processes across service areas within the organisation	Possible	Moderate	<i>A Programme Delivery Office has been established and will be liaising with Finance to track benefits and unintended consequences. A full programme management process is being put in place including planning and risk assessment.</i>	Unlikely	Moderate

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FINANCIAL HEALTH INDICATORS – QTR 1

Prudential Indicators Relating to Treasury

	<u>Maximum</u>	<u>Forecast</u>	<u>Status</u>
Maximum Level of External Debt £M	£898M	£427M	Green
As % of Authorised Limit	100%	47.55%	Green
	<u>Target</u>	<u>Actual YTD</u>	<u>Status</u>
Average % Rate Long Term New Borrowing	3.00%	0.00%	Green
Average % Rate Existing Long Term Borrowing	3.50%	3.31%	Green
Average Short Term Investment Rate - Cash	0.25%	0.33%	Green
Average Short Term Investment Rate - Bonds	0.50%	1.26%	Green
Average Long Term Investment Rate - Bonds	0.75%	2.56%	Green
Average Return on Property Fund	4.00%	4.50%	Green

Minimum Level of General Fund Balances

		<u>Status</u>
Minimum General Fund Balance	£11.3M	
Forecast Year End General Fund balance	£11.3M	Green

Income Collection

	<u>2017/18 Target</u>	<u>Qtr. 31YTD</u>	<u>Status</u>
Outstanding Debt:			
More Than 12 Months Old	25%	9%	Green
Less Than 12 Months But More Than 6 Months Old	6%	8%	Green
Less Than 6 Months But More Than 60 Days Old	14%	21%	Green
Less Than 60 Days Old	55%	62%	Green

Creditor Payments

		<u>Status</u>
Target Payment Days	20	
Actual Current Average Payment Days	19	Green
Target % of undisputed invoices paid within 30 days	98.0%	
Actual % of undisputed invoices paid within 30 days	94.4%	Amber

Tax Collection rate

	<u>2016/17 Actual Rate</u>	<u>Target Collection Rate</u>	<u>QTR 1 Collection Rate Last Year</u>	<u>QTR 1 Collection Rate This Year</u>	<u>Status</u>
Council Tax	95.9%	94.9%	28.0%	28.0%	Amber
National Non Domestic Rates	98.9%	98.7%	35.8%	34.0%	Amber

Table 1 Investments as at 30th June

Investments	At 30 June 2017 £000	Date of Maturity	Yield %	Rating
Cash				
Barclays Bank PLC	4,000	Call	0.30	A
Santander UK Plc	5,000	180 Day Notice	0.90	A-
Aberdeen MMF	3,199	MMF	0.19	A+
Blackrock MMF	104	MMF	0.19	A+
Deutsche MMF	26	MMF	0.15	AA-
Federated Prime MMF	8,000	MMF	0.23	A+
Goldman Sachs MMF	61	MMF	0.15	AA
HSBC MMF	99	MMF	0.16	AA-
Insight MMF	40	MMF	0.13	A+
Invesco MMF	5,357	MMF	0.23	AA-
J P Morgan MMF	641	MMF	0.20	AA-
Standard Life MMF	7,817	MMF	0.24	A+
Total Cash	34,344		0.33	
Short Term Bonds				
Nationwide Building Society Covered Bond	1,481	17/07/2017	0.44	AAA
Leeds Building Society Covered Bond	2,001	09/02/2018	0.56	AAA
Barclays Bank Covered Bond	1,000	12/02/2018	0.45	AAA
Yorkshire Building Society Covered Bond	3,078	12/04/2018	1.94	AA+

Total Other Bonds	7,560		1.26	
Long Term Bonds				
Nationwide Building Society Covered Bond	1,601	25/04/2019	0.78	AAA
Leeds Building Society Covered Bond	3,003	01/10/2019	0.71	AAA
European Investment Bank - Bond	1,015	15/04/2025	5.27	AAA
European Investment Bank - Bond	1,008	07/06/2025	5.16	AAA
European Investment Bank - Bond	997	07/06/2025	5.49	AAA
Total Long Term Bonds	7,624		2.56	
Total Bonds	15,184		1.97	
Total Internal Investments	49,528		1.96	
External Managed Funds <i>(see below)</i>	23,000		4.50	
Total Investments	72,528		2.41	

Investment Benchmarking as at 30 June 2017.

The Council advisors undertake quarterly investment benchmarking across its client base. The charts below show how we compare to other Unitaries and across the average. As reported previously our portfolio was more diversified and at higher interest rates than the average as a result of moving into the bond programme earlier than most clients, but there is now more competition for bonds from both government bodies and other local authorities, so opportunities to replace maturing bonds are limited and that this alongside a reduction in the base rate will see a fall in suitable instruments. With this in mind and following discussions with our advisors it was decided to move more into property funds, which are a longer term investment, and to restrict temporary borrowing and therefore run our short term investments down.

During the last quarter we had £3M of bonds mature and have invested a further £6M in property funds and are currently planning on investing a further £4M by the end of August, with all other cash being placed in MMF as we run our investment balances down. As a result we had 40% (£29.3M) of our overall investment in Money Market Funds at the end of the quarter but this is expected to fall to around £10M by the end of September. Due to earlier investment decisions our income return on investments, at 1.96%, is still above average and we expect this to increase as more investments are made in property funds, however as detailed above the value of the funds are more volatile and can show a capital loss which effects the total return.



Investment Benchmarking

30 June 2017

Southampton

20 English Unitaries Average

133 LAs Average

Internal Investments	£49.5m	£56.7m	£63.0m
External Funds	£22.3m	£11.4m	£9.2m
TOTAL INVESTMENTS	£71.9m	£67.9m	£72.2m

Security			
Average Credit Score	3.69	4.50	4.32
Average Credit Rating	AA-	A+	AA-
Average Credit Score (time-weighted)	1.22	4.25	3.99
Average Credit Rating (time-weighted)	AAA	AA-	AA-
Number of Counterparties / Funds	18	13	16
Proportion Exposed to Bail-in	69%	69%	65%

Liquidity			
Proportion Available within 7 days	41%	48%	46%
Proportion Available within 100 days	46%	70%	66%
Average Days to Maturity	232	90	45

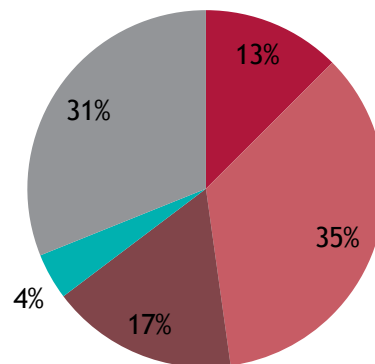
Market Risks			
Average Days to Next Rate Reset	176	101	71
External Fund Volatility	1.4%	1.3%	1.9%

Yield			
Internal Investment Return	0.79%	0.52%	0.52%
External Funds - Income Return	4.56%	3.98%	3.48%
External Funds - Capital Gains/Losses	-3.89%	0.32%	1.37%
Total Investments - Income Return	1.96%	1.02%	0.89%

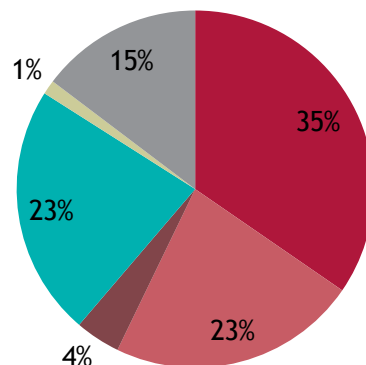
Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, 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.

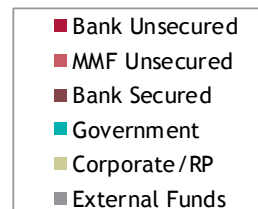
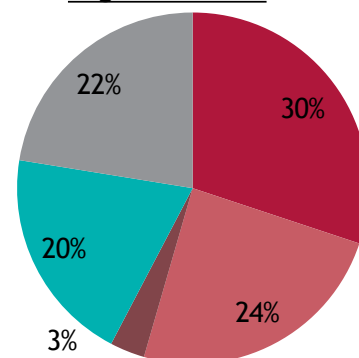
Southampton



All Arlingclose Clients



English Unitaries



Compliance with Prudential Indicators

The Council can confirm that it has complied with its Prudential Indicators for 2017/18 approved by Full Council on 15 February 2017. Table 2 below summarises the Key Prudential Indicators and performance to date:

Table 2: Compliance with Prudential Indicators

Indicator	Limit	Actual at 30 June 2017
Authorised Limit for external debt £M	£898M	£334M
Operational Limit for external debt £M	£647M	£334M
Maximum external borrowing year to date		£260M
Limit of fixed interest debt %	100%	83%
Limit of variable interest debt %	50%	17%
Limit for Non-specified investments £M	£80M	£38M

5. Financial Advisor's (Arlingclose) Summary and Outlook for 2017/18

Summary for year to Date

Commodity prices slid back during the quarter with oil falling below \$50 a barrel. The primary factor in the oil price fall was oversupply and a lack of belief in OPEC's (Organisation of Petroleum Exporting Countries) ability to deliver on agreed production caps of members.

UK Consumer Price Inflation (CPI) index rose over the quarter and the data print for May showed CPI at 2.9%, it's highest since June 2013. The effect of the fall in fuel prices was offset by rises in a number of other categories in the CPI 'basket' as the fall in the value of sterling following June 2016's referendum result continued to feed through into higher import prices. The most recent labour market data for April 2017 showed that the unemployment rate at 4.6% remained at its lowest since July 1975 but that the squeeze on real wages (i.e. after inflation) is intensifying and resulting in negative real wage growth. Q1 GDP data released in April and revised in May showed economic activity growing at a much slower pace of 0.2%. However recent surveys indicate that the slowdown in the first quarter is being viewed as an anomaly and that Q2 GDP could rebound. Understandably, the Bank of England made no change to monetary policy at its meeting on 15th June.

Having raised rates in March, the US Federal Reserve made no change to monetary policy at the conclusion of its meeting in May. The recent weakness witnessed in the first print of Q1 US GDP was noted in the accompanying statement but the Fed viewed this as a transitory issue and was of the view that the GDP path and household spending would recover during 2017. The US Federal Reserve then increased its target range of official interest rates in June for the second time in 2017 by 25bps (basis points) to between 1% and 1.25% and a further similar increase is expected during the second half of 2017.

The Prime Minister called an unscheduled General Election in June, the result of which has led to a minority Conservative government in a confidence and supply arrangement with the Democratic Unionist Party. This political impasse results in an enhanced level of political uncertainty, however the potential for a so-called hard Brexit is now diminished, reducing the associated economic headwinds for the UK economy from a 'no deal' or otherwise unfavourable trade agreement.

The reaction from the markets on the election's outcome has been fairly muted, business confidence now hinges on the progress (or not) on Brexit negotiations, whether new trade treaties and arrangements are successfully concluded and whether or not the UK continues to remain part of the EU customs union post the country's exit from the EU.

In the face of this uncertainty, Arlingclose expects the Bank of England will look through periods of high inflation and maintain its low-for-longer stance on policy interest rates for an extended period.

Financial markets: Gilt yields displayed some volatility with a marked uptick in late June. This was largely due to the expectation of tapering of Quantitative Easing (QE) in the US and Europe, which also had an impact on gilts. The yield on the 5 year benchmark gilt rose from 0.56% to 0.69% during the quarter, that on the 10-year gilt rose from 1.06% to 1.26% and the yield on the 20-year gilt rose from 1.65% to 1.78%.

The FTSE 100 reached a record high of 7548 in May but dropped off slightly towards the end of the quarter. The FTSE-250 and FTSE All Share indices also rose, the All Share index closing at 4002 at the end of June. Money markets rates have remained low: 1-month, 3-month and 12-month LIBID rates have averaged 0.25%, 0.33% and 0.66% in the quarter respectively.

Credit background: UK bank credit default swaps have continued their downward trend, reaching three year lows by the end of June. Bank share prices have not moved in any particular pattern.

There were a few credit rating changes during the quarter, none effecting the banks that we currently invest with.

Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. In May, following Arlingclose’s advice, the Authority reduced the maximum duration of its deposits at Bank of Scotland, HSBC Bank and Lloyds Bank from 13 months to 6 months as there is some uncertainty surrounding which banking entities the Authority will be dealing with once ring-fencing is implemented. Even where there has been a level of clarity provided regarding where local authority customers will sit within the proposed new legal structures of the banks, it is not yet known what the balance sheet structures of those banks will be.

Outlook

Just over a year after the UK voted to leave the EU there is still a great deal of uncertainty on Brexit negotiations, even after Article 50 was triggered in April.

UK GDP growth is forecast to be around 1.6% for 2017 and 1.4% in 2018. Subdued consumer spending will be the main driver behind this period of weaker growth, along with muted business investment due to Brexit-related uncertainty. Arlingclose’s central case for the path of Bank Rate over the next three years remains at 0.25%. Arlingclose believes that the high inflation reflects the impact of sterling’s weakness on imports, and in the face of weaker growth prospects, will be looked through by Bank of England policymakers. The likely path for Bank Rate is for it to remain flat at 0.25%. However, there is downside risk for rates to be cut to 0.00% in the short-term and medium-term, and scope for rates to be increased from 2019 onwards, albeit modestly to 0.50%.

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

In addition, Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent any immediate market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Authority’s counterparty list have sufficient equity buffers to deal with any localised problems in the short term.

COLLECTION FUND REVENUE ACCOUNT
FOR YEAR ENDED 31ST MARCH 2018

	Current Budget 2017/18 £M	Forecast 2017/18 £M	Variance Adverse / (Favourable) 2017/18 £M
Council Tax			
<u>Income</u>			
Income due from Council Tax Payers	(105.45)	(105.45)	0.00
Transfers to General Fund - Hardship Fund	(0.20)	(0.20)	0.00
	(105.65)	(105.65)	0.00
<u>Expenditure</u>			
Southampton City Council Precept	88.48	88.48	0.00
Hampshire Police Authority Precept	10.41	10.41	0.00
Fire & Rescue Services Precept	4.02	4.02	0.00
Distribution of previous year's surplus	2.07	2.07	0.00
Provision for Bad Debts CT	2.74	2.74	0.00
	107.72	107.72	0.00
CT - Deficit / (Surplus) for the Year	2.07	2.07	0.00
CT - Deficit / (Surplus) Brought Forward	(2.07)	(3.84)	(1.77)
CT Deficit / (Surplus) Carried Forward	(0.00)	(1.77)	(1.77)
NDR			
<u>Income</u>			
Income from NDR Payers	(110.47)	(110.47)	0.00
<u>Apportionment of Previous Years Deficit</u>			
SCC	2.32	2.32	0.00
DCLG	2.37	2.37	0.00
Hampshire Fire & Rescue Authority	0.05	0.05	0.00
	(105.73)	(105.73)	0.00
<u>Expenditure</u>			
Payment to DCLG Transitional Arrangements	2.15	2.15	0.00
Payments to DCLG	48.89	48.89	0.00
SCC - NNDR Dist to General Fund	47.91	47.91	0.00
Hampshire Fire & Rescue NNDR Distrib.	0.97	0.97	0.00
Allowance to General Fund for NNDR Collection	0.31	0.31	0.00
Provision for Bad Debts NNDR	2.21	2.21	0.00
Appeals Provision 17/18	8.02	8.02	0.00
Appeals Provision Prior Years	0.00	0.00	0.00
	110.46	110.46	0.00
NDR Deficit / (Surplus) for the Year	4.74	4.74	0.00
NDR - Deficit / (Surplus) Brought Forward	(4.74)	(6.18)	(1.44)
NDR Deficit / (Surplus) Carried Forward	0.00	(1.44)	(1.44)
Total Deficit / (Surplus) Carried Forward	(0.00)	(3.21)	(3.21)
Council Tax (Surplus)/Deficit			
Contribution (to)/ from SCC		(1.52)	
Contribution (to)/ from HPA		(0.18)	
Contribution (to)/ from F&RS		(0.07)	
Council Tax Collection Fund Balance c/f		(1.77)	
NDR (Surplus)/Deficit			
Contribution (to)/ from SCC		(0.71)	
Contribution (to)/ from DCLG		(0.72)	
Contribution (to)/ from HF&R		(0.01)	
NDR Collection Fund Balance c/f		(1.44)	
Additional SCC Surplus		(2.22)	

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DECISION-MAKER:	CABINET		
SUBJECT:	LOCAL AUTHORITY TRADING COMPANY FOR SOME COUNCIL SERVICES		
DATE OF DECISION:	15 AUGUST 2017		
REPORT OF:	LEADER OF THE COUNCIL		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Richard Crouch	Tel: 023 8083 3360
	E-mail:	richard.crouch@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
<p>The purpose of this report is to:</p> <ol style="list-style-type: none"> 1. update Cabinet on the outcome of the most recent public and stakeholder consultation on the proposed establishment of a Local Authority Trading Company ('LATCo'); and 2. seek endorsement of the continued implementation of this transformation programme as approved in principle by Cabinet in December 2016 and revised in light of consultation and further appraisal as set out in this report. 	
RECOMMENDATIONS:	
(i)	To consider the outcome of the recent consultation activity on the proposed establishment of the LATCo and, having fully weighed the representations and issues identified through the consultation activity, to: <ol style="list-style-type: none"> (a) endorse the proposed approach to establishing a LATCo to deliver a variety of Council services; and (b) discontinue the activity for undertaking a procurement process and pursue the establishment of a LATCo without the appointment of external improvement partners.
(ii)	To confirm that the services to be included within the scope of the LATCo are as attached at Appendix 1. The inclusion of Housing services that fall within the statutory definition of 'management' as part of the scope of the LATCo is subject to Secretary of State consent.
(iii)	To note that a further Best Value consultation with residents, statutory consultation with housing tenants and leaseholders, and formal staff consultation required under employment law, will be required on the emerging proposals for the LATCo that will be presented to Cabinet in the new year.
(iv)	To note that following the activities outlined in (iii) above the final decision on the services to be delivered through the LATCo, the staffing provisions, governance arrangements, financial implications and the incorporation of the LATCo will be presented back to Cabinet and Council (as determined by the Constitution) for final decision around May/June 2018.
REASONS FOR REPORT RECOMMENDATIONS	

1.	To consider the representations received in response to the most recent consultation process and to ensure those representations are taken into consideration in progressing the establishment of a LATCo.
2.	To enable the on-going transformation of a range of in-scope council services, particularly the need for a new operating model that supports cost efficiency in the delivery of services back to the Council together with further commercialisation and potential trading opportunities.
3.	To maximise the effective, efficient and economic management and operation of the in-scope services.
4.	To develop a commercial capacity that can, where appropriate and in the public interest, profitably trade the services with other councils, public sector organisations, businesses and, where relevant, residents of the City and the broader commercial market.
5.	To support the Council in achieving its aim of continuing to grow the local economy, bringing investment into the city and increasing employment opportunities for local people.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6.	The original options appraisal presented to Cabinet in December 2016 considered a number of service delivery models including: the option to retain and to continue operating the services ‘in-house’ as undertaken currently; outsourcing; joint venture; and disposal. These options did not support the aims and aspirations of the Council to the same extent as the recommended option of establishing a LATCo.
7.	Since the Cabinet meeting of December 2016, further consideration has been given to how the preferred LATCo option could be structured and established. Three ‘variant’ options were identified: <ul style="list-style-type: none"> ▪ Establishing the LATCo with no external partner support and to employ our own specialist officers; ▪ Establishing the LATCo with external partner support for all services in scope; ▪ Establishing the LATCo with external partner support for some of the services in scope.
8.	The rationale for preferring the establishment of a LATCo over the other alternative service delivery models, as well as the three variant LATCo structure options outlined above were consulted on during a 4 week consultation process which ended on the 13 July 2017. The outcome of the consultation and the representations received is detailed in this report.

DETAIL (Including consultation carried out)

	BACKGROUND
9.	In April 2015 Southampton City Council launched a major transformation programme aimed at improving customer service and outcomes, organisational capability and practice, and the need to close a projected financial gap of £90M by the financial year 2019/20.
10.	A significant number of change programmes and projects have been identified from these activities. Key among these was a proposal to Cabinet in December 2016 to consider the establishment of a Local Authority Trading Company (‘LATCo’) as the next stage of organisational development for the following

	Council services: Housing Management & Housing Operations; Street Cleansing; Waste Management & Collection; Parks & Open Spaces; Car Parking Operations; Facilities Management; Itchen Bridge Operations; and Transport.
11.	<p>At its meeting in December, Cabinet favoured the LATCo option over other options and approved the launch of the LATCo programme with the objective of:</p> <ul style="list-style-type: none"> ▪ establishing a Local Authority Trading Company for the management, delivery and commercialisation of Street Cleansing; Waste Management & Collection; Housing Operations & Housing Management; Parks & Open Spaces; Car Park Operations; Facilities Management; Itchen Bridge Operations; and Transport; and ▪ procuring the appointment of one or more public and/or private sector partners to support the LATCo in the discharge of its duties as a wholly owned company of the Council.
12.	<p>The implementation of this programme and the establishment of the LATCo is intended to deliver two key objectives:</p> <ul style="list-style-type: none"> ▪ continuous improvement to the effectiveness, efficiency and economy of the services provided by the LATCo to the Council ('Key Objective 1'); and ▪ a platform for growth focused on the development of new income streams from external third party trading ('Key Objective 2').
13.	The establishment of the LATCo and the achievement of the aforementioned key objectives is expected to deliver a number of benefits and outcomes to the Authority.
14.	<p>In relation to Key Objective 1, these include:</p> <ul style="list-style-type: none"> ▪ providing management with greater flexibility to shape future service provision; ▪ building on existing service quality and improving the service experience to customers (citizens, businesses and visitors) through the development and improvement of service offerings; and ▪ supporting quicker decision making and more organisational agility in responding to, and proactively addressing, changes and opportunities in the market.
15.	<p>In relation to Key Objective 2, the LATCo is intended to:</p> <ul style="list-style-type: none"> ▪ enable the Council to pursue income generation activity across all service sectors and price / charge for its services accordingly; ▪ enable the Council to attract commercial acumen,; ▪ explore employee incentivisation / ownership (beneficial or 'buy in') options, particularly in relation to the development of new trading and growth; and ▪ establish the foundation for future partnering or cross council / public authority working.
16.	<p>The purpose of the procurement process was to seek experienced operators in the market who can:</p> <ul style="list-style-type: none"> ▪ bring further innovation to the services in scope of the LATCo; and ▪ both support and partake in the growth opportunities of the said services.
	PROJECT UPDATE

