

CABINET

**Monday, 14th February, 2011
at 5.00 pm**

Council Chamber

This meeting is open to the public

Members

Councillor Smith, Leader of the Council
Councillor Moulton, Cabinet Member for
Resources and Workforce Planning
Councillor Baillie, Cabinet Member for Housing
Councillor Dean, Cabinet Member for Environment
and Transport
Councillor Hannides, Cabinet Member for Leisure,
Culture and Heritage
Councillor Holmes, Cabinet Member for Children's
Services and Learning
Councillor White, Cabinet Member for Adult Social
Care and Health
Councillor P Williams, Cabinet Member for Local
Services and Community Safety

(QUORUM – 3)

Contacts

Cabinet Administrator
Judy Cordell
Tel: 023 8083 2766
Email: judy.cordell@southampton.gov.uk

Director of Corporate Policy and Economic
Development
Dawn Baxendale
Tel: 023 8091 7713
Email: dawn.baxendale@southampton.gov.uk

BACKGROUND AND RELEVANT INFORMATION

The Role of the Executive

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

Executive Functions

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

The Forward Plan

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

Key Decisions

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

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

Decisions to be discussed or taken that are key

Implementation of Decisions

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

Southampton City Council's Six Priorities

- Providing good value, high quality services
- Getting the City working
- Investing in education and training
- Keeping people safe
- Keeping the City clean and green
- Looking after people

Procedure / Public Representations

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

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

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

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

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

Municipal Year Dates (Mondays)

2010	2011
7 June	17 January
21 June	7 February
5 July	14 February
2 August	14 March
6 September	11 April
27 September	
25 October	
22 November	
20 December	

CONDUCT OF MEETING

TERMS OF REFERENCE

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

BUSINESS TO BE DISCUSSED

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

RULES OF PROCEDURE

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

QUORUM

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

DISCLOSURE OF INTERESTS

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

PERSONAL INTERESTS

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

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

A Member must disclose a personal interest.

Cont/...

Prejudicial Interests

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

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

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

There are some limited exceptions.

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

Principles of Decision Making

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

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

In exercising discretion, the decision maker must:

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

AGENDA

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

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PREJUDICIAL INTERESTS

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

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

EXECUTIVE BUSINESS

3 STATEMENT FROM THE LEADER

4 RECORD OF THE PREVIOUS DECISION MAKING

Record of the decision making held on 17th January 2011, attached.

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

There are no matters referred for reconsideration.

6 REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)

There are no items for consideration

7 EXECUTIVE APPOINTMENTS

To deal with any executive appointments, as required.

MONITORING REPORTS

8 THIRD QUARTER PERFORMANCE MONITORING FOR 2010/11 CORPORATE PLAN

The report of the Executive Director for Corporate Policy and Economic Development outlining the progress made at the end of December 2010 (Quarter 3) against the targets and commitments contained within the 2010/11 Corporate Plan, attached.

9 CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2010

Report of the Cabinet Member for Resources and Workforce Planning providing a summary of the General Fund and Housing Revenue Account (HRA) revenue financial position for the Authority for the nine months to the end of December 2010, attached.

ITEMS FOR DECISION BY CABINET

10 PROVISION OF STREET HOMELESSNESS PREVENTION

Report of the Cabinet Member for Housing seeking a decision on how services to prevent street homelessness can be delivered in the current economic climate including the possibility of making efficiency savings by providing essential elements of the service in-house as part of the City Council's Homelessness Services, attached.

ITEMS FOR DECISION BY CABINET MEMBER

11 TO DEVELOP A SHARED FINANCIAL ARRANGEMENT AND INTEGRATED COMMISSIONING OF LEARNING DISABILITY SERVICES WITH NHS SOUTHAMPTON CITY OR A RELEVANT NHS SUCCESSOR BODY

Report of the Head of Health and Community Care, seeking approval to enter into a legal partnership with NHS Southampton to develop integrated commissioning and supported funding arrangements for services to meet the needs to adults with learning disabilities and their carers, attached.