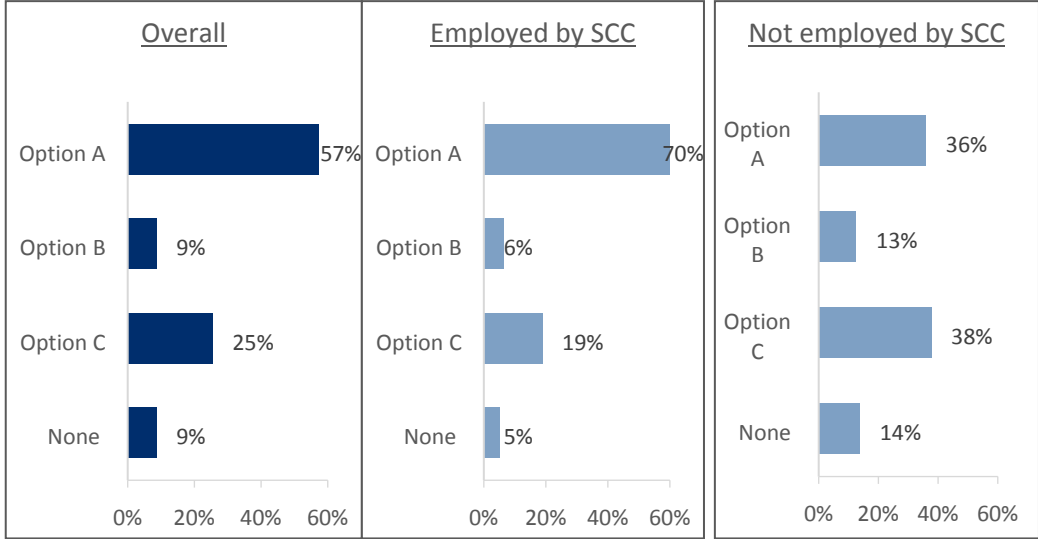
17.	<p>Since the Cabinet meeting in December 2016, the transformation activity has focused on:</p> <ul style="list-style-type: none"> ▪ establishing and embedding the governance for the project; ▪ starting to prepare for a ny potential procurement process; ▪ considering how the LATCo can be structured and established; and ▪ preparing and launching a wide ranging consultation process on the proposed establishment of the LATCo, functions within scope and the variations on the form any LATCo could include.
18.	<p>A Strategic Board was established to oversee and direct the project. The Board is comprised of Cabinet members and senior officers, and union representatives as observers. An Operational Board comprising of Service Managers and union representatives was also established to manage the day to day activity of the project.</p>
19.	<p>The project team has also undertaken work on:</p> <ul style="list-style-type: none"> ▪ collecting operational and financial service related information to enable a detailed description of the current services; ▪ reviewing current service specifications and challenging the need or opportunity for improved performance and service outcomes; ▪ agreeing and compiling the legal framework and contractual mechanisms for the LATCo and the Council; ▪ compiling the suite of documents that will form the basis of the relationship between the LATCo and the Council.
20.	<p>As mentioned above, part of the on-going development of the governance and structure requirements of the LATCo, including discussions with another Authority currently undergoing a similar process, three variant options were identified on how the LATCo could ultimately be structured and managed. In addition to the original consideration of establishing the LATCo with the appointment of external partners to support all services in scope, a second option considered the possible eventuality of the LATCo being established with partner support to only some services, while a third option considered the establishment of a LATCo with its own management and no external partner support.</p>
21.	<p>The rationale for preferring the establishment of a LATCo over the other service delivery models presented to Cabinet in December 2016, as well as the three variant LATCo options outlined above, were published for public, staff and stakeholder consultation which ended on the 13 July 2017. The results from this process are summarised below with the detailed representations received available to Members in Members Rooms and on request. Further more detailed consultations with the public, staff, other stakeholders and tenants / leaseholders (in relation to Housing functions) will be required in the new year.</p>
	<p>CONSULTATION</p>
22.	<p>Southampton City Council undertook pubic consultation on proposals to establish a LATCo between 15 June 2017 and 13 July 2017. A full summary of the consultation is included in Appendix 2 and the questionnaire is available in Appendix 3. The complete set of responses are available as a Members room document to be viewed alongside Appendix 2 which is a summary report.</p>
23.	<p>The agreed approach for the public consultation was to use a combination of paper and online questionnaires, alongside public drop-in sessions, sessions with tenants, a Facebook live question and answer session and a number of</p>

	<p>staff briefing sessions. The structured questionnaire was designed to include an appropriate amount of explanatory and supporting information to ensure that residents, staff and stakeholders were aware of the background and context to each of the proposals. At the same time, the face to face and online sessions were intended to offer an opportunity for people to ask more detailed questions. A general response email and postal address was also advertised. Overall, this was judged the most suitable methodology for consulting on a complex issue such as the establishment of a LATCo. It also follows established best practice and case law relating to the conduct of public consultations.</p>
24.	<p>In total, 923 responses were received on the proposals. The demographic make-up of the respondents was as follows:</p> <ul style="list-style-type: none"> • The age groups with the lowest representation were, 16-24, 25-34 and over 85 year olds, all having less than 20 respondents from that age group • The most represented age groups were the 35-44, 45-54, 55-64 and 65-74 year olds, with 82% of respondents belonging to these age categories • The gender breakdown of consultation respondents was 50.1% male, 43.0% female, 0.3% transgender, 0.8% not identifying as female, male or transgender and 5.7% preferring not to say. • The ethnicity breakdown of respondents was 87% white, 1% Mixed/Multiple ethnic groups, 2% Asian/Asian British, 1% Black/African/Caribbean/Black British and 1% Other Ethnic Group. 9% of respondents preferred not to state their ethnic group. • In total, 8% of respondents considered themselves disabled, 86% did not consider themselves disabled and 6% of respondents preferred not to say • The majority of respondents stated that they were employed by Southampton City Council (62%). 38% were not employed by the council, with only 34 respondents choosing not to answer this question.
25.	<p>The consultation sought the views of residents, staff and other stakeholders on a range of options relating to the establishment of a Local Authority Trading Company. At the outset the consultation asked for views on whether Southampton City Council needs to make changes to services, in light of the financial pressures the council is facing. In total 78% of the respondents who completed this question stated that they either strongly agreed or agreed with the need for change, 14% stated that they were neutral and the remaining 7% either strongly disagreed or disagreed. There was little difference between staff and non-staff responses.</p>
26.	<p>The consultation document outlined the objectives for future services and asked respondents if they agreed or disagreed with these. In total 76% of the respondents who completed this question stated that they either strongly agreed or agreed with the objectives for future services, 14% stated that they were neutral and the remaining 11% stated that they either strongly disagreed or disagreed. When this is broken down there is a difference between those who work for Southampton City Council and those who do not, with a higher level of agreement from non-staff (81%) compared to staff (75%).</p>
27.	<p>The consultation then asked whether respondents agreed with the Council's preferred option of creating a LATCo to deliver efficiencies and generate more income. In total 63% of the respondents who completed this question stated that they either strongly agreed or agreed with the proposal, 20% stated that they were neutral and the remaining 18% stated that they either strongly disagreed or disagreed. Again there is a difference between the responses of</p>

those employed by Southampton City Council and those who are not. 69% of respondents who do not work for the council either strongly agreed or agreed compared to 59% of those employed by the council. There was an additional open ended question for those who disagreed to outline the reasons why they disagreed. The most common reasons for disagreeing given were: issues working with external improvement partners, costs to establish and run a LATCo, concerns about profitability, and worries the proposals amount to, or are a step towards, privatisation.

28. The consultation also gathered views on how the Local Authority Trading Company could operate if established. Three options were presented to consultees:
 Option A - Local Authority Trading Company without improvement partners
 Option B - Local Authority Trading Company with improvement partners
 Option C - Local Authority Trading Company with some improvement partners

57% of the respondents who completed this question preferred option A, 9% preferred option B, 25% preferred option C and the remaining 9% of the respondents did not agree with any proposals. This question had the largest difference in response from staff and non-staff, as depicted in Figure 1 below.
Figure 1



There was an open ended question which allowed those who didn't agree with any of the proposed option to offer alternatives. The three most prevalent themes in these comments were: transform services in house first, keep services in house, and find savings elsewhere.

29. The next question sought feedback on the scope of a potential future LATCo, listing the proposed services and seeking views from consultees. In total 58% of the respondents who completed this question stated that they either strongly agreed or agreed with the proposed services, 23% were neutral and the remaining 19% stated that they either strongly disagreed or disagreed.

30. All respondents were also given the opportunity to make suggestions about the scope of services included in the LATCo proposals, and in total 210 suggestions were made by 137 respondents. There were 56 comments relating to excluding services which are currently in the proposal for the LATCo. The three most common suggests were to exclude housing operations and management, parks and transport. There were 20 comments relating to excluding services which are not currently in the proposal for the LATCo. These related to ensuring adult social care, children's social care and schools remain

	excluded. There were 103 suggestions relating to including services which are not currently in the proposal for the LATCo. The full list is included in the report in Appendix 2, but the most common suggestions were parking and pest control.
31.	The final question of the consultation gave consultees the opportunity to share their views on any impacts the proposal might have on them or their community. The majority felt there would be an impact on their community, with 64% of all respondents suggesting they would feel some impact. They were also given an opportunity to outline what these impacts were, and in total 156 respondents provided details. The two largest themes were impacts on staff and impacts on services.
32.	Overall there was a good level of engagement with the consultation. In addition to the 923 written responses, face to face and online sessions were organised to enable consultees to ask questions and find out more about the proposals. There was particular interest among those employed by Southampton City Council.

	SERVICE SCOPE CONSIDERATIONS
33.	The original recommendation to Cabinet in December 2016 included the Itchen Bridge Operations as part of the services to be in scope for transfer to the LATCo.
34.	Following further operational consideration and consideration of the views express during consultation, it is recommended that Cabinet agree to withdraw the Itchen Bridge Operations from the services in-scope to transfer to the LATCo. This is because the potential for significant service improvements (Key Objective 1 of the LATCo) and commercial growth (Key Objective 2) related to the Bridge operations are, respectively, limited and unlikely, and the opportunity for a stepped change improvement to service outcomes is no better served through a LATCo.
35.	Since the Cabinet meeting in December 2016, an internal restructure of services has led to Pest Control services being combined with the management structure of the Street Cleansing service. It is therefore recommended that Pest Control is added to the December list of services to be in scope for transfer to the LATCo.
36.	These are reflected in the list of revised services in scope included at Appendix 1.
37.	Housing Management & Housing Operations were identified in December as one of the services proposed to transfer to the LATCo. While no change is being proposed to this recommendation, it should be noted that the transfer of housing functions to the LATCo that is deemed under the Housing Act to be 'housing management' (which locally may include functions falling within or between both the Management and Operations services within the Council) requires a delegation of function from the Council to the LATCo, following detailed consultation with tenants and leaseholders. The delegation of housing functions will require the prior consent of the Secretary of State (administered through the Homes and Communities Agency ('HCA')). The process for carrying out further consultation and obtaining consent are now underway.
	NEXT STEPS

38.	Having considered the consultation feedback, which provided clear support for the establishment of the LATCo, we propose to progress with work to establish a trading company. In light of the feedback around the three variant options, which showed 57% support for Option A, we are also proposing to establish a LATCo without any external improvement partners. Therefore, and subject to confirmation at this Cabinet meeting, the procurement that was planned to commence with the publication of an OJEU Notice on August 23 rd 2017 will be ceased.
39.	Work will be undertaken between now and the end of the calendar year to develop outline service improvement and business development plans for the services in scope for the LATCo. These will be presented to Cabinet in the new year for initial consideration and review before being subject to further consultation and final decision.
40.	If endorsed by Cabinet, the outline propositions will be developed into more detailed business plans in readiness for the establishment of the LATCo.
41.	In parallel with this activity: <ul style="list-style-type: none"> ▪ discussions will continue with the Homes and Communities Agency in relation to the Council's intentions to delegate housing management functions to the LATCo; ▪ information on the services in scope for transfer will continue to be collected and any change activity already in train or planned for these services will continue to be implemented; ▪ current activity on planning the work that will be required to underpin the establishment of the LATCo, including the governance and management structure of the organisation, will continue in readiness for the actual establishment of the LATCo, the appointment of a management team and service transfer; and ▪ work will also be undertaken to plan the more detailed public and staff consultations on the LATCo, as well as tenant and leaseholder consultation on the proposed delegation of housing management functions.
42.	A further update on progress will follow as part of the report to Cabinet envisaged for the new year.

RESOURCE IMPLICATIONS

Capital/Revenue

43.	As outlined in the Cabinet report in December, additional resource is required to support this project and the programme to cover the requirement to upskill and support service managers, where necessary, in developing commercial acumen and plans. There will also be a requirement for some external tax, legal and technical advice, and project management support. Implementation costs were considered as part of setting the budget for 2017/18 with provision of £300,000 added to the budget for this purpose following approval of the budget by Council in February 2017. This allocation will cover some of the requirements mentioned however both the requirements and the costs will need to be developed alongside the implementation plans.
44.	The setting up of the LATCo itself may also have revenue funding implications that will need to be considered. In the main these will relate to the working capital requirements of the LATCo and the funding of the services that transfer

	(for which the current expectation is that existing service budgets will also transfer to the LATCo). The implications of any guarantees that are given to underwrite losses or pension strain will also need to be considered. These cannot be determined at this stage but will form part of the analysis on the more detailed proposals to be presented to Cabinet in January 2018.
45.	The governance and funding arrangements of the LATCo will also require consideration of the tax and borrowing implications on the Council (and the LATCo itself). If the council provides any loans or services to the company they will need to be at a market rate in order to ensure compliance with tax and State Aid rules.
<u>Property/Other</u>	
46.	Details on the LATCo's requirements for accommodation, operating assets and other associated matters continue to be assessed.
47.	Initial financial and legal advice would suggest that any tangible assets required by the LATCo for its operations should continue to be acquired and owned by the Council. However, further detailed work is required, the outcome of which will be reported to Cabinet in the new year.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
48.	S95 Local Government Act 2003, S111 Local Government Act 1972, S1 Localism Act 2011, Housing Act 1985, together with ancillary Regulations and guidance applying to service specific functions.
<u>Other Legal Implications:</u>	
49.	Detailed EIA and PIA requirements have been undertaken and will be reviewed and refreshed throughout the conduct of the project and decision making processes and the range of service in scope for transfer to the LATCo will be assessed in terms of client structures / non delegable duties and retained responsibilities, employment law matters, state aid, tax liability, risk and financial viability in accordance with the Council's Best Value duties prior to determining final arrangements and governance structures.
RISK MANAGEMENT IMPLICATIONS	
50.	A risk register (available on request) is maintained for this project and the risks are regularly reviewed by the Strategic Board and acted upon by the project team. The two most significant risks are: <ol style="list-style-type: none"> 1. Limited resource capacity. This is being actively monitored and resource plans are being updated to identify mitigating actions including the identification of back-fill resource. 2. Internal resource capability to deliver the required service and commercial changes that the LATCo is expected to drive for the services in scope. A resource strategy to support staff upskilling and the development of commercial acumen, internally or through appointments, is being considered.
POLICY FRAMEWORK IMPLICATIONS	
51.	The recommendations in this paper support the delivery of the following outcomes within the Southampton City Council Strategy:

	<ul style="list-style-type: none"> ▪ Southampton has strong and sustainable economic growth; ▪ Southampton is an attractive modern city, where people are proud to live and work.
--	---

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	List of Proposed Functions in scope for the LATCo
2.	Consultation feedback summary report
3.	Consultation questionnaire

Documents In Members' Rooms

1.	Equality and Safety Impact Assessment	
2.		
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	Copies of all questionnaire responses will be available in the Members rooms so they can be viewed alongside the summary report as a part of the decision making process.	

Agenda Item 10

Appendix 1

Car Park Operation Functions (Off & On Street Parking)

Function	Comments	Proposed allocation of Responsibility	
		SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Asset ownership		x	
Development of existing car park sites	Depending on solution proposed by Improvement Partner. Invoicing will be from SCC or on behalf of SCC.	x	x
Opening and closing of car parks (as directed by SCC)			x
Car park inspection and regular patrolling		x	
Cash collection, counting and banking	The cash collected is SCC income not LATCo revenue. Capita will continue to collect cash at Gateway.	x	x
Supply of parking tickets and other materials			x
Provide and maintain any equipment / solutions required to manage car parks			x
Provide help-desk type service to customers	Depending on solution proposed by Improvement Partner. Invoicing will be from SCC or on behalf of SCC.	x	x
Provide an administration service	Depending on solution proposed by Improvement Partner. Invoicing will be from SCC or on behalf of SCC.	x	x

Facilities Management

Function	Comments	Proposed allocation of Responsibility	
		SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Buildings (any workplace owned by SCC)			x
Soft FM			
Cleaning			x
Reception Services	CSL to retain current function pending business case for back office services.	x	x
Security Services			x
Hard FM			
Management of CCTV	Managed by Balfour Beatty.	x	
Repair and replacement of all defective or non-serviceable parts			x
Maintenance of all external and internal areas, all structures, fabric, finishes and fixtures and fittings			x
Maintenance of Mechanical and Electrical Services and Systems			x
Portable Appliance Testing			x
Maintenance of portable firefighting equipment			x
Reporting requirements for health and safety, including a suitable reporting form for use on reporting Site related incidents and security systems			x

Parks and Open Spaces

		Proposed allocation of Responsibility	
Functions	Comments	SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Management and stewardship of the city's parks (including the Common) and green spaces, and associated resources and assets			x
Grounds maintenance	Cemetaries and the Crematorium grounds are currently maintained by the Cemeteries Team which is managed by the Berevement Service to reflect the sensitivity of these areas and to maximise income. This service will remain with SCC.	x	x
Landscaping			x
Maintenance of sports centre sports pitches, athletics facilities, and synthetic football, hockey, netball and tennis courts.	The management of leisure facilities is outsourced to Active Nation, but maintenance is carried out by the Council.		x
Provision and maintenance of public pay and play facilities i.e. mini golf, tennis	The Golf Course is leased to MyTime Active and not in scope		x
Play Area installations, inspections and maintenance	S106, CIL and Asset Register remain with SCC	x	x
Maintenance of urban games provision e.g. skate parks, baseball courts, and MUGA's			x
Arboriculture Services			x
Allotments			x

Pest Control Functions

		Proposed allocation of Responsibility	
Pest Control Functions	Comments	SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Eradication of rodent and insect pests			X
Collection of clinical waste			X
Cleansing of filthy or verminous premises			X

Street Cleansing

		Proposed allocation of Responsibility	
Functions	Comments	SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Cleaning of city centre and district centres			x
'Zonal' cleaning of residential areas			x
Routine cleaning of city's major gateways and arteries			x
Graffiti, fly posting and fly tipping removal and control	FPN / court prosecution retained by Council	x	x
Rapid response to urgent cleansing customer reports (dog fouling, sharps, hate-crime graffiti, fly tipping, localised litter build-ups)			x
Autumn leaf clearing from city's streets			x
Weed control on highways, footpaths and hard standing	Potential overlap with BBLP Contract to be clarified	x	x
Educational and enforcement promotions and campaigns to improve cleanliness of city	Depending on proposed solutions from competitive dialogue	x	x
Care and management of city's inventory of street litter bins, including replacement of damaged items and installation of new bins			x

Waste Management & Collection

Functions	Comments	Proposed allocation of	
		SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Collect domestic and trade waste and recycling from homes and businesses	FPN is non delegable and will remain with SCC. Final stage enforcement / S.46 bins on streets / contamination etc enforcement will also remain with SCC	x	x
Deliver waste to transfer stations, incinerator and landfill			x
Disposal of domestic waste		x	
Disposal of commercial waste			x
Management of legal duty of care notices	The legal duty of care cannot be delegated, all notices must be signed and issued by the Council	x	
Management of household recycling centre	Tripartite contract to manage the HWRC currently with Veolia	x	
Provide advice about waste disposal and collection options			x
Manage container delivery and replacement			x

HOUSING FUNCTIONS

Function	S/S consent / delegation required	Comments	Proposed allocation of Responsibility	
			SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Tenancy Management	Required			
Housing Allocations applications	Required in part	Processing applications - Latco. Decisions on allocations per SCC approved policy or discretion unless consent granted by S/S to action through Latco.	x	
Housing Applications for decants	Required in Part	As above.		x
Applications for transfers	Required in Part	As above	x	
Property viewings				x
Housing Sign up	Required			x
Homelessness	Required in Part		x	
Enforcement of tenancy conditions & civil litigation	Required	Latco will commission legal action from in-house legal team through SCC.	x	x
Tenancy advice services		LATCo will sign post to Welfare Rights and Money Advice Unit.	x	x
Tenancy checks	Required in Part			x
Dealing with overcrowding	Required	Decisions around Enforcement of Tenancy Agreements to sit with the LATCo. Allocations will remain with SCC.	x	x
Management of supported accommodation & liaison with Scheme Managers	Required	Direction required from adult social care and ICU commissioning.	x	x
Dealing with squatters and illegal occupation	Required in Part			x
Exchange and assignment of tenancies	Required			x
Support for vulnerable tenants	Required in Part			x
Tenant Involvement	Required	Tenant Involvement Team will transfer to LATCo. Community Development & General Resident Involvement managed by SCC .	x	x
Customer Services	Required in Part			
Production of newsletters & communications	Required in Part	To SCC Brand Guidelines for the LATCo		x
Dealing with applications for access to personal files & information		SCC statutory responsibility - non delegable under GDPR but operationally some aspects can be processed by LATco on direction from SCC Legal who manage the function. LATCo will be required to respond to requests passed to it by Legal and report back. Any requests to be refused or are part exempt etc. must be referred to SCC legal team for processing with the information the LATCO supply. SCC will 'own' tenant data etc but Data Controller and data processor roles and Agreements to be developed as part of the LATCo governance arrangements.	x	x
Dealing with Members & Ombudsman enquiries & freedom of information requests		SCC statutory responsibility to Housing and Local Government Ombudsman. SCC Legal manage all requests and responses on behalf of the Council as legal cases. LATCO and SCC client will be responsible for providing information / response to SCC legal to manage Council's liability. SCC Legal act as legal rep for Monitoring Officer / CX on all cases.	X	x
Complaint resolution	Required	Stage 2 independent investigation etc are handled by Customer Relations Team in legal in accordance with published complaints policy.	X	x
Management of parking, sheds and garages and local parking schemes within SCC housing stock.	Required in part			x
Reception services		Gateway with Capita Southampton Limited	x	
Financial Services				
Rent collection	Required in Part			x
Rent refunds	Required in Part			x
Rent decoration allowances	Required			x
Home loss payments	Required		x	
Insurance			x	
Liaison with housing benefit and council tax	Required in Part		x	x
Management of current and former tenancy arrears and any other debts	Required			x
General leasehold management	Required	Section 20 Consultation sits with CAT		x
Community safety				
Managing antisocial behaviour	Required	Only SCC tenants and leaseholders		x
Dealing with harassment	Required	Only SCC tenants and leaseholders		x
Domestic violence and relationship breakdown			x	

HOUSING FUNCTIONS (continued...)