12 CONCESSIONARY FARES 2011/12

Report of the Head of Planning and Sustainability seeking approval for the proposed reimbursement rate to be paid to bus operators for revenue forgone as a result of participation in the Council's Concessionary Fares scheme, attached.

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

Friday, 4 February 2011

SOLICITOR TO THE COUNCIL

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Agenda Item 4

EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 17 JANUARY 2011

Present:

Councillor Smith	-	Leader of the Council
Councillor Moulton	-	Cabinet Member for Resources and Workforce Planning
Councillor Baillie	-	Cabinet Member for Housing
Councillor Dean	-	Cabinet Member for Environment and Transport
Councillor Hannides	-	Cabinet Member for Leisure, Culture and Heritage
Councillor Holmes	-	Cabinet Member for Children's Services and Learning
Councillor White	-	Cabinet Member for Adult Social Care and Health
Councillor P Williams	-	Cabinet Member for Local Services and Community Safety

69. RECORD OF THE PREVIOUS DECISION MAKING

The record of the Executive decision making held on 20 December 2010 were received and noted as a correct record.

70. FINANCIAL CLOSE ON THE LORD'S HILL ACADEMY

DECISION MADE: (Ref: CAB 10/11 5268)

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

- (i) To delegate authority to the Executive Director of Resources, following consultation with the Cabinet Member for Resources and Workforce Planning, to agree the final affordability position and to take any action necessary to complete financial close of the Lord's Hill Academy project, or as otherwise required by Partnerships for Schools in this regard.
- (ii) To delegate authority to the Executive Director of Children's Services and Learning, following consultation with the Executive Director of Resources, Solicitor to the Council and Cabinet Member for Children's Services and Learning, to submit a Final Business Case (FBC) for the Lord's Hill Academy Project.
- (iii) To delegate authority to the Solicitor to the Council, following consultation with the Executive Director of Resources and the Executive Director of Children's Services, to complete commercial and contractual close and to enter into all necessary contracts/agreements and other legal documentation, including (but not limited to) the Development Agreement and Design and Build Contract, to construct the Lord's Hill Academy.
- (iv) To delegate authority to the Solicitor to the Council, following consultation with the Executive Director of Children's Services and Learning and the Head

- of Property Services to grant and execute a 125 year lease to the Academy provider of the Lord's Hill Academy site at 5 Acres, Southampton.
- (v) To add, in accordance with Financial Procedure Rules, a sum of £15,856,400 to the Children's Services and Learning Capital Programme, to carry out works at the Lord's Hill Academy.
 - (vi) To approve, in accordance with Financial Procedure Rules, capital expenditure in the sum of £15,856,400 (including fees) from the Children's Services & Learning Capital Programme, to carry out works at the Lord's Hill Academy.

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

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

Confidential appendices 1, 2 and 3 contain information deemed to be exempt from general publication based on Categories 1, 3 and 7a of paragraph 10.4 of the Council's Access to Information Procedure Rules. Publication of such information is either personal or relates to the business affairs and contemplated contractual arrangements between the two Authorities and accordingly is exempt from publication.

72. PROPOSED SHARED PROVISION OF LEGAL SERVICES WITH FAREHAM BOROUGH COUNCIL

DECISION MADE: (Ref: CAB 10/11 5271)

On consideration of the report of the Solicitor to the Council and representations from a Member of the Council, Cabinet agreed the following:

- (i) That the Solicitor to the Council be delegated authority to:
 - (a) enter into a Service Level Agreement (SLA) with Fareham Borough Council for the provision of a joint legal services function with effect from 1st April 2011 at the latest upon such terms and conditions as the Solicitor to the Council considers appropriate and reasonable;
 - (b) employ such staff as are reasonably required to undertake the services under the SLA.
- (ii) That following the signing of the Service Level Agreement and on commencement of the arrangements that the staff detailed in exempt Appendix 1 be transferred under TUPE Regulations to the City Council.