Function	S/S consent / delegation required	Comments	Proposed allocation of Responsibility	
			SCC Client Side Functions / Existing Partner	LATCo Provider Functions
Estate Services & Management				
Estate cleaning	Required in Part			x
Concierge services	Required in Part	Balfour Beatty and Argenti Telecare Services	x	
Grounds maintenance	Required in part			x
Monitoring of services provided by others including pest control, refuse removal, abandoned vehicles	Required in Part			x
Estate inspections	Required		x	x
Safety management	Required	Only SCC / estates properties.	x	x
Housing Operations				
Day to day repairs maintenance	Required in Part			x
Cyclical and statutory maintenance	Required in Part			x
Capital works and renewals	Required in Part			x
Customer Call Centre	Required in Part		x	
Out of Hours Emergency Repairs Service	Required in Part			x
Voids	Required in Part			x
Adaptations	Required in Part			x
Servicing	Required in Part			x
Leaseholder services	Required			
Right to Buy Leaseholder Consultation	Required		x	
Asset Register			x	

Southampton City Council consultation on the establishment of a Local Authority Trading Company - feedback

Introduction

1. Southampton City Council undertook public consultation on proposals to establish a Local Authority Trading Company between 15 June 2017 and 13 July 2017.
2. The council continues to face financial pressures both from decreasing funding and increasing demand for services. These challenges also bring opportunities, like building on successful services to generate income to reinvest in services.
3. The proposal to explore the creation of a Local Authority Trading Company was agreed by Cabinet on 20 December 2016. Subsequently it was agreed that the initial proposals should be consulted on with staff and the public before the programme was progressed.
4. This consultation sought initial views on some ways the council could change the way it delivers services in order to promote efficiencies, generate income to reinvest in services and help safeguard them from further reductions. The process of redesigning how the council operates and delivers services takes time and more detailed consultation will be undertaken on the emerging proposals and prior to any final decisions being taken. This may include a further Best Value consultation with residents, statutory consultation with housing tenants and leaseholders and formal staff consultation required under employment law.
5. This report outlines the principles, process and outcome of the public and staff consultation on the proposed establishment of a Local Authority Trading Company. It both supplements and contextualises the summary of the consultation included within the Cabinet report.

Aims

6. Over the last five years, the council has made savings of £92.4 million, but the council needs to close a projected financial gap of £90M by the financial year 2019/20. This is because the Revenue Support Grant we receive from central Government has been reduced by 55% and is likely to be phased out completely by 2019/20. In addition, in 2018/19 and 2019/20 the Housing Revenue Account (used for Council Housing) has to make savings of £8 million. At the same time, we currently spend £611 million delivering services and demand for some of our services is continuing to grow, especially in adults and children's social care.
7. Therefore, to remain sustainable as an organisation we must explore new ways of delivering services. One way of achieving this is to increase the amount of income the council generates through trading our services. Therefore the aim of this consultation was to:
 - Communicate clearly and make residents and staff aware of the challenges the council is facing
 - Ensure residents and staff understand the initial thinking on the establishment of a Local Authority Trading Company and are aware of what this may mean for them
 - Ensure any resident, staff member, business or stakeholder who wishes to comment on the proposals has the opportunity to do so, enabling them to raise any impacts the proposals may have
 - Provide feedback on the results of the consultation to elected Members to enable them to make informed decisions about how to progress the programme
 - Ensure that the results are analysed in a meaningful, timely fashion, so that feedback is taken into account when decisions are made.
8. 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

9. 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.
10. 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.
11. Public sector organisations in Southampton also have 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 consultation was for a total of four weeks with but forms part of a longer series of consultation activity which will total significantly more than 12 weeks.
12. Government Best Value guidance encourages councils to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The consultation on the potential creation of a Local Authority Trading Company will comply with the national guidance and consultation will be undertaken in stages over the coming months as proposals become more detailed.

Approach and methodology

13. The initial consultation on the establishment of a Local Authority Trading Company sought views from staff, residents, stakeholders and partner organisations. The formal consultation ran from 15 June 2017 to 13 July 2017.
14. Deciding on the best process for gathering feedback from staff and residents when conducting a consultation requires an understanding of the audience and the users of the service. It is also important to have more than one way to feed back on the consultation, to enable engagement with the widest range of people.
15. The agreed approach for this consultation was to use a combination of online and paper questionnaires, supported by public drop-in sessions, briefings for council tenants, a Facebook live question and answer session and staff briefings. The structured questionnaire was designed to include an appropriate amount of explanatory and supporting information, helping to ensure that residents are aware of the background and context to each of the proposals. At the same time, the face to face and online sessions were intended to offer an opportunity for people to ask more detailed questions. Therefore, this was judged the most suitable methodology for consulting on a complex issue such as the establishment of a Local Authority Trading Company.

16. In addition to the main questionnaire, a general response email and postal address was also advertised. This was to provide a channel for written feedback for respondents who, for whatever reason, would not wish to use the questionnaire. The council also wrote to key partners across the city, to make them aware and seek their views.
17. A draft Equality and Safety Impact Assessment was produced as a part of the consultation documentation to outline any potential impacts the proposals may have. This is a live document which will be updated with information from the consultation.

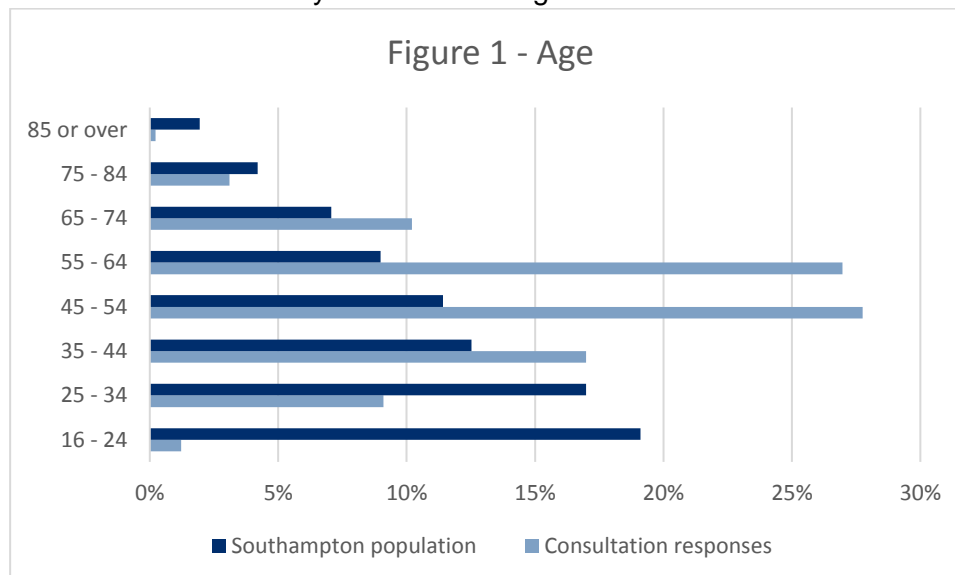
Promotion and communication

18. Throughout the consultation, every effort was made to ensure that as many people as possible were aware of the consultation and had an opportunity to have their say. Efforts were also made to communicate these complex proposals in as clear and easy to understand way as possible, by providing background to the proposal at the start of the questionnaire and a Frequently Asked Questions (FAQs) document these were available on a dedicated council webpage.
19. The consultation was promoted in the following ways:
- News release issued on 15 June 2017, picked up by the Daily Echo with one article
 - Article uploaded to the 'news' section of the Southampton City Council website on 16 June 2017
 - A link to the LATCo consultation web pages was included on the council website 'have your say' page for the duration of the consultation
 - Facebook live Question and Answer session held on Monday 10 July 2017, from 17:30 – 18:30, as a quick and convenient way for people to engage with the consultation and ask questions directly of a panel of council officers
 - Stay connected e-alerts – four City News articles (5,765 subscribers) and two Your City Your Say consultation e-bulletins (3,447 subscribers)
 - The council's Facebook and Twitter accounts were used to signpost people to the consultation and information about the LATCo proposals. 11 Facebook posts and six tweets were used to promote the consultation over the four weeks
 - A range of internal communications were also used to encourage staff to participate, including:
 - The Bulletin 28 June 2017
 - The Bulletin 12 July 2017
 - Dawn's Update 21 June 2017
 - Dawn's Update 06 July 2017
 - Staff Stuff news carousel from 22 June 2017 until 12 July 2017, linking to LATCo staff stuff pages
 - Paper versions of the budget questionnaire and information were available in libraries and council offices.

Consultation respondents

20. In total, 923 people responded to the consultation on the establishment of a Local Authority Trading Company through a paper or online questionnaire, with the vast majority (87%) using the online questionnaire. All the questionnaire submissions that had at least one question completed were included in the analysis, to ensure every piece of feedback was considered. Feedback was also gathered through the face to face sessions and via email.
21. This section outlines the demographic makeup of respondents to the questionnaire, showing which groups were represented in terms of age, gender, whether they consider themselves to be disabled and whether or not they are council staff. 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 proposals. The analysis provided below does not cover all respondents, as some did not complete the demographic section.

22. Figure 1 shows the age breakdown of the consultation respondents compared to the mid-2015 population estimate for Southampton. The groups with the lowest representation were: 16-24, 25-34 and 85+ year olds, all having less than 20 respondents there were no respondents under the age of 16. The most over-represented groups were the 35-44, 45-54, 55-64 and 65-74 year olds, which make up 40% of the Southampton population but represented 82% of the overall respondents to the consultation. This is in line with expectations as the over 45s tend to participate in consultations in greater numbers. As an example, in Southampton City Council's budget consultation for 2017 to 2021, 78% of respondents were between 35 and 74 years old. See Figure 1 for the full breakdown.



23. The gender breakdown of consultation respondents was 50.1% male, 43.0% female, 0.3% transgender, 0.8% not identifying as female, male or transgender and 5.7% preferring not to say. Overall this is broadly representative of Southampton as it is similar to the mid-2015 population estimate for Southampton which reports 51% male and 49% female.

24. The ethnicity breakdown of consultation respondents was:

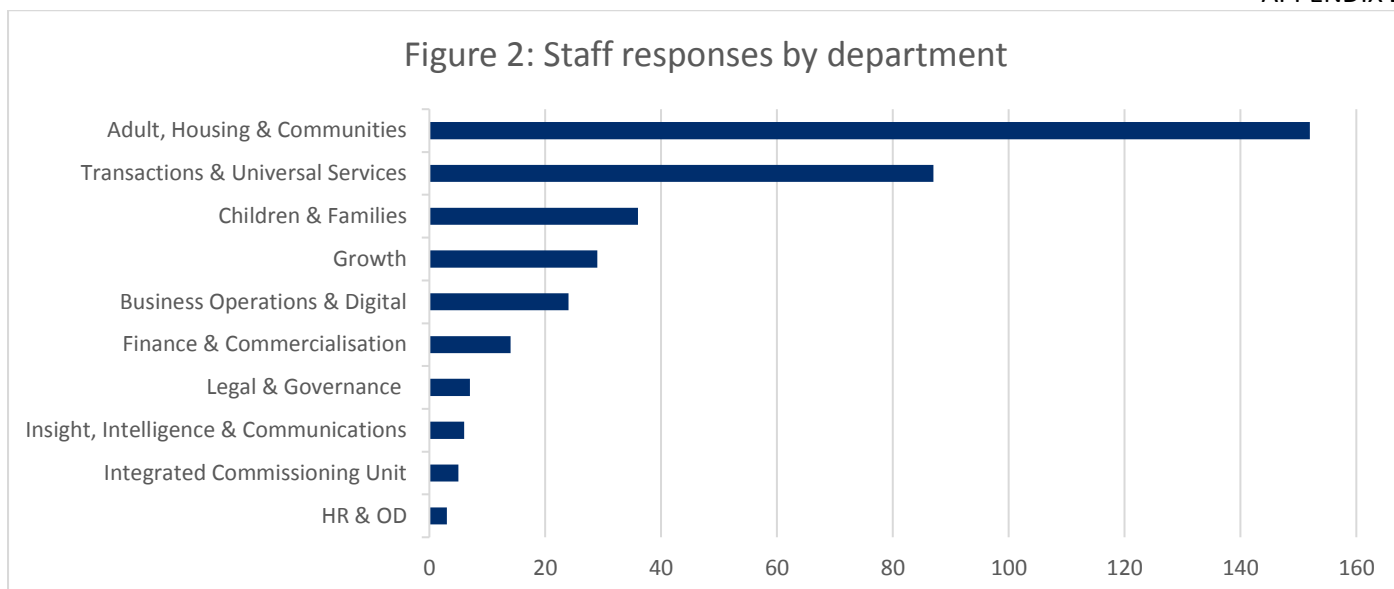
- 87% White
- 1% Mixed/multiple ethnic groups
- 2% Asian/Asian British
- 1% Black/African/Caribbean/Black British
- 1% other ethnic group
- 9% of respondents preferred not to state their ethnic group.

25. This is broadly representative of the Southampton population as recorded in the 2011 census in which 86% of the population describe themselves as White, 2% Mixed/multiple ethnic groups, 2% Black/African/Caribbean/ Black British and 1% other ethnic group. However, as 8% of the Southampton population describe themselves as Asian/Asian British compared to 2% of consultation respondents, this ethnic group was underrepresented in the consultation.

26. In total, 8% of questionnaire respondents considered themselves disabled, 86% did not consider themselves disabled and 6% of respondents preferred not to say.

27. The majority of respondents stated that they were employed by Southampton City Council (62%), 38% were not employed by Southampton City Council. Of the staff who responded 66%, provided information as to which department of the council they were employed in, figure 2 shows the breakdown of this.

Figure 2: Staff responses by department



Face to face drop-ins and briefings

28. To supplement the questionnaire a range of face to face sessions for staff, the public and council tenants were arranged. These sessions helped explain the background to the project and answer any questions. Questions raised during these session were added to the frequently asked questions published on the council website. Some of the key themes of the questions were: accountability, practicalities, and questions about the benefits. These sessions channelled staff and residents to provide feedback via the consultation questionnaire.

29. Staff sessions:

- Leadership Group – 13 June 2017
- City Depot Briefing – Waste and Recycling 15 June 2017
- Waste and Recycling back office briefing 15 June 2017
- Parks and Open spaces briefing 15 June 2017
- Central depot briefing 15 June 2017
- Fleet team briefing 15 June 2017
- Transport briefing 15 June 2017
- Housing Operations briefing 15 June 2017
- Housing staff briefing 15 June 2017
- Facilities Management briefing 16 June 2017
- Parking Cash Office briefing 19 June 2017
- Parking Technical briefing 19 June 2017
- Housing staff mop-up 3 July 2017
- All staff (mop –up) briefing 5 July 2017
- Staff lunch time drop-ins 26 June and 3 July 2017
- PULSE staff engagement group 20 June 2017

30. Resident and tenant sessions:

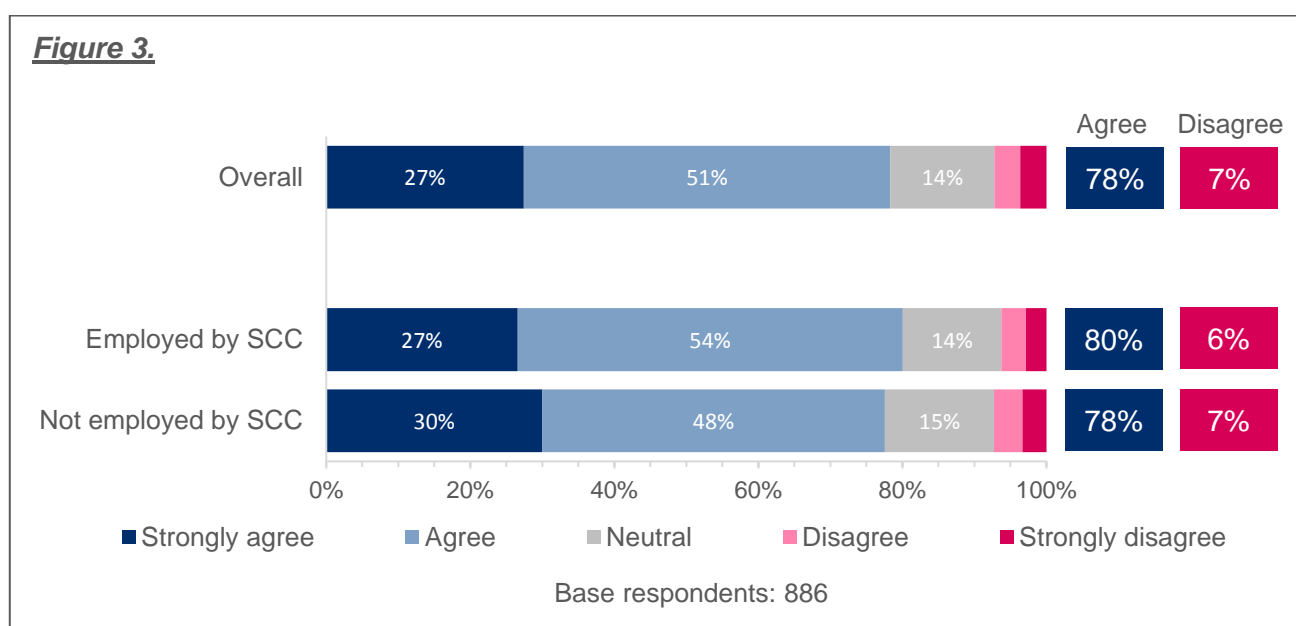
- Library drop-in sessions
 - i. Central Library 23 June 2017 11-1pm
 - ii. Bitterne Library 29 June 2017 11:30 – 1pm
 - iii. Shirley Library 5 July 2017 2-4pm
- Tenants Association representative briefing - 12 July 2017 6 pm - 7.30pm & 13 July 2017 10am - 11.30am
- Housing and leaseholders briefing- 12 July 2017 6-7:30pm & 13 July 2017 10-11:30
- Housing scrutiny, resources and inspectors meeting 16 June 2017 2.30pm

Consultation results

31. Respondents were asked for their views on issues directly linked to the establishment of a Local Authority Trading Company, including rationale and objectives for future service delivery as well as questions on the various options for creating a Local Authority Trading Company being considered.
32. Given the high proportion of council staff who responded to this consultation, the analysis below shows the overall responses, as well as a break down showing how council staff responded and how those not employed by the council responded. 34 respondents did not answer the question regarding whether they were employed by the council; this represents less than 4% of the total respondents. As this is not a statistically significant proportion, their responses have therefore been included in the overall figures but a separate category showing how they responded has not been included.

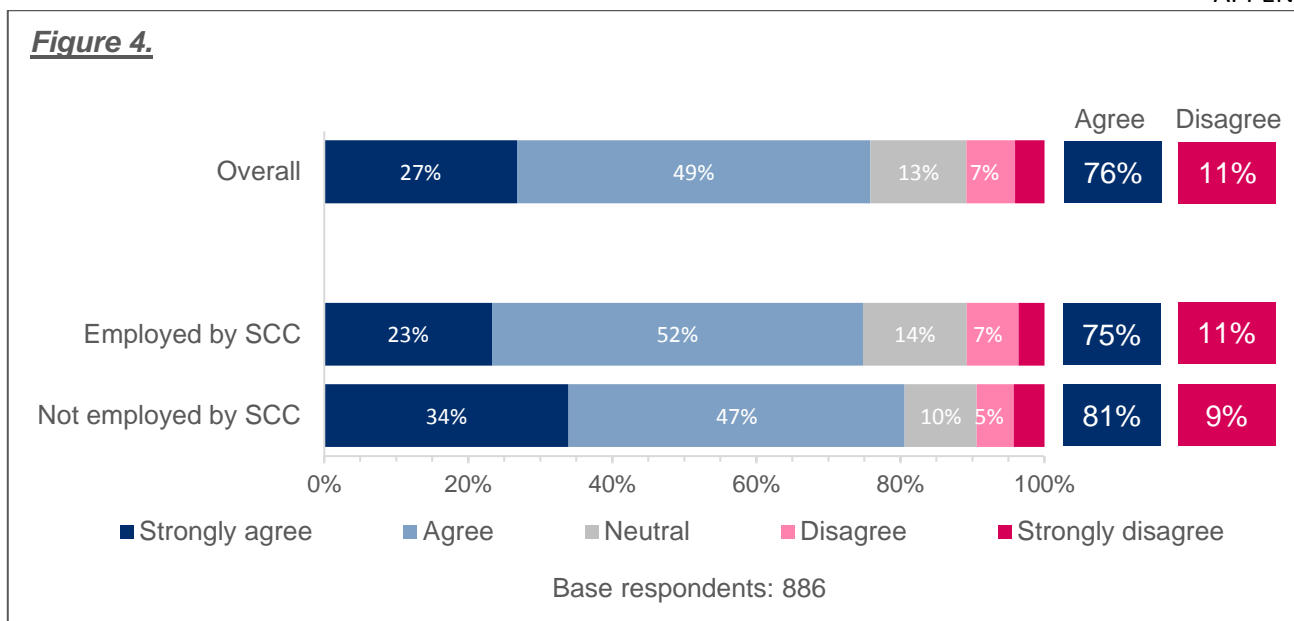
Question 1

33. Figure 3 shows the breakdown in the level of agreement of the following statement: “To what extent do you feel Southampton City Council needs to make changes to services?”.
- 78% of the respondents who completed this question stated that they either strongly agreed or agreed with the need for change
 - 14% of the respondents who completed this question stated that they were neutral about the need for change
 - The remaining 7% of the respondents who completed this question stated that they either strongly disagreed or disagreed with the need for change.



Question 2

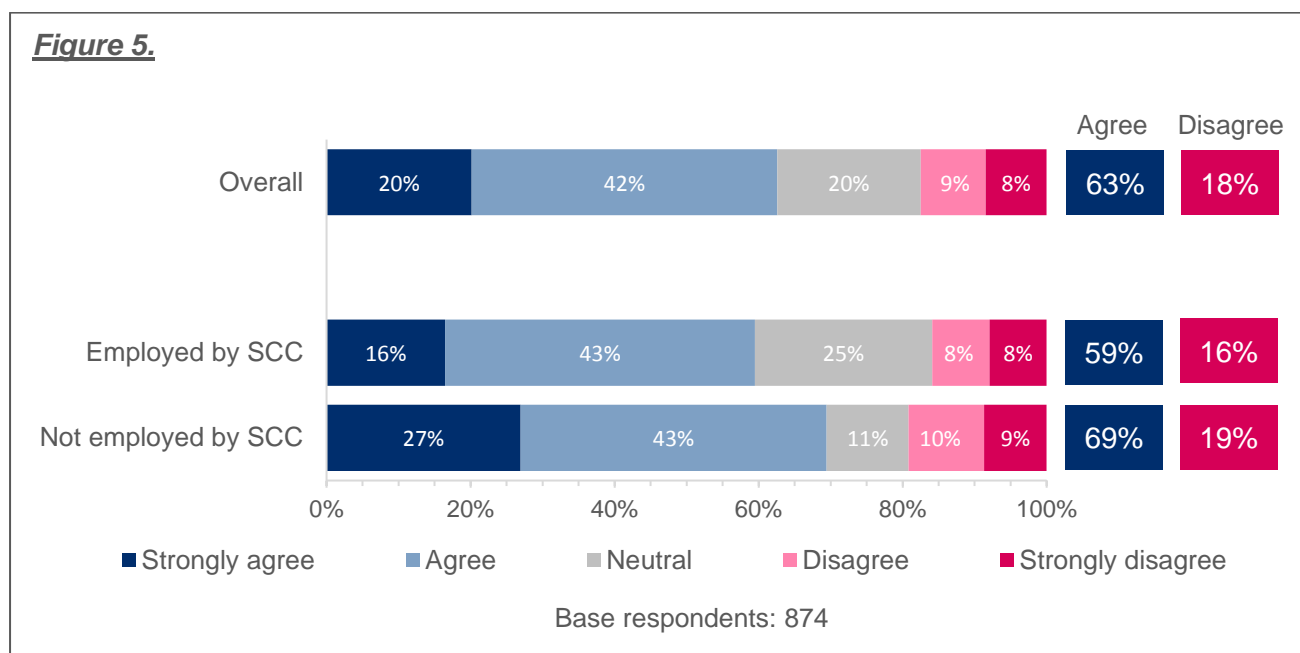
34. Figure 4 shows the breakdown in the level of agreement of the following statement; “To what extent do you agree or disagree with the overall objectives for future services?”.
- 76% of the respondents who completed this question stated that they either strongly agreed or agreed with the objectives for future services
 - 14% of the respondents who completed this question stated that they were neutral about the objectives for future services
 - The remaining 11% of the respondents who completed this question stated that they either strongly disagreed or disagreed with the objectives for future services.



Question 3

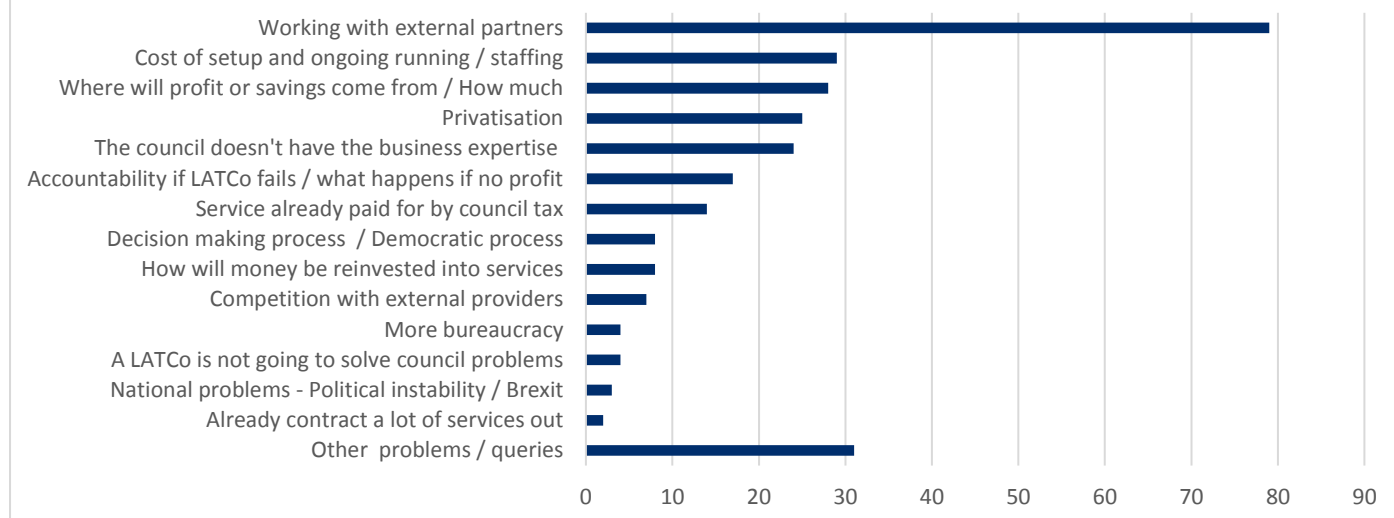
35. Figure 5 shows the breakdown in the level of agreement of the following statement; “To what extent do you agree or disagree with the council’s preferred option of creating a Local Authority Trading Company to deliver efficiencies and generate more income?”.

- 63% of the respondents who completed this question stated that they either strongly agreed or agreed with the proposal.
- 20% of the respondents who completed this question stated that they were neutral about the proposal
- The remaining 18% of the respondents who completed this question stated that they either strongly disagreed or disagreed with the proposal.



36. There was an additional question which allowed those respondents who disagreed with the preferred option of creating a Local Authority Trading Company the opportunity to say why they disagreed and outline any alternative options the council should consider. In total 179 people responded and the key themes are outlined in figure 6.

Figure 6: Reasons for disagreement with the preferred option and alternatives



37. The largest group of comments from those who disagreed with the preferred option to create a Local Authority Trading Company related to concerns about the use of external improvement partners. These comments were made by 44% of the respondents who submitted a reason for disagreeing. Some examples of these comments are below:

'I believe the council should work on solving the actual problem, which is to make services more efficient and effective. I believe the Latco is a solution which in itself is expensive and doesn't of itself solve the real problem. Even with a Latco splitting the council services in two, the actual making the services more efficient and effective, and raising income still needs to be done. This should be being done by SLT right now across the whole council. I believe that by bringing in more private short term management consultants, the benefits required will be forecast short term & delivery over the longer term will prove unsustainable. SCC does not, as far as I am aware, have a good track record of actually gaining the long term benefits from more efficient and effective service delivery, from its work with private sector consultants.'

'SCC's current partnerships with Balfour Beatty and Capita have been problematic to say the least and it is staff on the front lines that see that the most. A public service is to be provided to the people from the taxes they pay, it is not to be run for profit or income generation and to make it so would be a betrayal to our citizens.'

'Because the arrangements with the existing external contractors, especially Capita, do not work and have cost the authority extortionate amounts of money for consistently very low-quality services'

38. The second largest group of comments from those who disagreed with the preferred option to create a Local Authority Trading Company related to concerns about the cost of set up. These comments were made by 16% of the total respondents who submitted a reason for disagreeing. Some examples of these comments are below:

'Would prefer the council to keep it services in house to retain job security, creating a LATCO is privatisation and will incur costs in setting it up and contract costs etc. The council also seems focused on TUPE Transferring staff when this isn't the best option for staff. If the Council chooses to go with creating a LATCO Secondment arrangements for Council staff would offer more job security and assurance that this arrangement won't see staff left open to having their terms and conditions eroded'

'Partners may tender for this competitively in the first year or so and then have to be bailed out costing yet more money with the council then having to pick up the pieces and start again. The process itself will be expensive. There WILL be a lack of experience, knowledge, commitment and accountability from new partners and their employees. And the list goes on

'You have not shown the added cost & resource implications of managing the company within the LA - the client interface, as the new company will also need management.'

39. The third largest group of comments from those who disagreed with the preferred option to create a Local Authority Trading Company were around concerns about profit or savings created. These comments were made by 15.6% of the total of respondents who submitted a reason for disagreeing. Some examples of these comments are below:

'If this will be owned by the council but run independently, and employ its own workers does this mean they will not be employees of SCC? Also this independently run company will need to make some kind of profit in order to both run and pay its employees so how exactly does the council plan on making money out of this venture. Will staff be told how much we have made and what this additional money will be spent on especially as you are planning on providing less support from actual staff in favour of everything going on line so its impossible for people to get hold of anyone in the council if they have any issues they need help with.'

'I am uncomfortable with the notion outlined in briefing sessions that ALL profit made by the LATCO would be ploughed back into the council: how can any company operate successfully with no profit margins to sustain it?'

'the only way savings will be made in staffing (whilst keeping, or even having a reasonable level of service) and the only way other non in- house options would save money, is to presumably change pay and conditions for current SCC staff? Or to disband SCC teams, and employ people on different types of contracts? i'd like much more information on how exactly becoming a LATC would save money.'

40. The fourth largest group of comments from those who disagreed with the preferred option to create a Local Authority Trading Company were around concerns about the 'privatisation' of services. These comments made up 14% of the total of respondents who submitted a reason for disagreeing. Some examples of these comments are below:

'While I understand the council needs to make savings because of funding cuts and austerity; I am concerned that this is a step to full privatisation of services via the back door. When public bodies are run for profit, and profits are put before people, the benefits generally accrue to shareholders and there are few if any benefits to clients and staff; and many detriments in the form of even more service cuts and even more cuts to posts, pay and conditions.'

'I rather you keep providing services, in-house. Too many experiences of privatisation failures, cost borne by taxpayers.'

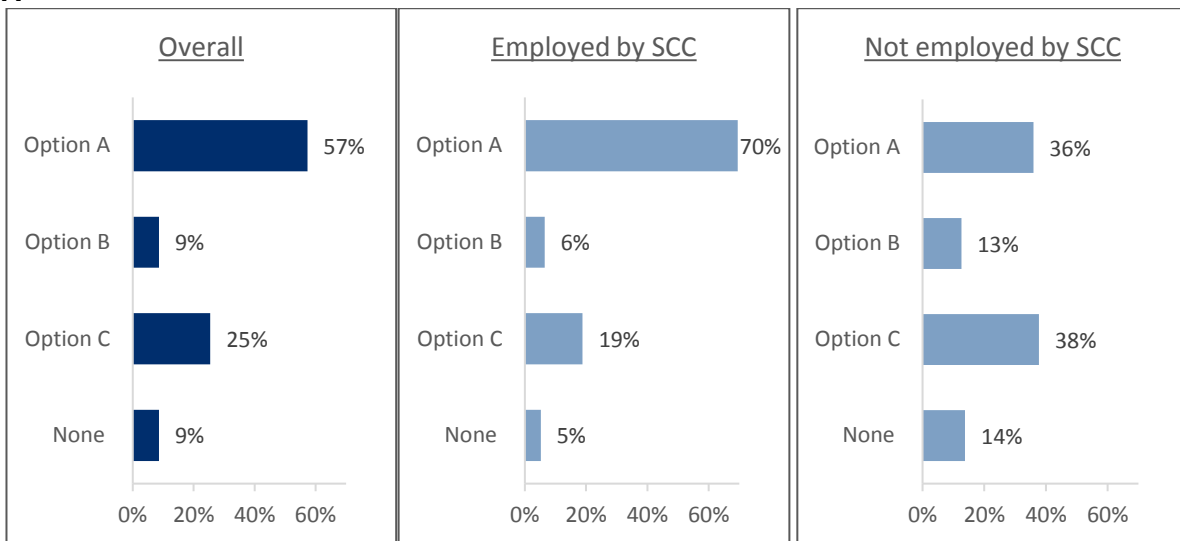
'Again privatisation by a different name. No doubt when whatever meagre morsels of flesh have been scraped off the already bare bones of the Council all the directors will "Transfer" to the LATCo with a nice big pay off while the residents on the city are left high and dry'

Question 4

41. Figure 7 shows the breakdown of responses to the various options being considered by the council for how the Local Authority Trading Company could operate at this stage.

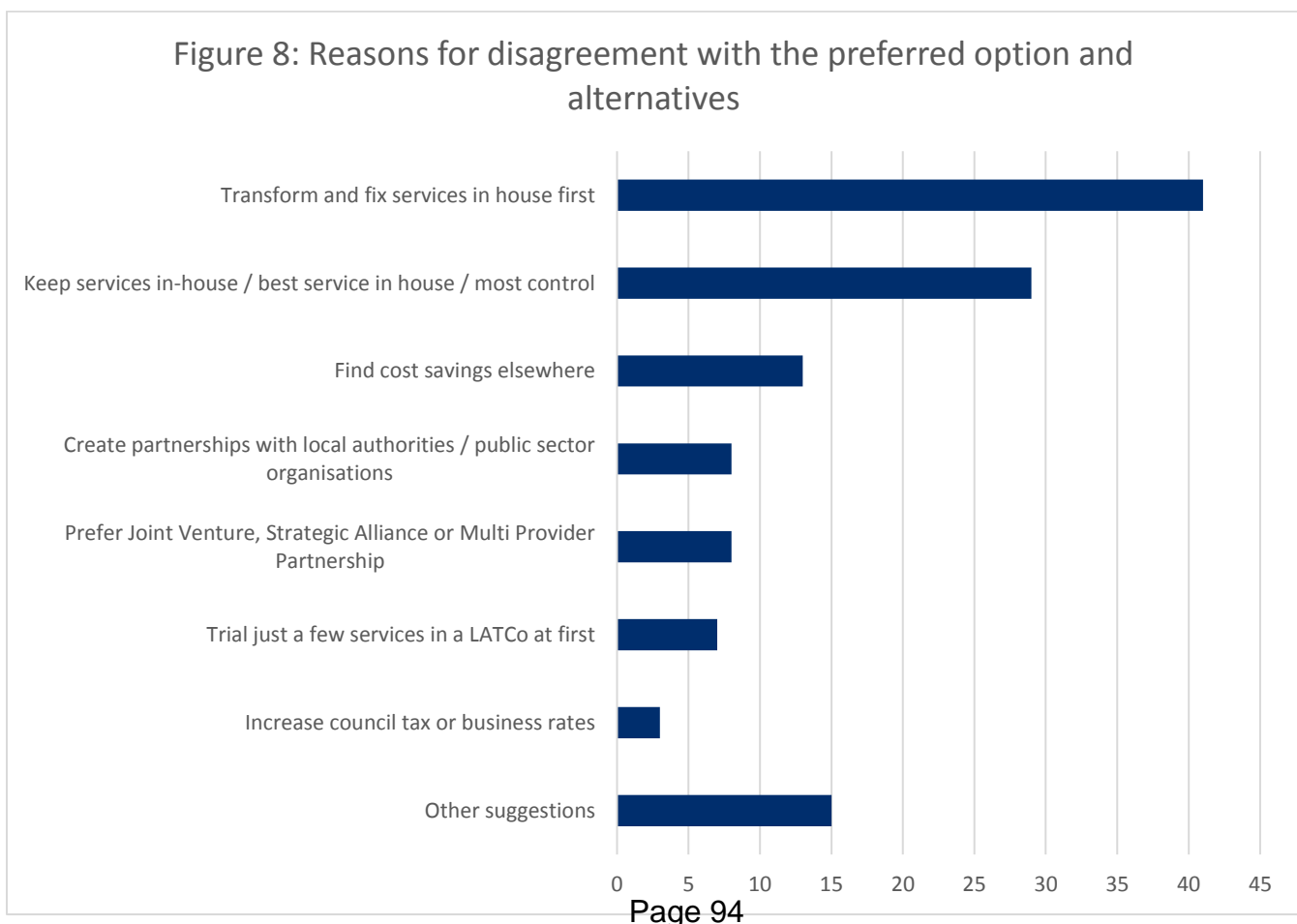
- 57% of the respondents who completed this question preferred option A (Local Authority Trading Company without improvement partners)
- 9% of the respondents who completed this question preferred option B (Local Authority Trading Company with improvement partners)
- 25% of the respondents who completed this question preferred option C (Local Authority Trading Company with some improvement partners)
- The remaining 9% of the respondents did not agree with any proposals.

Figure 7.



42. There is a marked difference in the responses to this question from people employed by the council and those who are not. A significant majority of council employees who responded favoured the option of creating a Local Authority Trading Company without any external improvement partners. Responses from people not employed by the council were more evenly spread with 36% selecting option A (no external improvement partners) and 38% selecting option C (some external improvement partners).

43. There was an additional question which allowed those respondents who didn't agree with the proposed options (A,B or C) for creating a Local Authority Trading Company the opportunity to say why they disagreed and outline any alternative options the council should consider. In total 110 people responded and the key themes are outlined in figure 8.



44. The largest group of comments from those who proposed an alternative to options A,B and C felt services should be improved in-house before any other agreements are entered into. These suggestions made up 37% of comments about alternatives. Some examples of these comments are below:

'The council struggles at the moment to provide a coherent vision/strategy for service delivery. The council seems in an endless cycle of restructures (transformation) which seems to bring about instability and confusion to all with very questionable outcomes in terms of improvement to services. I'm not convinced that the council is well placed to manage the plethora of diverse arrangements they might potentially enter in to with partner agencies. I would think the council is better advised to focus on their own service delivery and getting it right. I am sceptical about the idea of the council company but it would be helpful to hear examples of where we (or other LAs) have been able to make money from selling services.'

'Fix the current structure. Do you really think the council has any business acumen - I guess you do. SCC is deluded.'

'its much cheaper to directly employ and recruit a manager with commercial expertise from outside SCC, rather than contracting it to a business consultant on exorbitant rates who will leave and has no loyalty to the authority'

'Strategically this is the worst option for the people of Southampton, the council should develop ways of supporting the city and population through cost base management, improving the way things are done internally not see commercial options as a way out.'

45. The second highest group of comments from those who proposed an alternative to options A,B and C felt services should be run in-house. These suggestions made up 26% of comments about alternatives. Some examples of these comments are below:

'Services should be run in house. Public services are not for sale and should not be profiteered'

'Concerned about the fact that are losing focus in terms of the customer in terms of service delivery. Skill development in terms of staff is all important, but vulnerability of service group I fear will get over looked. Risk of further social exclusion.'

'I disagree because you have continued to consider service delivery within existing parameters which are already ceasing to be viable. By that, I mean that we are already seeing a diminution (sic) of aspirations/ expectations and this needs to be promoted because of existing/ continuing/ worsening financial constraints. A community focus and a tightening of belts is the reality and you can run that in-house.'

'The council already has the expertise in house, they already generate income in the guise of cost recovery, and the costs of setting up the latco could be used on marketing in house services and training existing staff so they can be more efficient and therefore generate more income.'

46. The third highest group of comments from those who disagreed who proposed an alternative to options A,B and C felt savings should be made elsewhere. These suggestions made up 12% of comments about alternatives. Some examples of these comments are below:

'The cost and complexity of procurement and management of a range of different contracts is always very high and often fails to offset the benefits..... look at the NHS and the attempt to back peddle on contracts out to multiple partners through the STP. It would be better to try and make modifications with the existing in house arrangements given the rules and time it takes both commissioners and those parties being commissioned being tied up in rules contracts and delays... I don't believe much income will accrue because of this.'

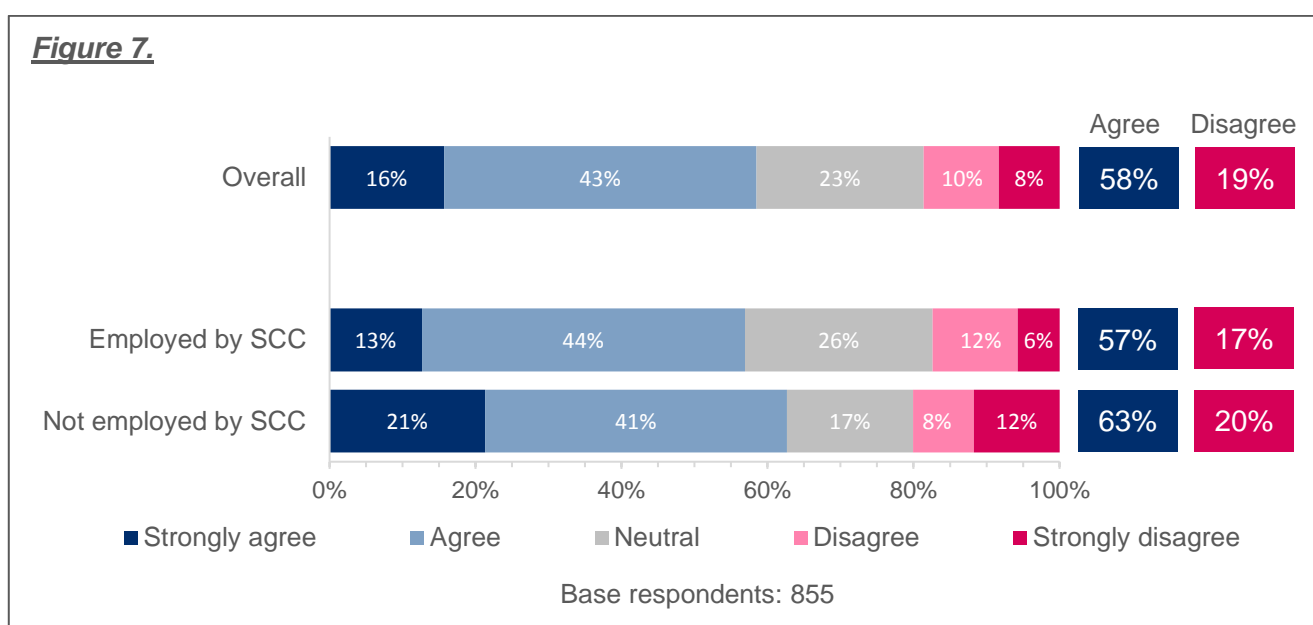
'Make some savings by reducing the number of councillors by a third, show the public that you are prepared to share the pain.'

'Invest in a property portfolio like Eastleigh council'

Question 5

47. Figure 7 shows the breakdown in the level of agreement of the following statement; "To what extent do you agree or disagree with the services being included in the plans for a Local Authority Trading Company?".

- 58% of the respondents who completed this question stated that they either strongly agreed or agreed with the proposal.
- 23% of the respondents who completed this question stated that they were neutral about the proposal
- The remaining 19% of the respondents who completed this question stated that they either strongly disagreed or disagreed with the proposal.



48. All respondents were also given the opportunity to make suggestions about the scope of services included in the Local Authority Trading Company Proposals and in total 210 suggestions were made by 137 respondents. The key themes were: those who were unsure about what should be included, those who felt services should be excluded, and suggestions of services to include in the future.

49. There were 56 comments relating to excluding services which are currently in the proposal for the Local Authority Trading Company. Table 1 shows the breakdown of the services mentioned with the number of responses.

Exclude housing operations and management	22
Exclude parks and open spaces	9
Exclude transport	8
Exclude waste management and collection	6
Exclude street cleansing	4
Exclude car parks	3
Exclude facilities management	3
Exclude pest control	1

Table 1

50. There were 20 comments relating to excluding services which are not currently in the proposal for the Local Authority Trading Company. Table 2 shows the breakdown of the services mentioned with the number of responses.

Do not add in adult social care	11
Do not add in children's social care	7
Do not add in schools	2

Table 2

51. There were 103 suggestions relating to including services which are not currently in the proposal for the Local Authority Trading Company. Table 3 shows the breakdown of the services mentioned with the number of responses.