Agenda Item 8

DECISION-MAKER: CABINET
SUBJECT: THIRD QUARTER PERFORMANCE MONITORING FOR 2010/11 CORPORATE PLAN
DATE OF DECISION: 14 FEBRUARY 2011
REPORT OF: EXECUTIVE DIRECTOR OF CORPORATE POLICY AND ECONOMIC DEVELOPMENT
AUTHORS: Name: SUKI SITARAM Tel: 023 8083 4428
E-mail: Suki.sitaram@southampton.gov.uk

STATEMENT OF CONFIDENTIALITY

None.

SUMMARY

This report outlines the progress made at the end of December 2010 (Quarter 3) against the targets and commitments contained within the 2010/11 Corporate Plan. The analysis contained in this report has been compiled on an exceptions basis. It only highlights variances at the end of December 2010 (Quarter 3) for the targets and commitments set out in the Corporate Plan (CP). Performance monitoring information on National Indicators for each Portfolio will be published on the council's website.

RECOMMENDATIONS:

- (i) To note that 66% of Performance Indicators that are the responsibility of the Council and 93% of the Commitments set out in the 2010/11 Corporate Plan are reported to be on target at the end of December 2010, and
- (ii) To Ensure that, appropriate actions are in place by the end of March 2011 to improve performance for all areas where significant variances have been reported.

REASONS FOR REPORT RECOMMENDATIONS

1. To provide an opportunity for Cabinet to collectively review the third quarter performance results against the targets and commitments contained within the 2010/11 Corporate Plan, and to initiate further action where required.

CONSULTATION

2. The Chief Officers' Management Team considered the third quarter's performance monitoring information outlined in this report at its meeting on 1st February 2011. The detailed performance monitoring information for each Portfolio summarised in this report will also be considered by the Overview and Scrutiny Management Committee on 17th February 2011.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. To not submit this report. This option was rejected, as it is inconsistent with good management practice.

DETAIL

Introduction

4. To ensure that the Council's objectives are being delivered the Performance Management Framework of the council requires officers to present quarterly

reports on an exceptions basis to Cabinet outlining the progress made against the targets and commitments set out in the 2010/11 Corporate Plan. Any variations which are of concern relating to the Council's local performance or business indicators is escalated to the relevant Cabinet Member by Executive Directors and appropriate action is agreed.

5. The 2010/11 Corporate Plan (CP) contains the agreed targets for 52 indicators and 97 service improvement actions (commitments) and projects with milestones due to be completed by the end of the financial year. A top-level summary of the Performance Indicators (PIs) collected in the 3rd quarter indicates that **66%** of the PIs included within the CP were reported to be on target at the end of December. This is compared to 68% at the end of September 2010, 77% at the end of the third quarter 2009/10 and 65% at the end of the third quarter 2008/09.
6. The summary also indicates that **93%** of commitments were also reported to be on target, compared to 93% at the end of the second quarter 2010/11, 86% at the end of the third quarter 2009/10 and 89% at the end of the third quarter 2008/09.

Key Achievements in the 3rd quarter

7. Key achievements in the second quarter which contributes to the councils agreed priorities include:

Providing good value, high quality services

- The Pay Point Card project successfully rolled out to council tenants for payment of their rent and council tax.
- Handover of phase 1 of Hinkler Road Parade to the developer was completed on schedule.

Getting the city working

- Highways Service Partnership with Balfour Beatty commenced on Monday 4th October 2010.
- Heritage Lottery Funding for the History of Southampton Mosaic in the Old Town has been secured.
- Two events for employers were held enabling SITES (Southampton Information and Training Service) to give advice to 500 employers in the Solent sub region.
- A training event for 20 frontline employment advisers was delivered in December 2010.
- A Traders Association in Portswood has been established.
- The Southampton Magazine was distributed to 50,000 property professionals via Estates Gazette e-book.
- Bids have been received for the Royal Pier Waterfront Development.
- Demolition and landscaping at the former Tyrrell & Green site has been completed.
- The final version of the Stage 1 City Centre Masterplan has been received.
- The Old Town Vision has been published.
- The Holy Rood QE2 Mile works have been completed.

Investing in education and training

- The Council supported Takeover Day – a day in the year when young people are given the opportunity to understand work managers do and gain some experience of decision making. In total 50 young people from years 6-11, representing schools across Southampton, took part in the day.
- Support arrangements for schools and other front line services during the bad weather in November and December were well received by schools

and parents.

- The City's Music Service had a successful inspection in November.
- The Council's Short Stay School at Melbourne Street came out of Special Measures.
- Sinclair Primary School went straight from Special Measures to Good following a successful inspection.
- Springwell Special School was recognised as Outstanding following an OfSTED inspection
- City Catering achieved their Hospitality Assured Status for the 5th year running, achieving a best in UK score of 74.1, and achieving high scores in all 10 areas of the standard.
- September guarantee returns showed that the number of pupils offered Further Education places that they had applied for rose for Year 12 students (aged 17) by 7% to 89%, and for Year 11 students (aged 16) by 1.5% to 96% in 2010.
- There were significant improvements seen in the attainment of Children Looked After from 2009 to 2010 at both GCSE (8.3%, up from 4%) and Key Stage 2 in Maths (40%, up from 25% in 2009) and KS2 English (40%, up from 13% in 2009).
- Validated data for 2010 confirmed that 7 year olds in Southampton schools are at or above national averages in attainment in Maths, Reading and Writing for the first time ever.

Keeping the city clean and green

- Southampton City Council has been shortlisted for the 2011 LGC Awards in the "Low Carbon Council" category.
- The newly refurbished and repaved Southampton Guildhall Square has opened to the public. The official launch was held on November 12-13.
- Work on St James' Park building refurbishment started in September, as part of £1.5m lottery funding.
- £150k of improvements to Hinkler Road, Itchen Ferry and Riverside Park play areas has been delivered, in partnership with Friends' Groups.
- Hinkler Green and Mansel Park have been awarded a Green Flag for the first time, bringing the city total to six flags.
- Street Lighting PFI - Southern Electric has completed the first area of street lighting replacements in Peartree and are now moving on to the Bevois Town and Freemantle Wards.

Looking after people

- The annual target of 500 homes has been exceeded during quarter 3, which means that 571 homes (71 more than originally forecast for the year) have already been made safe, warm and accessible for the benefit of occupiers, who are often older, disabled or vulnerable people.
- Southampton was awarded just over £61K by the Food Standards Agency (FSA) to carry out additional sampling of imported food during 2010.
- As a result of work with SCC providers and commissioning, effective contingency planning was in place throughout severe weather. As a result there was no impact on delays or community hospital discharges. There was effective use of available transport to maintain operational services, including increased domiciliary capacity to manage risks to vulnerable people.
- The Adult Contact Team reconfiguration has meant that the Occupational Therapy waiting list is reduced.
- The Learning Disability Commissioning Event 'What Next' was held in

December with good presence from customers and other stakeholders. This will support the development of a new Learning Disabilities Commissioning Strategy.

- OfSTED changed their rating of Southampton's arrangements for privately fostered children from inadequate to good following an inspection visit in December.
- Management of the move from three Children in Need teams to two teams in Children's Safeguarding were developed.

Keeping people safe

- Events to raise awareness and safety during Halloween and Bonfire night were held in October and November by CREW (Crime Reduction and Environment Week).
- Around 300 people walked through Southampton city centre to mark the International White Ribbon Day on 25 November.