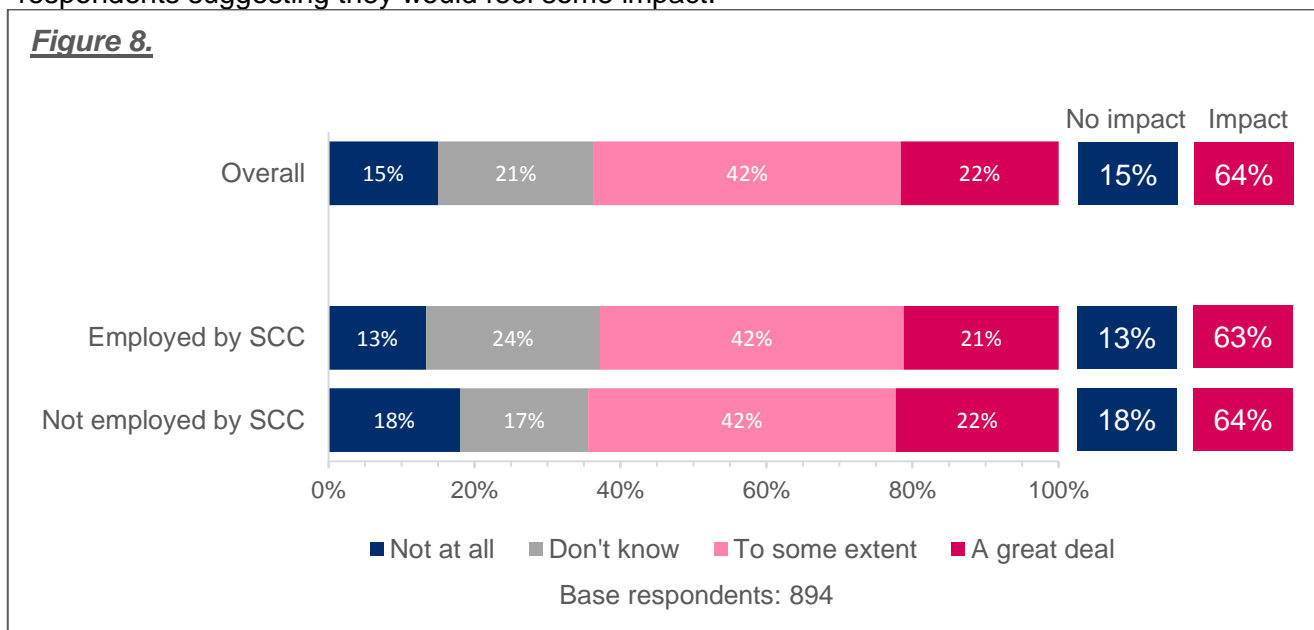
Include parking	7
Include pest control	6
Include adult social care	5
Include roads and pavements	5
Include education / schools	5
Include energy	5
Include legal services	5
Include arts and heritage	4
Include customer payment and debt team	4
Include transport	4
Include training	4
Include events	4
Include housing operations and management	3
Include children's social care	3
Include finance	3
Include facilities management	2
Include courier service	2
Include health and safety	2
Include street lighting	2
Include street cleansing	2
Include waste management	2
Include leisure centres	2
Include HR / occupational health	2
Include crematorium	1
Include environmental health	1
Include early years	1
Include town sergeants	1
Include trading standards	1
Include design	1
Include planning	1
Make housing a separate business	1
Taxi service	1
Banking	1
Gas and electricity supply	1
Broadband provider	1
Mobile phone company	1
More cameras to prosecute illegal activities or damage to council property	1

Buy land and build housing stock	1
Gulley cleaning	1
Gritting hospitals and private property	1
Translation services.	1
Events	1
Disabled adaptations	1

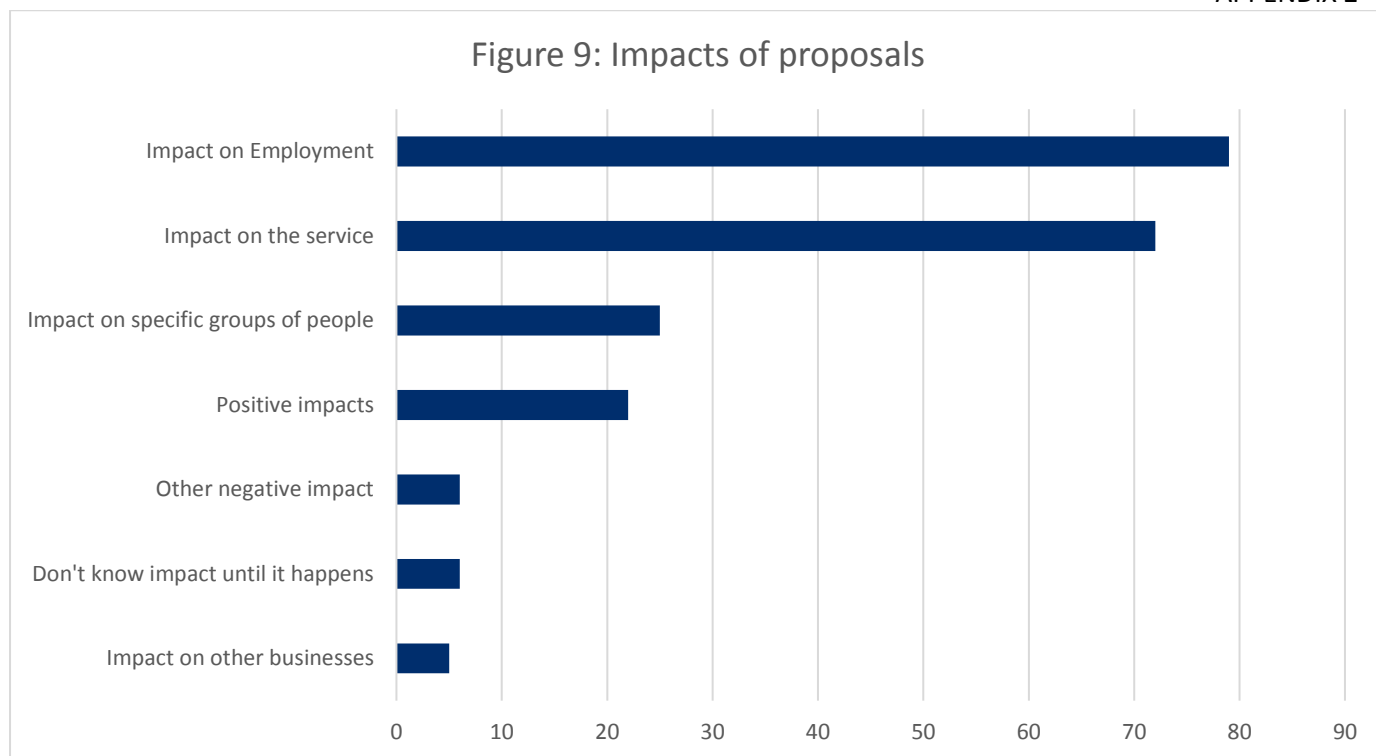
Table 3

Potential impacts of the proposals

52. In total, 894 respondents (97%) answered the question about impacts the proposals would have if implemented. The majority felt there would be an impact on their community, with 64% of all respondents suggesting they would feel some impact.



53. Respondents were also given the opportunity to suggest any impacts they or others might face if the proposals were implemented. In total 156 respondents answered this question, the main themes of the impact comments are shown in figure 9.



54. The most frequently identified impact related to employment, these made up 51% of the impact comments. Some examples are below:

'Redundancies, changes in staff contracts.'

'It would probably worsen pay and conditions of staff, whether at once or later, and make it more difficult for members of the public to access services.'

'Secured jobs not so much now but in 5-10 years time, will our jobs still be secure then.'

55. The second most frequently identified theme related to the potential impact on the service, these made up 46% of the impact comments. Some examples are below:

'The majority of the public look to the council for advice, standards, authority issues but to release this to a council set up LATCO and then possibly a private company would add confusion, frustration and no one to make proper decisions in respect of safety and many companies would not shoulder responsibility and to get answers would be non-committal.'

'We will not know the full impact until we see the results when you change - however as a trading company it should be expected that with competition, services should improve and focus more on what customers actually want from the council. On the other hand, with a trading company delivering these services, any important but loss making services could be lost.'

'Commercial companies have different priorities and ethos, than public services. We should maintain the later, and look for other economies. There are probably still too many chiefs in your organisation. My experience is that these are not scaled down enough in cost saving measures.'

56. The third most frequently identified impact related to the potential impact on specific groups of people, these made up 16% of the impact comments. Some examples are below:

'People with disabilities are likely to suffer more than others given the higher support needs they have.'

'I have a disabled child, and I am very worried about the impact of commercialising transport as this has been disastrous in other authorities (Tower Hamlets) who have used partner agencies.'

'I think there are potential community impacts for those with disabilities, people who do not identify as White British and older members of the community by including the following services in the LATCO: Facilities management (managing and maintaining buildings) Transport (managing transport for people receiving social care, or to and from schools and dial-a-ride) If costs were to increase to cover costs of partnerships, contracts or profits this could affect people who share the above listed protected characteristics disproportionately as they are more likely to be living in poverty and having to pay increased rates to cover these services will mean their quality of life will be impacted in trying to manage finances in other areas.'

Feedback on the consultation process

57. The council is committed to making 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 summarised in this section.
58. Overall, out of the 923 people who took part in the consultation, a total of 61 commented on the consultation process itself, representing less than 7% of total consultation responses. In addition to this feedback there has also been verbal feedback from some stakeholders raising concerns about the accessibility of information provided. This is above the average level of feedback on a consultation.
59. A selection of the comments made regarding the consultation process are shown in Table 4.

<i>The explanation on the chart on the previous page is appalling with different colours for apparently same benefits etc.</i>
<i>This consultation is not written in a way for anyone without detailed knowledge of the LATCo to easily understand. It's all jargon and technical. Therefore cannot comment.</i>
<i>The whole thrust of this consultation seems to suggest that LATcos are money trees - they are not. At least when I buy a financial product I am warned that its value can go up or down. You must realise that LATcos can make a loss and with all LAs up and down the country rushing to set up these entities, there will be many that fail and the polltax payer ends up footing the bill.</i>
<i>What is an 'improvement partner' examples would be helpful in order to give an informed opinion</i>
<i>This survey is extremely vague, so vague in fact that the results will be invalid. It really is not clear what the Council is suggesting with these proposals. For the early part of the survey, it sounded like the Council is proposing to set up a Trading Company to raise money by providing services outside of the Council's normal remit. This might apply to some of the services listed here, e.g. waste management, facilities management - if these apply to charging private businesses for these services. But many of the services listed, such as street cleaning and managing council homes, are public services, provided to the public already out of Council Tax as part of the Council's remit. Surely you do not propose charging extra for these? So this whole survey is too vague, and it makes me very suspicious that it has been deliberately worded in a very vague way, in order to later claim that a public consultation supported charging extra for services that should be provided out of Council Tax, or changing, reducing or privatising services. I don't trust this survey, and you haven't adequately explained what you're proposing.</i>
<i>Tenants more involved not just 'lip service' consultations.</i>
<i>Oh - I thought this was a consultation. I didn't realise the decision to set up a LATco had already been taken. I am not in favour of a LATco for reasons given above.</i>
<i>The question above is actually poorly weighted - you cannot yet know that a LATCo will deliver efficiencies and generate more income even if research might support this statement. (this is not certain but could be an aim)</i>
<i>The description of "improvement partners" is too broad to be meaningful. The success of these options depends on the role of these partners and the execution of the improvements.</i>

Table 4

60. The feedback on the consultation process has raised a range of concerns, which will be considered and taken into account in future consultations, the main areas of comment were as follows:
- How clear and easy to understand proposals were
 - Terminology was not clear
 - That it was a done deal

- The document was too positive
- There were too many options to consider in one consultation.

Conclusion

61. This consultation sought views on a range of proposals around the establishment of a Local Authority Trading Company, its scope and how it would be managed.
62. Overall there was a good level of engagement with the consultation. In total there were 923 written responses, alongside this there were face to face sessions where consultees could ask questions and find out more about the proposals. There was particular interest among those employed by Southampton City Council.
63. The demographic breakdown of the respondents to the consultation has shown that whilst certain groups were less represented than others there was still significant engagement across the board.
64. This consultation has sought to explore the views of the whole community on a wide range of factors, to elicit a full discussion on whether to create a Local Authority Trading Company.
65. The consultation questionnaire showed that there was agreement with the principle that Southampton City Council needs to make changes to services.
66. The central question of the consultation asked consultees to what extent they agreed with the preferred option to create a Local Authority trading Company, the total level of agreement with this was 63%. Although the majority of respondents agreed with the proposal comments gave the reasons why some respondents disagreed. The most common reasons for disagreeing were: issues working with external improvement partners, costs to establish and run, concerns about profitability and worries the proposals amount to, or are a step towards, privatisation.
67. Of the different options outlined the majority of respondents prefer option A (Local Authority Trading Company without improvement partners), with 57% of all consultees selecting this as their preference.
68. This consultation has ensured compliance with local and government standards. This report, outlines the full picture of the consultation results and will be used to inform decision makers.

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Southampton City Council consultation on the establishment of a Local Authority Trading Company

The council continues to face financial pressures both from decreasing funding and increasing demand for services. These financial challenges also bring opportunities, like building on our successful services to generate income to reinvest in services and support the running of the council.

This consultation seeks initial views on some ways the council could change the way it delivers services in order to promote efficiencies, generate income to reinvest in services and help safeguard them from further reductions. The process of redesigning the way we operate takes time and we will consult in more detail and for a longer period of time as proposals develop. The feedback from this consultation will be taken to Cabinet on 16 August 2017 for a decision as how best to proceed with the programme.

There is an online version of this questionnaire which we encourage you to complete. Please visit: www.southampton.gov.uk/latco

More detailed information is available at the same link including the full Cabinet paper, FAQs and background information.

Why the council needs to change the way it delivers services

Over the last five years, the council has made savings of £92.4 million but by 2020/21, we have to save another £8.5 million. This is because the Revenue Support Grant we receive from central Government has been reduced by 55% and is likely to be phased out completely by 2019/20. In addition, in 2018/19 and 2019/20 the Housing Revenue Account (used for Council Housing) has to make savings of £8 million.

At the same time, we currently spend £611 million delivering services. This will only increase in years to come as demand for our services grows, especially in adults and children's social care. Therefore, to remain financially sustainable as an organisation we must explore new ways to deliver services.

One way of supporting our services is to increase the amount of income through trading services with others.

To what extent do you feel Southampton City Council needs to make changes to services?

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

**Closing date
13 July 2017**

Objectives for future services

In order to develop the future direction of our services we have set out the following key objectives which future plans will be built around.

- Making services more efficient and effective
 - Developing services so they can trade to make a profit to reinvest in services
-

To what extent do you agree or disagree with the overall objectives for future services?

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

Options for service delivery

Our preferred option at this stage is to form a Local Authority Trading Company. A Local Authority Trading Company is a limited company that is totally owned by the council but operates independently. A Local Authority Trading Company offers an opportunity to improve efficiency and income generation. It would take direction from the council, but would employ staff directly and manage its own affairs. Services may be delivered independently or with improvement partners. In arriving at our preferred option, other options for service delivery have been considered:

In-house

Services would continue to operate in the same way they do now.

Joint Venture

There are several models of Joint Venture available, this is where the council would form a new organisation to deliver services which would be owned partly by the council and partly by another provider.

Strategic Alliance

A strategic alliance is where the council would enter into arrangements with partners for mutual benefit to pursue a set of agreed upon objectives needed while remaining independent organisations.

Multi Provider Partnership

A Multi Provider Partnership can be provided where the council has a number of separate contracts with a range of providers to deliver specific services / aspects of services and ensures all parties work together to deliver the objectives of the council.

The options were assessed using a number of financial, operational and human resource related criteria to compare the relative advantages and disadvantages of the alternative options. The criteria were developed and agreed in consultation with Cabinet Members and senior officers.

A three point scale (Low, Medium and High) was used to evaluate the relative merits of the options against the criteria. Key to the options appraisal was the consideration of the potential for the options to deliver savings and improve service delivery.

The table below summarises the relative score of each option:

	In house	Local Authority Trading Company	Joint Venture	Strategic Alliance	Multi Provider Partnership
Cost of change	Low	Medium	High	Low	High
Savings potential	Medium	High	High	Medium	Medium
Pace of change	Low	High	High	Medium	Medium
Duration of procurement	N/A	High	High	High	High
Changes to staffing practices	Low	High	High	Medium	Medium
Service change and practice improvement	Low	High	High	Medium	Medium
Opportunities for staff	Low	High	High	Medium	Medium
Service expansion and trading	Medium	High	High	Medium	Medium
Control over decision making	High	High	Medium	Medium	Medium
Complexity of structure and management to set up	Low	Medium	High	Medium	High

Key for table

Low	Low level of benefit, control for the council, cost, time, complexity or risk
Medium	Medium level of benefit, control for the council, cost, time, complexity or risk
High	High level of benefit, control for the council, cost, time, complexity or risk
	Positive
	Balanced
	Negative

A Local Authority Trading Company would support our aims of growing the local economy, bringing investment into the city and increasing employment opportunities for local people. It would enable us to have control whilst generating more income than we can within the council to fund services.

The Local Authority Trading Company option has the potential to:

1. Allow management greater flexibility to shape service provision
2. Build on existing service quality and improve the service experience to customers (citizens, businesses and visitors) through the development and improvement of service offerings
3. Support quicker decision making and more organisational agility in responding to, and proactively addressing, changes in the market
4. Enable the council to pursue income generation activity (rather than just cost recovery)
5. Enable the council to attract commercial skills
6. Establish the foundation for future partnering or cross council / public authority working.

We ultimately want to be able sell services to other organisations and/or individuals in order to generate income, which can in turn be ploughed back into council to improve services, or develop the business further.

To what extent do you agree or disagree with the council’s preferred option of creating a Local Authority Trading Company to deliver efficiencies and generate more income?

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

If you disagree with the preferred option please explain why and provide details of any alternative options that the council could consider?

There are a number of different routes we could go down to create a Local Authority Trading Company. These include:

Option A – Local Authority Trading Company without improvement partners:

Option B - Local Authority Trading Company with improvement partners:

Option C - Local Authority Trading Company with some improvement partners:

	Option A	Option B	Option C
Establish a wholly council owned company	✓	✓	✓
Transfer agreed services into the new Local Authority Trading Company	✓	✓	✓
Develop plans to improve and develop those services	✓	✓	✓
Create roles within the Local Authority Trading Company which provide the necessary capacity and expertise to support the trading company to deliver successfully.	✓		✓
Appoint external improvement partners to work with and support the services in the Local Authority Trading Company for a period of time and help them become more commercial		✓	✓

Which option for how the Local Authority Trading Company should operate do you feel is best?

- Option A
 Option B
 Option C
 None of the above (please state below)

Scope of services

In developing the proposals around the creation of a Local Authority Trading Company we have considered which services provide the greatest opportunity for development. In December 2016, Cabinet made a decision that the following services offer the best opportunity to commercialise and generate income:

- Housing operations and housing management (managing tenancies and maintaining council homes)
- Waste management and collection
- Operating car parks
- Managing and maintaining parks and open spaces
- Street cleansing
- Facilities management (managing and maintaining buildings)
- Transport (managing transport for people receiving social care, or to and from schools and dial-a-ride)

In addition, we are now exploring the potential of including pest control services.

To what extent do you agree or disagree with the services being included in the plans for a Local Authority Trading Company?

Strongly agree

Disagree

Agree

Strongly disagree

Neutral

Don't know

Are there any other Southampton City Council services you feel we should include or exclude in our plans for creating a Local Authority Trading Company?

Understanding the impact of the proposed changes

We have developed an equality impact assessments for the preferred option but it is really important that we have identified all the potential impacts that may be experienced. We are very keen to identify what the impact will be for you if the preferred option at this stage were to be implemented, it is important to emphasise that creating the trading company itself will not change the way services are delivery, but it will allow opportunities for future service improvement .

Southampton City Council has a duty to take into account the impact of their decisions on people with protected characteristics under the Equality Act 2010 (age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, and sexual orientation).

If the preferred option were to be implemented what impact do you feel this might have on you or your community?

A great deal

Not at all

To some extent

Don't know

If you feel there are any personal impacts or equality issues we have overlooked in the formation of these proposals, please outline them below.

Information about you

What is your full postcode?

(We ask this to ensure that all parts of Southampton are represented in the consultation. Your postcode will not be used to contact you)

What was your age on your last birthday?

- | | | | |
|-------------------------------------|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> Under 16 | <input type="checkbox"/> 16 to 24 | <input type="checkbox"/> 25 to 34 | <input type="checkbox"/> 35 to 44 |
| <input type="checkbox"/> 45 to 54 | <input type="checkbox"/> 55 to 64 | <input type="checkbox"/> 65 to 74 | <input type="checkbox"/> 75 to 84 |
| <input type="checkbox"/> 85 or over | <input type="checkbox"/> Prefer not to say | | |

What is your gender?

- | | | |
|--|--|--------------------------------------|
| <input type="checkbox"/> Female | <input type="checkbox"/> Male | <input type="checkbox"/> Transgender |
| <input type="checkbox"/> Do not identify as female, male, or transgender | <input type="checkbox"/> Prefer not to say | |

Which of these activities best describes what you are doing at present?

- | | |
|---|---|
| <input type="checkbox"/> Working full-time (31 hours or more per week) | <input type="checkbox"/> Permanently sick or disabled |
| <input type="checkbox"/> Working part-time (Up to 30 hours per week) | <input type="checkbox"/> Wholly retired from paid work |
| <input type="checkbox"/> On a Government supported training programme | <input type="checkbox"/> Looking after the home or family |
| <input type="checkbox"/> Full-time education at school, college or university | <input type="checkbox"/> Doing something else |
| <input type="checkbox"/> Unemployed and available for work | <input type="checkbox"/> Prefer not to say |

Do you have dependent children aged under 18?

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Prefer not to say |
|------------------------------|-----------------------------|--|

Do you consider yourself to be disabled?

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Prefer not to say |
|------------------------------|-----------------------------|--|

What is your ethnic group?

- | | |
|---|---|
| <input type="checkbox"/> White | <input type="checkbox"/> Mixed or multiple ethnic groups |
| <input type="checkbox"/> Asian or Asian British | <input type="checkbox"/> Black, African, Caribbean or Black British |
| <input type="checkbox"/> Any other ethnic group | <input type="checkbox"/> Prefer not to say |

Are you employed by Southampton City Council?

- | | | |
|--|----------------------|-----------------------------|
| <input type="checkbox"/> Yes – please write in the service | <input type="text"/> | <input type="checkbox"/> No |
|--|----------------------|-----------------------------|

Privacy statement

Any personal information you give to us will always be processed in accordance with the UK Data Protection Act 1998. We will only use the personal information you provide to deliver the services you have requested, or for our lawful, disclosed purposes. We will not make your personal details available outside our organisations without your consent, unless otherwise required by law. Please be aware that any comments given on this form may be published in the report. However, the councils will endeavour to remove any references that could identify individuals or organisations.

What happens next?

Cabinet will meet and consider the feedback from the consultation on 16 August 2017. Following their decision on which way to progress work will be done to develop proposals and more detailed consultation will take place in the new year.

DECISION-MAKER:	CABINET					
SUBJECT:	ESTABLISHMENT OF AN IN HOUSE CHILDREN'S EDGE OF CARE SERVICE					
DATE OF DECISION:	15 AUGUST 2017					
REPORT OF:	CABINET MEMBER FOR CHILDREN'S SOCIAL CARE					
<u>CONTACT DETAILS</u>						
AUTHOR:	Name:	Donna Chapman	Tel:	023 80 296004		
	E-mail:	d.chapman1@nhs.net				
Director	Name:	Hilary Brooks	Tel:	023 80 834899		
	E-mail:	Hilary.Brooks@southampton.gov.uk				
STATEMENT OF CONFIDENTIALITY						
Not Applicable						
BRIEF SUMMARY						
<p>Approval is sought to establish an in house Children's Edge of Care Service in house identified as a key transformation driver in reducing the numbers of children coming into care in the city and reducing the significant cost pressure to the Council. This proposal supersedes a previous resolution by Cabinet in October 2016 to commission an Edge of Care service from an external provider using a Social Impact Bond (SIB) model which was developed as part of the Big Lottery's Commissioning for Better Outcomes Programme. A procurement for this service failed to yield a bid capable of delivering the service to the quality required. Detailed work was undertaken, including and consideration of alternate options. An internal service is now considered to be the optimum and most cost effective way of achieving the outcomes required.</p> <p>Financial benefits identified</p>						
		2017/18	2018/19	2019/20	2020/21	2021/22
		£'000	£'000	£'000	£'000	£'000
	Cost avoidance	465	1,615	2,529	2,580	2,354
	Cost of in-house provision	173	397	450	454	458
	Cost of externally provided provision	160	582	867	891	891
RECOMMENDATIONS:						
	(i)	To approve the establishment of an in house Edge of Care Service.				
	(ii)	To note that the cost of this service will be met from existing revenue budgets and expenditure of £173,265 in 17/18 rising to £460k in 2021/22 to deliver the service in house.				
REASONS FOR REPORT RECOMMENDATIONS						
1.	An Edge of Care Service has been identified as a key transformation driver in					

	reducing the numbers of children coming into care in the city and reducing the significant cost pressure to the Council.
2.	In October 2016, a proposal was approved by Cabinet to procure an Edge of Care Service from the market using a Social Impact Bond (SIB) model with outcome payments subsidised by a Big Lottery Grant. This procurement failed to deliver a bid capable of achieving the outcomes required.
3.	Further to a review of the options and consideration of other developments within children's services since the previous proposal, the establishment of an in house Edge of Care Service has been found to be the best option, on the basis that it builds on internal provision within the Children's Resource Service, thereby offering a more cost effective, flexible and integrated solution.
4.	Since the original proposal, significant work has been undertaken to transform Children and Families Services. This has included the development of a strengths based approach to working with children and families, strong management oversight, transformation of the front door, embedding of restorative practice principles and a much stronger focus on permanency planning, as evidenced by higher numbers of adoptions and use of special guardianship orders (SGOs) over the last 8 months. This has already achieved noticeable reductions in numbers looked after and demonstrates that the Council now has the specialism and expertise to develop this service in house.
5.	Furthermore, the financial modelling for the in house option projects a lower cost and lesser financial pressures which will result in a much greater cost avoidance in subsequent years than would be achieved through using an external provider.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
6.	To commission the service from an external provider in line with the original proposal. This option has now been rejected on the basis that it offers a lower financial return and is considered less capable of achieving the outcomes required. This is covered in more detail in Sections 11 and 12.
DETAIL (Including consultation carried out)	
7.	The Council had seen a significant increase in the numbers of children coming into care, rising to a high of 637 in the summer of 2015. As at March 2017, the number of Looked After children (LAC) was 542 which equates to a rate of 110, against a national average rate of 60 and a local authority comparator average of 76. The number of Looked After Children as of the 21 July 2017 was 517. Whilst this is a significant reduction from our previous high this is still significantly higher than would be anticipated for a city of Southampton's size and demographics, and financial challenges for the council resulting in poorer outcomes for children.
8.	The aim of the Edge of Care Service is to prevent children coming into care by providing a service to support and develop the skills of families to function effectively.
9.	The Service will support a minimum of 72 families every year with a view to the children remaining or returning home appropriately. The client group is defined as:

	<ul style="list-style-type: none"> families with children from birth to 18 years (with a focus on those with children aged 8+) subject to child protection planning where the next action would be to take the child (or children) into care; and families where children from birth to 18 years (with a focus on those with children aged 8+) have been looked after for a maximum of 6 weeks and whose care plan demonstrates that they could return home with support. 				
10.	<p>Following the unsuccessful procurement of an external provider to deliver the service, two options have been considered:</p> <ol style="list-style-type: none"> a return to the market to procure an external provider to deliver the service, learning from the feedback received from providers, ATQ and other Authorities post tender. develop the service in house. 				
	Option One: Return to the Market				
11.	<p>This option was explored in detail, with feedback sought from the market and intelligence from other authorities to secure a more positive outcome from a second tender. The main changes proposed to be included in a second tender were the introduction of a guaranteed level of business to reduce risk for the provider and an option to mark up the terms and conditions of the contract further to feedback that the Council's normal terms and conditions are too risk adverse for an outcomes based model of delivery.</p>				
12.	<p>The pros and cons of Option One: Return to the Market were considered to be:</p> <table border="1"> <thead> <tr> <th>Pros</th> <th>Cons</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Enables the Council to take advantage of the Big Lottery grant External provider takes the majority of the risk, should care cost avoidance savings not be achieved (i.e. no saving = only minimal payment to the provider) </td> <td> <ul style="list-style-type: none"> More expensive – provider has opportunity to earn payments of up to £986,550 in some years, should they keep 50% of 72 children out of care More complex set of relationships – i.e. how the external provider, commissioners and internal services interface; more complex pathways of care. Danger of duplication and confusion regards what / who has made the difference in keeping a child out of care Will take longer to mobilise – will need to tender and then build in time for new provider to set up SIB and mobilise new service Potentially less flexibility to flex service as provider will be working to an agreed specification (albeit this could be varied by agreement) Potentially the provider may be less </td> </tr> </tbody> </table>	Pros	Cons	<ul style="list-style-type: none"> Enables the Council to take advantage of the Big Lottery grant External provider takes the majority of the risk, should care cost avoidance savings not be achieved (i.e. no saving = only minimal payment to the provider) 	<ul style="list-style-type: none"> More expensive – provider has opportunity to earn payments of up to £986,550 in some years, should they keep 50% of 72 children out of care More complex set of relationships – i.e. how the external provider, commissioners and internal services interface; more complex pathways of care. Danger of duplication and confusion regards what / who has made the difference in keeping a child out of care Will take longer to mobilise – will need to tender and then build in time for new provider to set up SIB and mobilise new service Potentially less flexibility to flex service as provider will be working to an agreed specification (albeit this could be varied by agreement) Potentially the provider may be less
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		willing to work with higher risk families where the success rate (and therefore opportunity for achieving outcome payment) is lower
	Option Two: Develop the Service In House	
13.	The in house option involves developing the service as part of the Children's Resource Service (part of the Council's Children and Families Services), alongside the Building Resilience Service (BRS), Specialist Assessment Team and the Family, Drug & Alcohol Court (FDAC), with close links to the wider range of services available to families including the Youth Offending Service (YOS), Education Welfare Service and integrated Early Help offer.	
14.	The main advantage of Option Two is that it would build on existing services and in house expertise, thereby offering a more integrated solution for children and families. Since the original proposal, significant work has been undertaken to transform Children and Families Services. This has included the development of a strengths based approach to working with children and families, transformation of the front door, embedding of restorative practice principles and a much stronger focus on permanency planning, as evidenced by higher numbers of adoptions and use of special guardianship orders (SGOs) over the last 8 months. This has already achieved noticeable reductions in numbers of Children Looked After.	
15.	Furthermore, the financial modelling for the in house option demonstrates a much greater cost avoidance in subsequent years than would be achieved through using an external provider, because of the lower cost of provision. The in house provision will cost £173,265 in 2017/18 (6 months only) rising to £397,234 in 2018/19 and £457,867 by 2021/22 (owing to inflationary increases). The proposed outcome payments for the external provider (based on similar Social Impact Bond models for Edge of Care Services in other parts of the country) were £157,745 for 2017/18, rising to £627,827 in 2018/19 and £986,550 by 2021/22. With the Big Lottery contribution, this would reduce to costs of £130,928, £523,910 and £832,350 respectively but is still much greater than the cost of the in house model after 2017/18. (The costs of the external provider option in 2017/18 would be lower because the payments are based on outcomes and therefore not incurred up front, unlike the in house option).	
16.	One of the original reasons for recommending the external provider option was that it minimised risk of paying for non-achievement, i.e. if the provider did not achieve the outcome of keeping children out of care, then no payment would be made. However the over-riding consideration should be the effectiveness of an Edge of Care Service to keep children out of care as the potential cost avoidance are considerable and therefore, when considering the two options, far greater weight has been now given to the likelihood of success.	
17.	The main pros and cons of Option Two: Develop the Service in house are summarised below:	

	<p>Pros</p> <ul style="list-style-type: none"> • More cost effective as the in house model builds on existing in house provision • More aligned to Southampton Children and Families Service model of Strengthening Families • Greater ability to control and integrate with internal provision • More closely aligned to existing services; more streamlined pathways • Shorter mobilisation period as does not require a tendering exercise • Greater flexibility to flex service to meet wider needs/priorities 	<p>Cons</p> <ul style="list-style-type: none"> • The Council would have to forfeit the Big Lottery grant • The Council would be taking 100% of risk in investing in an internal provision should the cost avoidance savings not be achieved 																														
18.	Full details of both options can be found in the Edge of Care Business Case at Appendix 1. If approved, recruitment to the new in house service would commence with immediate effect to achieve a start of 1 October 2017.																															
RESOURCE IMPLICATIONS																																
<u>Capital/Revenue</u>																																
19.	This Edge of Care Service will be financed from existing revenue budgets and the staffing requirements are currently subject to consultation in the Children & Families Phase 3 restructure. The revenue costs and savings from a reduction in the cost of keeping children out of care are detailed below.																															
20.	<p>The following financial model presents the costs and net cost avoidance for the in house Edge of Care Service, based on a 50% success rate.</p> <p>It should be noted that this scheme is about cost avoidance - preventing children entering care - as opposed to a reduction in existing spend.</p> <table border="1"> <thead> <tr> <th>50% Success Rate</th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> </tr> </thead> <tbody> <tr> <td>Cost Avoidance</td> <td>464,649</td> <td>1,614,984</td> <td>2,529,264</td> <td>2,579,900</td> <td>2,354,401</td> </tr> <tr> <td>In house staffing costs</td> <td>(146,265)</td> <td>(343,234)</td> <td>(395,909)</td> <td>(399,868)</td> <td>(403,867)</td> </tr> <tr> <td>Intervention Budget</td> <td>(27,000)</td> <td>(54,000)</td> <td>(54,000)</td> <td>(54,000)</td> <td>(54,000)</td> </tr> <tr> <td>Net Cost Avoidance</td> <td>291,385</td> <td>1,217,750</td> <td>2,079,355</td> <td>2,126,031</td> <td>1,896,534</td> </tr> </tbody> </table>		50% Success Rate	2017/18	2018/19	2019/20	2020/21	2021/22	Cost Avoidance	464,649	1,614,984	2,529,264	2,579,900	2,354,401	In house staffing costs	(146,265)	(343,234)	(395,909)	(399,868)	(403,867)	Intervention Budget	(27,000)	(54,000)	(54,000)	(54,000)	(54,000)	Net Cost Avoidance	291,385	1,217,750	2,079,355	2,126,031	1,896,534
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<u>Property/Other</u>																																
21.	Not applicable																															

LEGAL IMPLICATIONS	
Statutory power to undertake proposals in the report:	
22.	The proposals are delivered in accordance with the Council duties and powers under the Children's Act 1989 and s.1 Localism Act 2011 (General Power of Competence).
Other Legal Implications:	
23.	There are no other legal implications arising from this report.
POLICY FRAMEWORK IMPLICATIONS	
24.	The proposal is in accordance with the Council's current Policy Framework and Council Priority Outcome 'Children and young people get the best start in life'.
KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	none
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Edge of Care Business Case
2.	Draft Service Specification
Documents In Members' Rooms	
1.	EISA
2.	PIA
Equality Impact Assessment	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	Yes
Other Background Documents	
Equality Impact Assessment and Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None

EDGE OF CARE BUSINESS CASE

Project name	Edge of Care	Project ID		
Programme Name	Reducing Numbers of Looked After Children			
Author	Donna Chapman and Phil Bullingham			
SRO				
Document Status	Confidential	<input type="checkbox"/>	Draft	<input type="checkbox"/>
	For Circulation	√	Signed Off	<input type="checkbox"/>

Document History

Revision History

Revision date	Summary of Changes (indicate section numbers)	Changes marked
26 June 2017	Further information (including comparative costs/savings) added to support rationale for in house option as opposed to external provider Clarification throughout that this is cost avoidance, not saving	Executive Summary Option Appraisal Executive Summary

Revision History

Revision date	Summary of Changes (indicate section numbers)	Changes marked

Distribution

This document has been distributed to:-

Name	Title	Date Distributed	Version Number Distributed
Hilary Brooks	Director Children's Services	13 June 2017	1
Children's Transformation Board members	N/A	14 June 2017	1
Children's Commissioning Group members	N/A	14 June 2017	1
CMT	N/A	w/c 3 July 2017	2

Contents

Document History.....2

1 Executive Summary.....4

2 Case for Change.....5

3 Strategic Case.....6

4 Options Appraisal.....13

5 Benefit Realisation.....16

6 Management Case.....16

7 Appendices.....18

1 Executive Summary

This business case proposes the development of an Intensive Family Support Edge of Care service, identified as a key transformation driver in reducing the numbers of children coming into care in the city and reducing the significant cost pressure to the Council. The new service will aim to reduce the need for children and young people to be looked after, by either working with families to keep children safely at home or by keeping care placements short and reuniting children and young people with their families as soon as possible.

It is proposed to develop this service in house as part of the Children's Resource Service and alongside the Building Resilience Service (BRS) and Specialist Assessment Team (incorporating the Family Drug and Alcohol Court (FDAC) and Reunification Team), which have already developed considerable skills and expertise in delivering systemic therapy programmes.

This proposal supersedes a previous proposal to commission an Edge of Care service from an external provider using a Social Impact Bond (SIB) model which was developed as part of the Big Lottery's Commissioning for Better Outcomes Programme. Following a feasibility study, conducted by an external consultant, ATQ, the Council carried out a procurement in December 2016; however this did not yield a bid capable of delivering the service to the quality required. It is understood following further market engagement that the reasons for this were primarily threefold: the lack of a guaranteed level of referrals and income which was deemed to be too high a risk for providers; timescales not being sufficient for a SIB to be established and the Council's standard terms and conditions being seen as too risk adverse for a SIB based contract.

Commissioners and Children's Services officers have therefore taken this opportunity to re-group and reconsider the options for establishing an Edge of Care Service. A paper was presented to the Council's Senior Leadership Team (SLT) in April 2017 setting out two options:

- to return to the market to procure an external provider to deliver the service, learning from the feedback received from providers, ATQ and other Authorities
- to develop an in house Edge of Care Service (acknowledging that the Big Lottery contribution of 17% towards the outcome payments to a commissioned provider would not apply in this scenario)

The options are appraised in more detail at Section 4.

The in house option was preferred by SLT on the basis that it would build on existing in house provision, thereby offering a more cost effective, flexible and integrated solution, which would be embedded in the strengths based restorative practice principles and systemic therapy programmes already being developed in house.

Furthermore, the financial modelling for the in house option demonstrates a much greater cost avoidance saving in subsequent years than would be achieved through the proposed outcome based commissioning model using an external provider, because of the lower cost of provision. The in house provision will cost £173,265 in 2017/18 (6 months only) rising to £397,234 in 2018/19 and £457,867 by 2021/22 (owing to inflationary increases). The proposed outcome payments for the external provider (based on similar SIB models for Edge of Care Services in other parts of the country) were £157,745 for 2017/18, rising to £627,827 in 2018/19 and £986,550 by 2021/22. With the Big Lottery contribution, this would reduce to costs of £130,928, £523,910 and £832,350 respectively but is still much greater than the cost of the in house model after 2017/18. (The costs of the external provider option in 2017/18 would be lower because the payments are based on outcomes and therefore not incurred up front, unlike the in house option).

Further details on the comparative cost avoidance savings of each option can be found at Section 4.

This difference in cost between the two options is partly due to the in house model being built on existing in house services and infrastructure; but it is also due to the external outcome based commissioning model needing to incentivise the provider to take on the risk of non achievement (under an outcome based commissioning model, payment is dependent on achievement of outcomes.)

One of the original arguments for the external provider option was that it minimised risk of paying for non achievement, i.e. if the provider did not achieve the outcome of keeping children out of care, then it would not be paid. However the over-riding consideration should be the effectiveness of an Edge of Care Service to keep children out of care as the potential cost avoidance savings are considerable and so when considering the two options, far greater weight has been given this time to the likelihood of success.

It has also been acknowledged that since the original ATQ report, there has been a steady downward trend in Southampton's children looked after numbers as a result of focussed work on permanency planning, particularly increasing adoptions and use of special guardianship orders.

The SLT paper is attached at Appendix A.

This business case presents the case for the in house option. It shows that, assuming a 50% success rate of keeping children referred out of care (which was the base case scenario used for the ATQ modelling), total net cost avoidance after investment would be in the region of £291k for 2017/18 (assuming an October start date), rising to £1,217k in 2018/19 and £2,079k in 2019/20 . In comparison, the cost avoidance savings for the external outcome based commissioning model are £304,721 for 2017/18 (noting that costs are lower in the first 6 months owing to the outcome payment method), rising to £1,033k in 2018/19 and £1,662k in 2019/20.

Further detail of the financial modelling for 4 years can be found at Section 5.

Approval is being sought to commence implementation.

2 Case for Change

2.1 Current Situation

Southampton City Council has seen a significant increase in the numbers of children coming into care, rising to a high of 637 in the summer of 2015. As at March 2017, the number of children looked after (CLA) was 542 which equates to a rate of 110, against a national average rate of 60 and a local authority comparator average of 76.

The number of children looked after as of the 8 June 2017 is 527. Whilst this is a significant reduction from our previous high this is still significantly higher than would be anticipated for a City of Southampton's size and demographics, and is causing a great financial burden and less than optimising outcomes for children.

In-depth research was undertaken to identify the key factors and reasons for the high numbers of CLA within the City and potential solutions. This identified that, whilst the thresholds for children coming into care were as would be expected, there were insufficient resources in place to prevent children on the edge of care becoming looked after or to support children to return home.

The research recommended the development of an Edge of Care Service linked to the existing preventative and early help services within the City.

Further analysis of the information available on CLA in March 2016 showed that:

- in the year to March 2016, 280 children became looked after;
- Of the 280 children who became looked after, 217 of them did so because of child abuse and neglect. Clearly the circumstances of some of these were such that coming into the care of SCC was the only viable option.

- Of the remainder, SCC estimates that there are between 6 and 12 children a month who might be able to remain at home, or return home more quickly than otherwise, if their families received appropriate intensive and timely support.
- on average children spend around 2.8 years in the care of SCC.

(Since the above data was collected, fewer numbers of children are coming into care however the profile of those children entering and their duration remains consistent. We have therefore modelled the impact on the lower end of 6 children at risk of coming into care each month.)

The above shows that most children are being accommodated in line with thresholds due to safeguarding concerns and that, although there are high numbers of younger children (under 10) coming into care, it is generally the older cohort who are harder to move out of care as they are more difficult to place for adoption. This is also illustrated in the bar charts at Appendix B: the first chart shows numbers of CLA by age group and clearly demonstrates that there are higher numbers in the 9-12 and 13-17 age groups; however the second chart shows the numbers of children subject to child protection which illustrate that there are many more children in the younger age groups subject to child protection and therefore likely to come into care.

Given the above, we are proposing that the edge of care service focuses on older children aged 8+, although it will also have the capability to address the particular needs of younger children.

The client group has been defined as:

- families with children from birth to 18 years (with a focus on those with children aged 8+) subject to child protection planning where the next action would be to take the child (or children) into care; and
- families where children from birth to 18 years (with a focus on those with children aged 8+) have been looked after for a maximum of 6 weeks and whose care plan demonstrates that they could return home with support.

The cohort of children and young people referred to the Service will be those where neglect, substance misuse, behaviour and physical abuse are likely to be the main factors and considered as able to remain or return home with support. This cohort, without the intervention, are very likely to be in care for a number of years and subject to care proceedings.

It is estimated that around 6-12 children per month will fall into this client group. For the purposes of benefits modelling, we have used the conservative figure of 6 a month (72 a year).

2.2 Benefits and capabilities

The primary outcome that will be achieved is that children referred to the Edge of Care Service either remain at home, and do not become looked after by the Council, or are reunited following a limited period of being looked after with their families and return to the family home. Children will be kept safely out of care, via improved parenting and family relationships, improved mental/emotional health and improved educational outcomes.

Outcomes for children will be selected and tracked on an individual basis and this ensures that the needs of individual children and young people within the families will be met. Although referrals may be related to one specific issue, such as a teenager behaving anti-socially it is important that the needs of other children in the household are also recognised and the role of wider family members acknowledged in the role they play in supporting the family. It will be about finding the best solution for each young person to enable them to build resilience, engage effectively with the world around them and improve their relationships.

3 Strategic Case

3.1 Aim & Vision

The aim of the Edge of Care Service is to prevent children coming into care by providing a service to support and develop the skills of families to function effectively. This will be achieved by joint

working arrangements and close partnership with the range of services currently available to families including the integrated Early Help offer, the YOS and Education Welfare Services and universal provision. Motivational Interviewing and Solutions Focused Methods have been identified as the model of intervention, operating on a strengths based approach which compliments our current Strengthening Families Model in Child Protection Conferencing.

3.2 Scope

The Service will support a minimum of 72 families every year with a view to the children remaining or returning home appropriately. The age range is across all ages but with a focus on 8 to 17 years.

Referrals will come from the Edge of Care Panel of children identified as being at high risk of coming into care or who have entered the care system within the last six weeks.

Type of intervention

The ATQ feasibility study highlighted the need for intensive support for parents (and other carers) that might help to prevent any abuse and neglect issue escalating or improve family functioning/parenting skills such that the family could remain together or children could return home as appropriate.

The ATQ report provided a review of a range of programmes as outlined in the table below.

Programme	Target age group	Target cohort and programme length
Multisystemic Therapy (MST)	12 -17	MST is for families of young people who have exhibited serious antisocial and delinquent behaviour. ("wilful defiance"). MST therapists provide the young person and their parents with individual and family therapy over a three to five month period with the aim of doing 'whatever it takes' to improve the family's functioning and the young person's behaviour. Sessions can be held with carers without the young person present as treatment as there is no requirement to engage the young person.
Functional Family Therapy (FFT)	10 -18	FFT is for young people involved in serious antisocial behaviour and/or substance misuse. The young person and his or her parents then attend between eight to 30 weekly sessions over three or four (depending on need) to learn strategies for improving family functioning and addressing the young person's behaviour.
Functional Family Therapy – Child Welfare (FFT – CW)	0 - 18	FFT-CW is an adaptation of FFT that was designed to provide services to children, young people and families in child welfare settings. Services are provided through two tracks: a Low Risk (LR) track based on Functional Family Probation (FFP) model, and a High Risk (HR) track based on the standard FFT model. Services are linked through a triage process that matches children to appropriate level of services based on level of child and family risk. The intervention lasts four or five months.
Treatment Foster Care Oregon (previously Multi-dimensional Treatment Foster Care – MTFC)	10 - 17	TFCO is an intensive therapeutic foster care alternative to residential placement for adolescents who have problems with chronic anti-social behaviour, emotional disturbance, and delinquency. The child is placed with "treatment foster care" family while they take part in the programme, which lasts about a year. Family therapy is also provided to the biological (or adoptive) family, if the plan is for the child to be reunited with them. Individual therapy is additionally provided to the child during this period.
Option2 – Cardiff Council and Vale of Glamorgan	0 - 16	A crisis intervention service aimed at families where serious child protection concerns are related to parents' use of drugs or alcohol. It uses a combination of Motivational Interviewing, solution focussed and innovative family work to help create positive changes for families and thereby reduce the need for children to enter care.

Following further consideration and how we might build on existing in house provision, we are proposing a model similar to Option2 which has its roots in the American Homebuilders model and was adapted in Cardiff where it was primarily focused on working with parents who had drug and alcohol issues. Wales has now pioneered an intensive family support model (IFSS) building upon this work which is embedded in legislation and delivered in all Local Authorities across Wales. The current model of work utilised within Family Drug and Alcohol Courts is based on similar principles.

The model uses a range of interventions focussed on improving parenting and family relationships, mental and emotional health and educational outcomes. It works with the whole family, combining practical, hands on support with an intensive, highly coordinated and flexible approach to enable change within the family resulting in the child returning or remaining at home. It uses Motivational Interviewing and solution focussed approaches which will compliment the Strengthening Families model already being used in Southampton for Child Protection conferencing.