Indicators

8. It should be noted that to ensure a consistent means of determining good and poor performance, the same assessment criteria have been applied as in previous monitoring reports. An indicator is therefore deemed to be:
 - On Target (Green) if performance is within 5% of the agreed target
 - Have a slight variance (Amber) if the variance is between 5 and 15%
 - Have a significant variance (Red) if the reported variance is more than 15% from the agreed target.
 - Data Unavailable (Grey).
9. There are 52 indicators in the Corporate Plan, of which 47 are monitored in the 3rd quarter. Details of significant variances are attached as Appendix 1.
10. There were 8 measures in the 3rd quarter that have significant variances, 3 of which (NI 117, NI 60 and NI 90) continue to show significant variances and details on these are included in Appendix 1:
 - NI 117: The percentage of 16 to 18 year olds who are not in education, employment or training (NEET)
 - NI 60 % of core assessments that were completed within 35 working days of having started
 - NI 90 The number of active learner accounts indicating participation on a diploma programme.
 - NI 99 Percentage of looked after children who have been in care for at least one year achieving level 4 in English at Key Stage 2.
 - NI 100 Percentage of looked after children who have been in care for at least one year achieving level 4 in Maths at Key Stage 2.
 - NI 101 Percentage of children looked after in year 11 who were in care for at least one year achieving 5 A*-C GCSEs including English and Maths.
 - NI 8 - Percentage of adult participating in sport & active recreation (via Sport England's Active People Survey)
 - The average processing time taken for all written notifications to the Local Authority of changes to a claimants circumstance that require a new decision on behalf of the Authority (Former BV78b).

11.

Portfolio	Total	Monitored 3 rd Qtr	Progress at the end of the 3 rd Quarter of 2010/11			
			Green	Amber	Red	Grey
Adult Social Care & Health	5	3	1	2	0	0
Children's Services & Learning	20	20	9	5	6	0
Environment & Transport	7	4	4	0	0	0
Housing	6	6	6	0	0	0
Leaders	0	0	0	0	0	0
Leisure, Culture & Heritage	3	3	1	1	1	0
Local Services & Community Safety	7	7	7	0	0	0
Resources & Workforce Planning	4	4	3	0	1	0
3rd Qtr Total 2010/11	52	47	31	8	8	0
%		100	66%	17%	17%	0%
2 nd Qtr Total 2010/11	52	44	30	11	3	0
%		100	68%	25%	7%	0%
1 st Qtr Total 2010/11	52	44	28	6	8	2
%		100	64%	13%	18%	4%
3 rd Qtr Total 2009/10	298	249	192	31	26	0
%		100	77%	13%	10%	0%
3 rd Qtr Total 2008/09	453	416	270	39	44	63
%		100	65%	10%	11%	14%

Commitments

12. There are 97 commitments contained within the Corporate Plan designed to improve the quality, performance and reach of council services by the end of the financial year 2010/11. Progress reported against these items at the end of December 2010 indicates that **93%** of these commitments are on target for completion by the year end.
13. There were 7 commitments in the 3rd quarter that have slipped,
 - One has been off target all year (*Minimise waste collected per head of population to 400 kg, increase recycling to 29% and reduce waste to landfill to 18.2 % of all domestic waste collected and maintain our position in the top quartile in reducing domestic waste to landfill*),
 - Two were also slipped last quarter (*Deliver over £1,950,000 in efficiency savings identified in the February Budget setting process for 2010/11 and Ensure rigorous and timely care planning and reviews for children looked after*).

Details on all of the slipped commitments are included in Appendix 2.