The principles of MI-style communication lend themselves to a range of challenges when working with the family such as professional conversations around child protection or criminal justice issues. The foundations of MI are essentially those of client-centred, non-directive counselling which takes an empathic, non-judgemental approach that:

- Recognizes and affirms strengths
- Uses open rather than closed questions
- Uses reflections to establish empathic engagement and thus reduce resistance.
- Strategically and skilfully uses summarizing reflections.

Practice has evidenced over recent years that families respond better when workers build effective relationships and there has been a shift away from the concept of sanctions for families to supporting changes in behaviour which appear to be more strongly associated with the building of effective relationships, resulting in the ability for the worker to motivate and influence parental behaviours.

It is proposed that the service will be delivered by Family Engagement Workers (FEWs) working in the Children's Resource Service who will stay involved with families long enough to influence behaviours and bring about change.

Intervention with a family will typically last between 6-12 months but can extend beyond this timeframe, should additional support be required.

There will be two Stages to the intervention: Stage 1 the intensive intervention and Stage 2 maintaining the family plan, as described below:

- **Stage 1** – Stage 1 will last around 6-8 weeks but this is flexible and is determined by the Family Support Team themselves in consultation with the child's social worker. The FEW will work on a 'one to one' basis with the family, helping each family member to identify their problems, establish goals to improve their behaviour, and come to a mutually agreed Family Plan that will document how to achieve those goals. Within Stage 1 the FEW is available to the family flexibly. Although the FEW's will work with the family alone regular group supervision will form part of the team support so that colleagues may be able to offer experience or different solutions if the worker feels stuck
- **Stage 2** – sees the family members having access to a range of services that the FEW can draw upon to help them achieve the goals in the Family Plan. These are known as the 'Family Support Functions', and might include service such as counselling, school mentoring, parenting self-help groups which may be provided by either the statutory partners or voluntary agencies working in partnership. The team may also be able to draw on other departments such as housing or health services to secure a rapid response to the family's issues. While again this period is flexible it would generally be seen as lasting 6- 9 months.

Booster sessions – in some cases families may slip back and require a booster Stage 1

session from the Family Support Team. This may be provided by the original worker.

As part of the Children's Resource Service, the Edge of Care team will be able to call on support from other parts of the service, including the BRS, Specialist Assessment Team and FDAC, as well as other services within Children's Services, including the YOS and integrated Early Help Service. Some of the additional services offered to the family to support the stages identified above may include:

- Evidenced based parenting programmes such as Triple P
- Family Group Conferencing
- Restorative practice
- Brief therapeutic interventions
- Facilitating access to wider services such as substance misuse services, housing services, education, probation services etc. in a timely manner to enable change to be sustained.

A small intervention budget has been built into the proposal to support access to wider resources.

All families receiving support will have an Integrated Family Plan that is subject to regular review. The child's social worker will remain accountable for the case and will remain closely involved in supporting the family.

Outcomes for children will be selected and tracked on an individual basis to ensure that the needs of individual children and young people within the families are met.

Further detail on how the service will operate can be found in the draft Service Specification at Appendix C.

Service Model

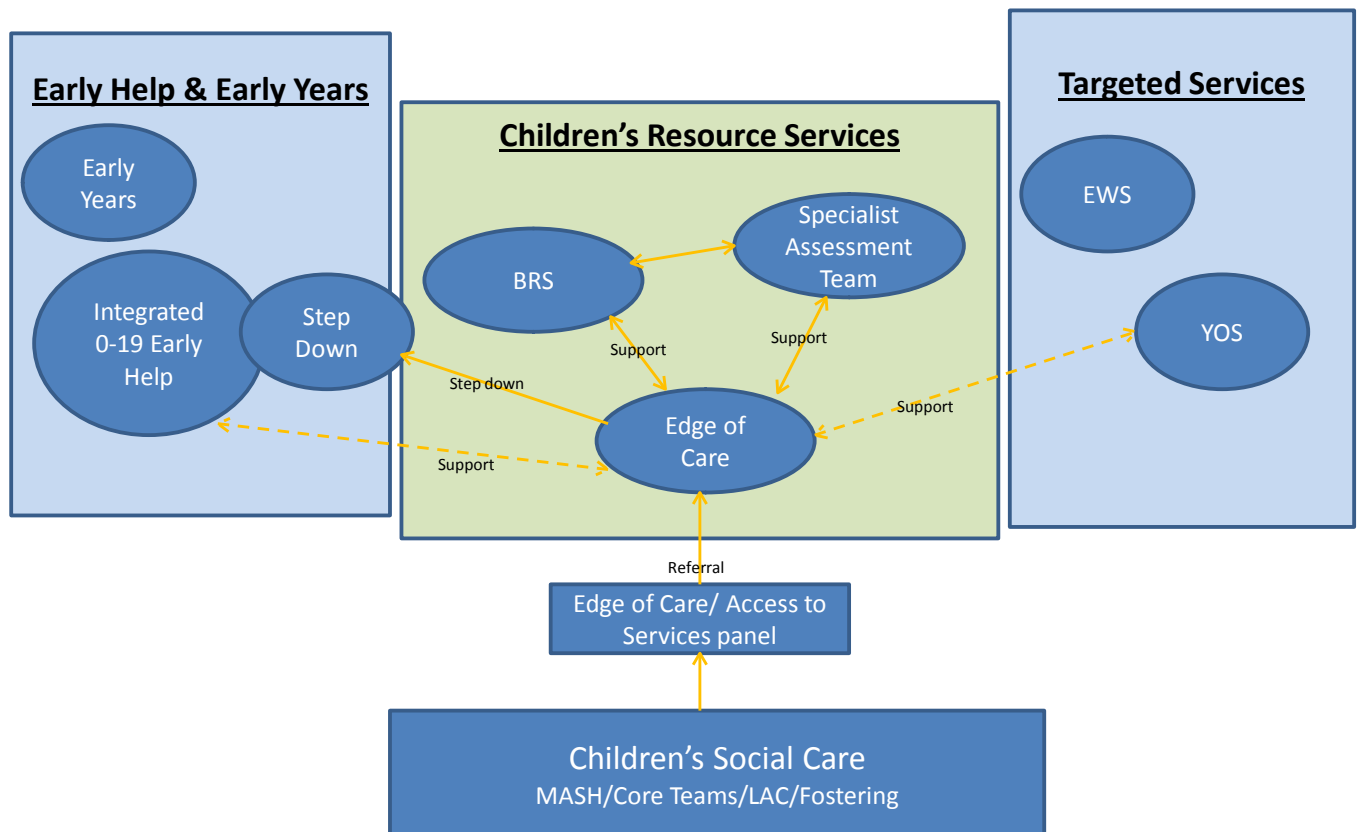
It is proposed to develop this service in house as part of the Children's Resource Service, alongside the BRS, Specialist Assessment Team and the FDAC, with close links to the wider range of services available to families including the YOS, Education Welfare Service and integrated Early Help offer.

Referrals will come from the Edge of Care Panel.

The team will consist of eight Family Engagement Workers (Grade 8) and one case holding Supervisor (Grade 11/12 – pending evaluation). Four of these workers are currently already employed to undertake reunification work with children who are looked after and they will be re-deployed into this new service. It is expected that the remaining staff will be redeployed from other parts of children's service (through Phase 3) or if not, will be recruited. Recruitment is not envisaged to be an issue for this staff group. The team will be based at Civic Centre / or Coxford road with the Children's Resource Service.

Caseloads for the team will be relatively small with each worker holding anywhere between 4-8 families on their caseload at any given time, depending on the number of children in each family and the complexity of the case.

The diagram below presents the links and interdependencies with other parts of children's services:



3.3 Out of scope

The following are out of scope:

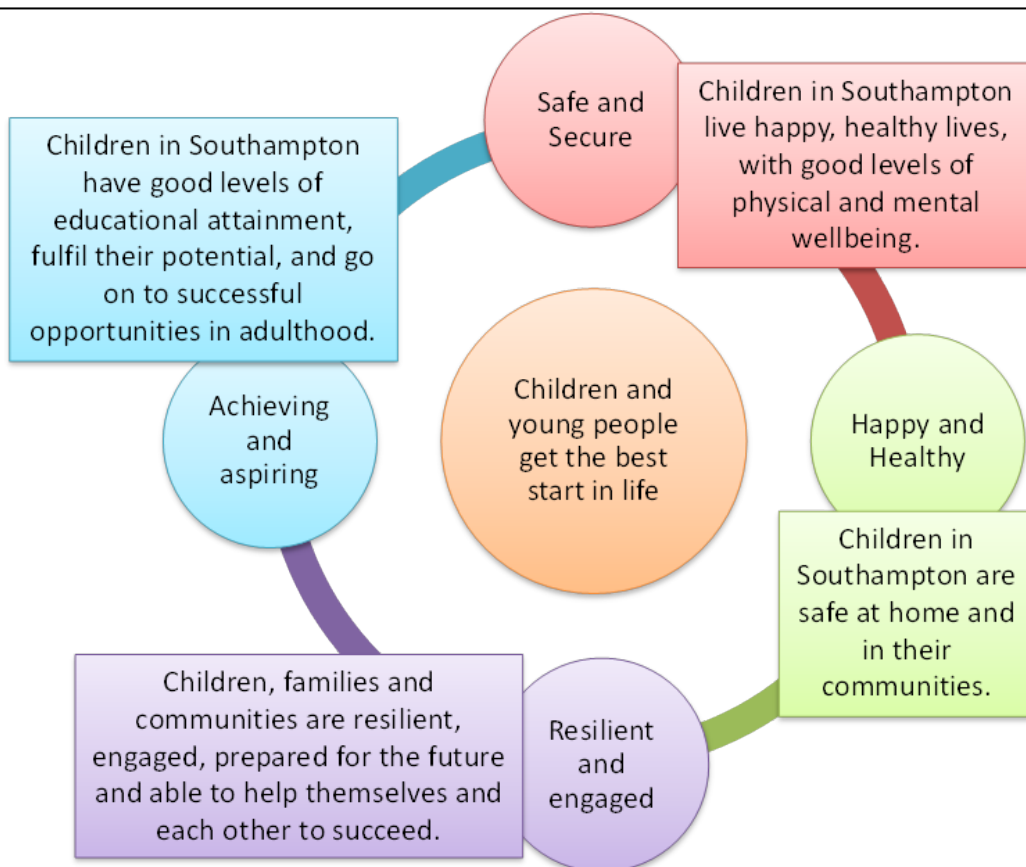
- children whose home situation has been deemed to be unsafe
- children and families who are able to respond successfully to an Early Help service
- children who are subject to child protection planning but not yet deemed to be on the edge of care
- children for whom it is deemed that there is no potential for reunification with their family

3.4 Strategic fit

This proposal is a key element of the Children's Transformation Programme and critical to the delivery of its savings target for reducing the numbers of children looked after.

It is also strongly aligned to the city wide Children and Young People's Strategy Vision which is: **To ensure that children and young people have the best start in life.**

The vision identifies 4 key outcomes all of which are strongly supported by this proposal.



3.5 Assumptions

Key assumptions include:

- There will be between 6 and 12 children a month who will meet the criteria for Edge of Care (impact has been modelled at the lower end of this scale, at 6 a month)
- The financial benefits have been based on a minimum of 6 a month, 72 a year with a 50% success rate
- Weekly costs of a child in care have been estimated at £476
- There will be in place a new Step Down team, as part of the integrated Early Help offer which will support the step down of families from Edge of Care
- The numbers of children currently in care will continue to be reduced through strong permanency planning

3.6 Stakeholders

Internal

Stakeholder	Relationship/Dependency	Status
Children's Social Care	Referrer	Represented on project team
Children's Early	Key interdependency - step	Discussions via Children's

Help Services	down and link for interventions e.g. parenting programmes	SLT
Integrated Commissioning Unit	Support/Advice	Represented on project team
Finance	Preparation of Costings	Represented on project team
HR	Advice regarding recruitment to team	Discussions linked to Phase 3

Partner Engagement

Stakeholder	Relationship/Dependency	Status
Southampton City CCG	Co-commissioner, particularly in relation to CAMHS and BRS	Represented on project team
Solent NHS Trust	Integrated provision - BRS and Early Help Services	Represented on project team
Police and courts	Key partner	Communication and engagement plan

Customer and Community Engagement

Stakeholder	Relationship/Dependency	Status
Children and families	Client	
Schools	Key partner	

Member Engagement

Stakeholder	Relationship/Dependency	Status
Cllr Lewzey	Lead member	Discussed at CMBs.

4 Options Appraisal

Further to the unsuccessful procurement of an Edge of Care Service, two options have been considered:

1. a return to the market to procure an external provider to deliver the service, learning from the feedback received from providers, ATQ and other Authorities.
2. develop the service in house

A paper outlining both options and their pros and cons was presented to SLT in April 2017, and is attached at Appendix A. (It should be noted that further work has been done on the financial modelling since this paper went to SLT, in particular to account for an October 2017 as opposed to April 2017 start date).

SLT agreed the preferred option to be Option 2: to develop the service in house.

Below is a summary of each of the options.

4.1 Option 1: a return to the market to procure an external provider to deliver the service, learning from the market feedback

This option was worked up in some detail with officers from the Integrated Commissioning Unit and Capita Southampton Ltd. In order to secure a more positive outcome from a second tender, the following amendments were recommended:

- introduction of a guaranteed level of business. A number of scenarios were modelled and it was proposed to introduce a minimum payment of £3,000 per child for 72 referrals a year for the first 12 months, with a review at month 10 to determine the approach for the second financial year. This would mean that if the provider only received 50 referrals in the first year, then it would automatically receive £3k per child for the 22 referrals it did not receive. For the 50 referrals it did receive, it would receive the outcome payments as defined by the contract, dependent on whether or not it achieved the outcomes.
- a strengthened service specification (highlighting the whole family approach) with additional information on client profile (i.e. age and numbers of children coming into care each month, broken down by reason for coming into care, family size), an outline of current service provision and information on referral and assessment processes.
- an option to mark up the terms and conditions – which would be built into the tender evaluation process. The Council’s legal team reviewed the Cabinet Office terms and conditions for SIB contracts and recommended that rather than adopt the SIB contract, providers are asked to mark up any amendments to the existing terms and conditions.

The pros and cons of this option were considered to be:

Pros	Cons
<ul style="list-style-type: none"> • Enables the Council to take advantage of the Big Lottery grant • External provider takes the majority of the risk, should care cost avoidance savings not be achieved 	<ul style="list-style-type: none"> • More expensive – provider has opportunity to earn payments of up to £986,550 in some years, should they keep 50% of 72 children out of care • More complex set of relationships – i.e.

Pros	Cons
<p>(i.e. no saving = only minimal payment to the provider)</p> <ul style="list-style-type: none"> • Is in line with original Cabinet decision 	<p>how the external provider, commissioners and internal services interface; more complex pathways of care. Danger of duplication and confusion regards what / who has made the difference in keeping a child out of care</p> <ul style="list-style-type: none"> • Will take longer to mobilise – will need to tender and then build in time for new provider to set up SIB and mobilise new service • Potentially less flexibility to flex service as provider will be working to an agreed specification (albeit this could be varied by agreement) • Potentially the provider may be less willing to work with higher risk families where the success rate (and therefore opportunity for achieving outcome payment) is lower

4.2 Option 2: to develop the service in house.

This is the option described in this business case. The main pros and cons of this option were considered to be:

Pros	Cons
<ul style="list-style-type: none"> • More cost effective as the in house model builds on existing in house provision • More attuned to Southampton Children's service model of Strengthening families • Greater ability to control and integrate with internal provision • More closely aligned to existing services; more streamlined pathways • Shorter mobilisation period as does not require a tendering exercise • Greater flexibility to flex service to meet wider needs/priorities 	<ul style="list-style-type: none"> • The Council would have to forfeit the Big Lottery grant • Reputational risk with the Big Lottery and other external grant funders • The Council would be taking 100% of risk in investing in an internal provision should the cost avoidance savings not be achieved

The tables below compare the costs and potential cost avoidance savings of both the options, based on a 50% success rate:

In house:

50% Success Rate	2017/18	2018/19	2019/20	2020/21	2021/22
Cost Avoidance	464,649	1,614,984	2,529,264	2,579,900	2,354,401
In house staffing costs	(146,265)	(343,234)	(395,909)	(399,868)	(403,867)
Intervention Budget	(27,000)	(54,000)	(54,000)	(54,000)	(54,000)
Net Cost Avoidance	291,385	1,217,750	2,079,355	2,126,031	1,896,534

External:

50% Success Rate	2017/18	2018/19	2019/20	2020/21	2021/22
Cost Avoidance	464,649	1,614,984	2,529,264	2,579,900	2,354,401
Contracted payments	(157,745)	(627,827)	(963,357)	(986,550)	(986,550)
Project/ Contracts Officer	(29,000)	(58,000)	(58,000)	(58,000)	(58,000)
Big Lottery contribution to payments	26,817	103,917	154,200	154,200	154,200
Net Cost Avoidance	304,721	1,033,073	1,662,106	1,689,550	1,464,051

4.3 Option 3: Do Nothing

This option was not considered to be a viable proposition on the basis that there is an imperative and key financial target to reduce the numbers of CLA and an Edge of Care Service is a key element to achieving this.

4.4 Recommended Option: to develop the service in house

The recommended option is to develop the Edge of Care Service in house. This recommendation is made on the basis that:

- this option is considered to be the more cost effective as it builds on the existing in house provision and infrastructure and is therefore less expensive than the external option
- it enables the service to be integrated into the existing Children's Resource Service (i.e. Specialist Assessment Team, BRS, FDAC) which is already working with complex families and is well positioned to support the interventions required of an Edge of Care Service
- it is considered likely to be more successful in keeping children out of care
- it can be mobilised relatively quickly as some of the staff can be redeployed from within children's services, linking to Phase 3, and it would not require a procurement

5 Benefit Realisation

5.1 Financial Benefits

The following financial model presents the costs and net cost avoidance for the in house Edge of Care Service, based on a 50% success rate.

It should be noted that this scheme is about cost avoidance - preventing children entering care - as opposed to a reduction in current spend.

50% Success Rate	2017/18	2018/19	2019/20	2020/21	2021/22
Cost Avoidance	464,649	1,614,984	2,529,264	2,579,900	2,354,401
In house staffing costs	(146,265)	(343,234)	(395,909)	(399,868)	(403,867)
Intervention Budget	(27,000)	(54,000)	(54,000)	(54,000)	(54,000)
Net Cost Avoidance	291,385	1,217,750	2,079,355	2,126,031	1,896,534

5.2 Non-Financial Benefits

Benefit Area	Benefit Parameters
Operational	<ul style="list-style-type: none"> Fewer children entering the care system - supports achievement of target of 390 by 2020 Improvement in school attendance and attainment indicators Improved behaviour/attitude at school (fewer fixed term exclusions) Improvement in EET indicators Reduction in offending behaviour
Customer	<ul style="list-style-type: none"> Improved health, emotional wellbeing and resilience More families stay together

6 Management Case

6.1 Project plan

Under development

6.2 Key Milestones and Dependencies

Key Milestones	Timescale	Dependencies
Approval to proceed with in house option	15 August 2017	Assumes need to go to Cabinet and earliest Cabinet date.
Recruitment	Aug - Sept 2017	Link to Phase 3 Assumes some

		redeployment of in house staff
Produce detailed standard operating procedure	Aug - Sept 2017	
Establish Edge of Care/Access to Resources Panel	Sept 2017	
Induct and train staff	Sept 2017	Recruitment in place
Commence Service	1 Oct 2017	Establishment of Step Down team

6.3 Risk Analysis

ID	Description	Likelihood	Impact	Mitigation
1	Inability to step down families safely and maintain	Medium	High	Dedicated step down team being developed to align with integrated Early Help service
2.	May take longer than expected to embed model/ways of working	Low	High	Model is based on existing approaches used within the Children's Resource Service. Likelihood that majority of staff will come from within existing children's services. Initial training/induction period being planned.
3.	Lack of capacity in wider system may impact on effectiveness of service	Medium	High	Inclusion of intervention budget within service proposals.
4.	Numbers of children in care could still fail to achieve reduction target (regardless of how successful Edge of Care Service is) should other schemes not enable the current numbers to be reduced	Medium	High	Ensure that there are close links between projects

6.4 Project Organisation

Project Executive: Phil Bullingham/Donna Chapman

Finance Lead: Mark Riley

6.5 Timing

Projected Project Start Date -

mid July 2017

Implementation date / go live -

1 October 2017

Key governance dates (Cabinet, Full Council, TIB)

Children's Transformation Board - 21 June 2017

Children's CMB - June 2017

CMT – W/C 3 July 2017

Forward Plan – by 5 July 2017

Cabinet decision – 15 August 2017

EDGE OF CARE SERVICE

SPECIFICATION

6th June 2017

INDEX

1. Background
2. Outcomes
3. Scope of the Service
4. Location of Service
5. Service to be provided
6. Intervention
7. Working with the Family
8. Training
9. Service Eligibility Criteria and Referrals
10. Management Information and Performance Indicators

APPENDIX 1

FAMILY PLUS OUTCOMES STAR INFORMATION AND GUIDANCE

1. Background

Southampton City Council has seen a significant increase in the numbers of children coming into care, rising to a high of 637 in the summer of 2015. The number of children looked after as of the 08/06/2017 is 527. Whilst this is a significant reduction from our previous high this is still significantly higher than would be anticipated for a City of Southampton's size and demographics, and is causing a great financial burden and less than optimising outcomes for children.

In-depth research was undertaken to identify the key factors and reasons for the high numbers of Children Looked After (CLA) within the City and potential solutions.

Research identified whilst the thresholds for children coming into care were as would be expected, there were insufficient resources in place to prevent children on the edge of care becoming looked after or to support children to return home.

The research recommended the development of an Edge of Care Service linked to the existing preventative and early help services within the City. The development of an Edge of Care Service will be a key element of the overall Council transformation programme.

The focus of the Edge of Care Service is within two separate cohorts: The Service would work with and support families where a child has been identified by the Edge of Care Panel as being at high risk of coming into care or has entered the care system within the last six weeks. The cohort of children and young people referred to the Service will be those where neglect, substance misuse, behaviour and physical abuse are likely to be the main factors and considered by the panel as able to remain or return home with support. The cohort, without the intervention, are very likely to be in care for a number of years and subject to care proceedings.

The aim of the Edge of Care Service is to reduce the number of children in care by providing a service to support and develop the skills of families to function effectively. This will be achieved by joint working arrangements and close partnership with the range of services available to families including, the Early Help offer, the Universal offer and Children's Centres. Motivational Interviewing and Solutions Focused Methods has been identified as a potential model of intervention, this model operates on a strengths based approach to family working and compliments our current Strengthening Families Model in Child Protection Conferencing. Research from our current cohorts of families subject to Child Protection planning and cases within PLO has identified that there would be in the region of 6-12 families per month who would be suitable for such an intervention.

The Service would work with and support families where a child has been identified by the Edge of Care Panel as being at high risk of coming into care or has entered the care system within the last six weeks. The cohort of children and young people referred to the Service will be those where neglect, substance misuse, behaviour and physical abuse are likely to be the main factors and considered by the panel as able to remain or return home with support. The cohort, without the intervention, are very likely to be in care for a number of years and subject to care proceedings.

The aim of the Service is to reduce the number of children in care by providing a service to support and develop the skills of families to function effectively. The team will use a range of interventions working with the whole family to allow for a flexible approach, however, this is likely to include an intensive, highly coordinated and flexible approach to enable change within the family resulting in the child returning or remaining at home. The most consistent changes are in relation to keeping children safely out of care, via improved parenting and family relationships, improved mental/emotional health and improved educational outcomes.

This model of working with families has its roots in the American Homebuilders model and adapted in Cardiff with the Option 2 model which was primarily focused on working with parents who had drug and alcohol issues. Wales has now pioneered an intensive family support model (IFSS) building upon this work which is embedded in legislation and delivered in all Local Authorities across Wales. The current model of work utilised within Family Drug and Alcohol Courts is based on similar principles.

This new service will ensure that all resources are targeted at supporting families to remain together. The service will provide both planned and crisis interventions. The support offered will need to be flexible to meet the needs of the family who do not have problems between 9-5 Monday to Friday.

The Edge of Care approach combines practical support with strong challenge, to address complex and enduring needs. Working openly with families, team members assess

problems, develop measurable goals and help the whole family acquire the skills necessary to achieve them. As agents of change, team members focus on solutions, taking an enabling approach underpinned by careful planning. Edge of Care team will also work closely with other agencies and local services.

2. Outcomes

The primary outcome the Council is seeking to achieve is that children referred to the Edge of Care Service either remain at home, and do not become looked after by the Council, or are reunited following a limited period of being looked after with their families and return to the family home.

Outcomes for children will be selected and tracked on an individual basis and this ensures that the needs of individual children and young people within the families will be met. Although referrals may be related to one specific issue, such as a teenager behaving anti-socially it is important that the needs of other children in the household are also recognised and the role of wider family members acknowledged in the role they play in supporting the family. It will be about finding the best solution for each young person to enable them to build resilience, engage effectively with the world around them and improve their relationships.

Key outcomes:

- Children to remain at home with parents or extended families.
- Reduce vulnerabilities.
- Engage in education, training and work readiness.
- Improve health and emotional wellbeing.
- Reduce criminal activity.
- Raise levels of engagement.
- Reduce costs to the Local Authority.

It is expected that the Service, will work with the whole family to resolve their issue in partnership with other services provided by the Council, health services or the voluntary sector, including but not limited to Children's Centres, Families Matters, and Safe Families for Children. It is expected that the Service will also have a positive

impact on other outcome measures. These outcomes will vary from family to family but may include:

3. Scope of the Service

To support a minimum of 72 families every year with a view to the children remaining or returning home appropriately. The age range is across all ages from 8 to 17 years.

4. Location of the Service

Team Location to be agreed

The Edge of Care Team shall provide support to children and their families primarily within the City. Where children are based outside of the City consideration will be given by the Edge of Care Panel as to the practicality and feasibility of the Service intervention.

5. Service to be provided

Access to the service will be via the Edge of Care Panel and in an urgent situation direct referral be made to the team following a discussion with the Chair of the Edge of Care Panel.

The intervention used needs to:

- Be supported by an evidence base.
- Be hands on and delivered in the home.
- Be flexible and use a range of tools and techniques appropriate to each family in the programme.
- Be capable of addressing a range of issues affecting individuals and their families.
- Be capable of support to the whole family, including children from birth to 18 years of age but referrals will be targeted at 8-17 year olds.

The Edge of Care Team will arrange to meet with the social worker at the beginning of the intervention to agree roles and responsibilities as part of a child in need, child protection or child in care plan. The team and social worker will meet regularly as part of the ongoing intervention. The Edge of Care worker will liaise with the allocated

social worker attending required meetings such as Children in Need reviews, Child Protection Conferences or Looked after Children Reviews.

6. Intervention.

The team will stay involved with families long enough to influence behaviours and bring about change. Intervention with a family will typically last between 6-12 months but can extend beyond this timeframe, should additional support be required. The FEW will work intensively with families to build family confidence, to enable them to self-advocate in determining the best way to overcome their problems to improve the welfare of their child/ren. The FEW will deliver family focused interventions; acts as 'change agents' for transformational change and co-ordinates ongoing support for the families from existing services/ agency's. Some of the services offered to the family will include:

- Facilitate the families' access to wider services such as substance misuse services, housing services, education, probation services etc. in a timely manner to enable change to be sustained.
- In Stage 1 offer Intensive support at the times identified with the family when support is most needed.
- Evidenced based parenting programmes such as Triple P

7. Working with the Family.

All families receiving support from a FEW will have an Integrated Family Plan that is subject to regular review. The child's social worker will remain accountable for the case and will work closely with The Edge of Care Team in supporting the family.

The team will be trained in motivational interviewing and solutions focussed techniques. The principles of MI-style communication lend itself to a range of challenges when working with the family such as professional conversations around child protection or criminal justice issues.

The foundations of MI are essentially those of client-centred, non-directive counselling which takes an empathic, non-judgemental approach that

- Recognizes and affirms strengths

- Uses open rather than closed questions
- Uses reflections to establish engagement and thus reduce resistance.
- Strategically and skilfully uses summarising reflections.

There will be two Stages to the intervention Stage 1 the intensive intervention and Stage 2 maintaining the family plan.

- **Stage 1** – Stage 1 will last around 6-8 weeks but this is flexible and is determined by The Edge of Care Team themselves in consultation with the child's social worker. The FEW will work on a 'one to one' basis with the family, helping each family member to identify their problems, establish goals to improve their behaviour, and come to a mutually agreed Family Plan that will document how to achieve those goals. Within Stage 1 the FEW is available to the family flexibly. Although the FEW's will work with the family alone regular group supervision will form part of the team support so that colleagues may be able to offer experience or different solutions if the worker feels stuck
- **Stage 2** – sees the family members having access to a range of services that the FEW can draw upon to help them achieve the goals in the Family Plan. These are known as the 'Family Support Functions', and might include service such as counselling, school mentoring, parenting self-help groups which may be provided by either the statutory partners or voluntary agencies working in partnership. The team may also be able to draw on other departments such as housing or health services to secure a rapid response to the family's issues. While again this period is flexible it would generally be seen as lasting 6- 9 months.
- **Booster sessions** – in some cases families may slip back and require a booster Stage 1 session from The Edge of Care Team. This may be provided by the original worker.

The Edge of Care Team will complete a Family Plus Outcome Star (Appendix 1) with the family and the allocated social worker at the beginning and end of their involvement. Goals will be agreed with the family and the child's social worker at the beginning of the intervention and weekly meetings will take place between the Edge of Care worker and the social worker during the active stage of the intervention to enable progress in the areas of family functioning and child well-being to be measured. Safety Plans will be in place to ensure that should there be a crisis the family members/ children are aware of what actions to take. The Edge of Care Worker will maintain records relating to children on electronic children's recording system (Paris) alerting the allocated social worker to any concerns or issues. Reports, or contribution to reports, may be required key meetings such as Child Protection conferences and Looked after Children reviews.

The Edge of Care Team will work closely with partners across the City to ensure that the needs of the whole family and specifically the child are met, accessing resources as required with partners. Signposting, referring and supporting families to access services will be required where applicable. The Team will work with partners and the social worker to ensure if the child remains at home that there is a suitable package of support around or available for families to sustain change following the completion of their intervention.

Following successful completion of the intervention the Service will provide ongoing support as required for up to 12 months to sustain the changes.

The Manager of the Edge of Care Service will attend the weekly Edge of Care Panel and be involved in the decision making around whether a child is referred to the team for the intervention. This meeting will include a range of partners and may include the Council's legal advisers and social work managers.

8. Training

Staff in the Edge of Care Team will require training in using Motivational Interviewing Techniques and Solutions Focussed Brief Therapy. All staff will receive and induction to the new service.

Core Training will have been undertaken in Safeguarding Children, Domestic Abuse, Sexual Abuse and Drugs and Alcohol. Training will be with Local Safeguarding Children's Board guidance and staff will maintain their Safeguarding practice in line with policy updates/changes.

The Edge of Care Service will be expected to have clear systems, processes and policies in place to ensure the security of information.

9. Service Eligibility Criteria and Referrals

The Edge of Care Service shall be provided to those families who have been considered at the Edge of Care Panel meeting as children/families which are appropriate for the service, and where intervention is considered to be likely to have a positive outcome and are either on the edge of coming into the Care or have come into the Care within the last four weeks. The Chair of the Edge of Care Panel (who is ordinarily a Service Manager within Children's Social Care in the Council) will have the ultimate decision with regard to whether a child is suitable and for which child/children this relates to within a family.

10. Management Information and Performance Indicators

The Edge of Care Team will provide the following Management Information for inclusion in any monthly, quarterly and annual reports.

MI Number	Management Information	Reporting Frequency
1.	Number of referrals to the service (identifying number of families and total children)	Monthly
2.	Number of referrals who are on Child Protection Planning, children looked after or children in need	Monthly
3.	Number of active children the Service is working with by LAC, CP, CIN status, age, gender, ethnicity	Monthly
4.	Numbers of active children who are ceasing to be looked after or where CP Planning ending.	Monthly
5.	Numbers of re-referrals to the service (post 3 months closure)	Quarterly
6	The specific intervention(s) being used and stage of their intervention e.g. assessment, intervention (intensive or maintenance), monitoring	Monthly
7.	Details of staffing including number of staff within the service with details of their experience, skills and training	Quarterly
8	Details of any concerns, complaints, issues or successes including family feedback	Quarterly
9	Updated the Risk Log for the service for e.g. lack of referrals, staff turnover	Quarterly
10.	Service user feedback report including feedback from families, carers/parents, young people, and professionals involved.	Quarterly

11.	Report on the outcomes achieved at the end of the intensive Phase of Intervention for Families.	Quarterly
12.	Report on the outcomes achieved at the end of the Intervention	Annual

Table 1

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APPENDIX 1

FAMILY PLUS OUTCOMES STAR INFORMATION AND GUIDANCE



Family-Star-Organisation-Guide.pdf



Family-Star-Plus-User-Guide1.pdf



Family-Star-Plus-Star-Chart1.pdf

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DECISION-MAKER:		CABINET	
SUBJECT:		SUFFICIENCY OF EARLY YEARS PLACES IN MILLBROOK AND REDBRIDGE	
DATE OF DECISION:		15 AUGUST 2017	
REPORT OF:		CABINET MEMBER FOR EDUCATION AND SKILLS	
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
Not Applicable			
BRIEF SUMMARY			
<p>To support sustainable local Private, Voluntary and Independent (PVI) early years providers and enable the new integrated 0-19 Family Hub model to develop from key premises to provide high quality early years education and early help family support to provide the best start for local children and their families in Millbrook and Redbridge.</p>			
<p>This report outlines the reasons for seeking to close the Council delivered Little Pickles pre-school and the available options for achieving timely closure while ensuring that children attending have access to suitable alternative early education placements.</p>			
<p>This half day pre-school is run by the Council as an element of the Millbrook, Redbridge and Maybush (MRM) designated Children’s Centre activity.</p>			
RECOMMENDATIONS:			
	(i)	Due to the sufficiency of quality early years places in the locality and to enhance the MRM Children’s Centre core offer it is recommended to commence public consultation on a proposal to close the direct Council run Little Pickles Pre-school.	
	(ii)	To delegate consideration of consultation responses and making a final decision on the potential closure (together with ancillary matters such as the timing of the implementation of the decision) to the Service Director Children and Families Services, so that families can be informed of the outcome and, where necessary, supported with their choices of securing alternative places with a new Early Years provider. Cabinet will note any decision to close provision will be subject to a minimum of a month’s notice from the decision date.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	There is sufficient quality early years places in the area provided by the PVI		

	sector as assessed by the Early Years team in line with the Local Authorities Early Years Sufficiency Duty and it is not a mandated requirement of the children's centre to directly deliver a pre-school. To enable delivery of more targeted early childhood and family support by the Children Centre and to develop integrated Family Hub operating capacity at Pickles Coppice with Public Health colleagues, it is therefore recommended that consultation is commenced on a proposal that the Little Pickles pre-school is closed next academic year. Subject to the outcome of the consultation and final decision, the timing of the closure will take into account dialogue with existing parent users, local providers and the early years support team and a minimum of one month's notice of closure of the provision (if agreed) will be provided.
2.	The resource capacity created by a change in provision would contribute to the operational development of the new 0-19 Family Hub model by best use of available premise space for key early help activity. To allow the sustainable growth of the PVI early years sector the MRM Children Centre is withdrawing activity from its current 'satellite' base in the FootSteps venue of Mason Moor Primary School this summer. This requires existing pre-school used space at Pickles Coppice to be made available to sustain core activity such as parenting group work and training. Alternative quality places (minimum 'Good' rated by Ofsted) from local PVI pre-schools are available for existing families in line with Council's Early Years policy and duties. Families could be supported and signposted to alternative local provision by Children Centre staff, including the new YMCA pre-school at the FootSteps venue which starts next term (September). Impacted pre-school staff can be re-deployed within Children's Centres and across the Council's other pre-schools within phase 3 proposed establishment.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	Do nothing. This is not an appropriate option in view of the need to re-configure current Children's Centres core offer activity as part of the re-modelling development of 0-19 Family Hubs.
4.	Continue to deliver. This would limit the operating capacity of the Family Hub development and formal integration with Public Health activity at Pickles Coppice Centre. The new 30 hour early years entitlement in September 2017 could require the expansion of the pre-school, with associated further limits on operating space for activity and additional management and staff time to deliver.
5.	Commission an external provider to deliver. This is not required as there is sufficient sustainable and quality early years places provided by the PVI sector and could de-stabilise the local early year's market.
DETAIL (Including consultation carried out)	
6.	The pre-school is situated within one of the City's most deprived areas and is attended by local children, many of whom also access other Children's Centre services, whose need for high quality early years education is paramount to improving outcomes. The pre-school was originally started 3 years ago to meet the need for

	<p>additional 2 year old places as then required by the government's new free 2 year old early years entitlement policy.</p> <p>The families already engaged with Sure Start MRM knew and trusted staff and felt comfortable to put their children in the pre-school whilst other providers increased their capacity.</p>
7.	<p>Children's Centres service activity does not mandate the direct delivery of early years places as the Council's Early Years sufficiency duty is met and provided for in the main by the private, voluntary and independent early years sector. Of the city's 14 Children's Centres only one other is running a pre-school in an area of identified shortfall (Central – Clovelly).</p>
8.	<p>SCC early years policy is that the Council is the provider of 'last resort' so as to develop a healthy market of sustainable private, voluntary and independent (PVI) providers of high quality early years places.</p>
9.	<p>As part of developing the Early Help Children's Centres services into 0-19 Family Hubs with formal integration with Public Health activity, current premises used in the area are being rationalised with Pickles Coppice (Millbrook) and the Ashby Centre (North Shirley) to be the future two key operating 'hub' venues for the West locality. 'Satellite' premises used such as the 'FootSteps' community building at Mason Moor Primary school are being supported to find alternative users, such as by new PVI pre-school providers. These developments require the existing children centre activity, such as parent training and crèche provision that are currently delivered from these premises to be moved to our main bases.</p>
10.	<p>The pre-school currently has 20 children who attend; 18 attend the full five morning sessions and 2 attend four morning sessions.</p> <p>12 children will start Yr R in schools in September 2017.</p> <p>There are 5 children aged 3 years.</p> <p>There are 3 children aged 2 years old (2 attending for only four sessions a week): of these two year olds 2 children will be three years old in August or before.</p> <p>It is anticipated that there will be 7 children aged 3 years and 1 child aged 2 years (8 in total) needing places in September.</p>
11.	<p>The Early Years team have confirmed that there are sufficient places in the locality and as part of their detailed assessment of available sustainable childcare have provided the local Children Centre team with a list of early years providers with current vacancies which the team can use to support parent's access to (see table 1). A new pre-school to be run by YMCA has been commissioned by Early Years in the nearby 'FootSteps' premises of Mason Moor Primary School which is to commence from September 2017, subject to Ofsted. This new setting will further enhance parent's choices to access good quality local early years provision. The specification requires partnership working with the Children Centre and school to deliver local community activities and services. It will support the Children's Centres role in the delivery and co-ordination of the early identification of child and family need and swift access to joined-up services to help and to get a good start in life. The YMCA has a proven track record of delivering high quality services judged good or outstanding. Long term sustainability has been evidenced. It is a contractual condition of the award for the YMCA to fully participate in</p>

delivery of places for 2 year olds, and the new 30 hour agenda. It is registered for a maximum of 60 places and is open beyond just term time.

12.

Table 1. Provision in MRM area

PROVIDER NAME	Postcode	TYPE OF PROVISION	EY Number	OFSTED JUDGEMENT	MAX No. REGISTE RED FOR	Miles from Pickles	Distance (Minutes)
Trust Taplins	SO16 4XE	Nursery	280741	Outstanding	100	0.7	14
Busy Bee Millbrook	SO16 9JA	Extended Pre-school	415826	Good	36	0.6	13
Oasis	SO16 9RG	Extended Pre-school	466044	Good	60	0.9	19
Asquith David Lloyd	SO16 0XS	Nursery	319453	Outstanding	83	1.0	20
Sticky Fingers Redbridge	SO16 9BB	Extended Pre-school	427440	Good	26	0.7	15
Redbridge Pre-school	SO16 9RJ	Extended Pre-school	262068	Outstanding	24	0.9	18
Mansel Mini's Community Playgroup	SO16 9HZ	Extended Pre-school	131545	Good	35	0.6	12
Learningland Day Nursery	SO16 4QF	Nursery	131599	Good	45	0.7	15
Holy Family	SO16 9LP	Extended Pre-school	131537	Outstanding	40	0.5	10
Little Pickles	SO16 9QX	Sessional Pre-school	470899	Good	30	-	-
St Peters Pre-school	SO16 4BP	Extended Pre-school	131569	Requires improvement	30	0.5	11
Sticky Fingers Newlands	SO16 9QX	Extended Pre-school	450843	Outstanding	40	0.1	1
Sticky Fingers MP3	SO16 9RS	Extended Pre-school	462706	Good	40	0.2	5
Stephens Early Years Centre	SO16 4LG	Extended Pre-school	131571	Outstanding	46	1.1	22
Regents Park Community Pre-school	SO15 4PF	Extended Pre-school	131554	Inadequate	26	1.2	24
Shirley Warren	SO16 6AY	Maintained	116262	Good	52	0.9	19
The Co-operative	SO16 6AY	Nursery	297219	Good	100	0.9	19
YMCA Millbrook Pre-school	SO16 4AS	Extended Pre-school	New reg	New provision	60	0.8	16

Number of places vacant

MRM area	Number of places vacant			
	Autumn 2016	Spring 2017	Summer 2017	Autumn* 2017
2yr old	31	31	19	47
3 & 4 yr old	109	56	42	116

Autumn 2017 * predicated figures

13.	The wider Early Help management team and Early Years Team have contributed and shaped the reports rationale and recommendation. Children and Families senior managers have endorsed the recommendation. Education & Skills and Social Care Cabinet Members were briefed in April and their requested clarification points on reducing communication risk have been included. The Senior Leadership Team agreed the recommendation on 24 May 2017 with further required actions to provide greater clarity on key rationale for closing and assurances that Cabinet Member was in full agreement and that a clear corporate communication plan around pre decision consultation and in the event of closure, post decision communication with families and providers was implemented.
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RESOURCE IMPLICATIONS

Capital/Revenue

14.	There is no significant service saving, however, the closure would support the effectiveness and efficiency of the local Children Centre team to operate core service activity. Existing staff who run the pre-school will be re-assigned Children’s Centres duties or re-deployed to the Council’s other direct run early year’s settings in other areas of the city of identified childcare need.
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15.	Southampton City Council currently receives £54,000 Early Education funding for eligible two year olds, three year olds and four year olds based on current occupancy rate of 20 children per year. This will reduce as the numbers of children attending little Pickles falls in September. Savings have been identified as part of the 0-19 Integrated Service to offset this reduction in income by an overall reduction in FTE, a reduction in the use of agency staff and for the provision of traded services.
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16.	<p>Little Pickles is currently staffed by 7 (4.22 fte) members of staff. 2.08 FTE’s are seconded from their substantial posts within Sure Start West, and if the proposals are approved, will return to these roles.</p> <p>The remaining 2.14 FTE’s, subject to staff consultation in line with the planned phase 3 proposals would be re-deployed to vacant roles within the Council’s three direct delivery pre-school and nurseries (Little Clovelly – Central Children Centre & Startpoint’s Northam & Sholing) with operational management integrated within the Early Years Startpoint team. Currently staff vacancy cover is provided by agency staff at these settings which the re-deployment of permanent staff would reduce the necessity and cost for. Additional staff also provides the option to expand the Little Clovelly provision to meet local demand and the new 30 hour entitlement.</p>
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Property/Other

17.	There are no property implications arising as the current setting is on lease from Solent NHS trust and will be utilised by the Sure Start Children’s Centre it currently shares the facility with.
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LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

18.	The recommendations are in accordance with the Statutory guidance for local authorities on the provision of Children’s Centres and early education and childcare as set out in s.2 and s.5 of the Childcare Act 2016 .
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Other Legal Implications:	
19.	The requirements of the Equalities Act 2010 have been taken into account in preparing these proposals and a full environmental and equality impact assessment carried out and reviewed throughout the development of the proposals.
RISK MANAGEMENT IMPLICATIONS	
20.	<p>There are three key risks:</p> <ol style="list-style-type: none"> 1. Timely closure post consultation and decision. 2. Local availability of quality alternative early years places. 3. Re-assignment of duties and re-deployment options for existing pre-school staff. <p>How we propose to manage them</p> <ol style="list-style-type: none"> 1. A minimum of one month's notice to be provided to parents. 2. Parents will be signposted and supported to access available local quality early places. Early Years team have provided up to date list of current local providers vacancies and new pre-school will be starting next term at nearby 'Footsteps' premises. 3. Existing staff would initially be given duties to deliver local play/crèche/parenting support sessions and subject to phase 3 consultation some would be re-deployed to the Councils remaining direct delivery pre-school provision.
21.	A clear consultation and communication plan has been developed. Pending the public consultation outcome with existing parent users and a formal decision to proceed, written notice will be provided to parents and support and signposting will be provided to families to secure quality local alternative provision. Impacted staff have been informed of the recommendation and phase 3 consultation has set out formal proposals and options, with interim arrangements agreed as operationally required. The independent chair (from a local Early Years Provider) of the West Early Childhood Advisory Board is aware and supportive of the recommendation and the full Board, which includes a range of agencies and local ward councillors, will be consulted as part of the decision making process.. The Communications team have also been alerted to the issue and will be needed to provide advice to ensure that all communications are corporately approved to reduce the risk of community and political confusion or misunderstanding due to the sensitivities of the timing of the proposed decision.
POLICY FRAMEWORK IMPLICATIONS	
22.	Recommendations are in accordance with Council's Policy Framework Plans; specifically: Southampton Children and Young People Strategy 2017-2020 and Education Strategy 2017 – 2020.
KEY DECISION?	N/A
WARDS/COMMUNITIES AFFECTED:	Millbrook & Redbridge
<u>SUPPORTING DOCUMENTATION</u>	

Appendices	
1.	None
Documents In Members' Rooms	
1.	ESIA
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	YES
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	

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