14.	Portfolio	Total	Progress at the end of the 3rd Quarter of 2010/11		
			Green	Amber	Red
	Adult Social Care & Health	7	6	1	0
	Children's Services & Learning	14	13	1	0
	Environment & Transport	8	7	1	0
	Housing	13	12	1	0
	Leaders	14	12	2	0
	Leisure, Culture & Heritage	19	18	1	0
	Local Services & Community Safety	7	7	0	0
	Resources & Workforce Planning	15	15	0	0
	3rd Qtr Total 2010/11	97	90	7	0
	%	100	93%	7%	0%
	2 nd Qtr Total 2010/11	97	90	7	0
	%	100	93%	7%	0%
	1 st Qtr Total 2010/11	97	94	3	0
	%	100	97%	3%	0%
	3 rd Qtr Total 2009/10	185	159	22	4
	%	100%	86%	12%	2%
	3 rd Qtr Total 2008/09	156	139	15	2
	%	100%	89%	10%	1%

FINANCIAL/RESOURCE IMPLICATIONS

Capital

15. None.

Revenue

16. Contained in the report and the attached Appendices.

Property

17. None.

Other

18. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

19. Financial reporting is consistent with the Chief Financial Officer's (Executive Director or Resources) duty to ensure good financial administration within the Council. In addition monitoring of the Council's performance against statutory and local performance indicators is in line with the Council's statutory duties under the Local Government Acts 1999, 2000 & 2003.

Other Legal Implications:

20. None.

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PI Description	Target	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Current Status	Projected Outturn	Previous Year Outturn	Forecast Direction of Travel from 2009/10 to 2010/11	National Indicator Quartile Position with All England Top Quartile Figure	Current Quarter Comments
Children's Services & Learning Portfolio											
Commissioning Division											
NI 117 The percentage of 16 to 18 year olds who are not in education, employment or training (NEET)	8.2	9.33	9.45	9.45		Significant Variance	9.7	9.7	No Change	4th (5.3%)	Performance for this indicator for the year is calculated on the basis of performance in November, December and January. This information will be reported in Quarter 4, and performance will be known from early February. Targeted work with NEET young people is continuing, with a particular focus upon a number of 18 year olds who have recently entered the NEET population.
Safeguarding Division											
NI 60 Percentage of core assessments that were carried out within 35 working days of the initial assessment end (LAA Designated Target)	90	53	70	72		Significant Variance	65	32	Improved	4th (86%)	Performance improved this quarter but we are below target because of the extra pressure on the front line teams who have dealt with a 50% increase in child protection enquiries and a large number of children coming into care. There is an improvement programme in place to address Core Assessment performance, but it is a challenge to maintain the quality and timeliness of assessments within the context of high numbers of referrals and an inexperienced work force. Performance has improved from 53% in Q1 and is monitored weekly.
Standards Division											
NI 100 Percentage of looked after children who have been in care for at least one year achieving level 4 in Maths at Key Stage 2	58			40		Significant Variance	40	25	Improved	4th (55%)	Results have improved significantly from 25% in 2009 to 40% in 2010 although this is still below target. Stronger links between the LA Virtual Headteacher and senior staff in schools have been established and a detailed improvement plan is now in place. As KS2 only occurs on an annual basis the first time that this can be on target is 2nd quarter 2011-12.
NI 101 Percentage of children looked after in year 11 who were in care for at least one year achieving 5 A*-C GCSEs including English and Maths	16			8.3		Significant Variance	8.3	3.5	Improved	N/C	Results have improved from 3.5% in 2009 to 8.3% in 2010 although this is still below target. Stronger links between the LA Virtual Headteacher and senior staff in schools have been established and a detailed improvement plan is now in place. As GCSEs only occur on an annual basis the first time that this can be on target is 2nd quarter 2011-12.
NI 90 The number of active learner accounts indicating participation on a diploma programme	175	78	148	148		Significant Variance	148	78	Improved	N/C	The Coalition Government has removed the entitlement for pupils to have access to a full range of diplomas. This change in government policy has resulted in schools considering a broader range of qualification options
NI 99 Percentage of looked after children who have been in care for at least one year achieving level 4 in English at Key Stage 2	58			40		Significant Variance	40	13	Improved	4th (57.5%)	Results have improved significantly from 13% in 2009 to 40% in 2010 although this is still below target. Stronger links between the LA Virtual Headteacher and senior staff in schools have been established and a detailed improvement plan is now in place. As KS2 only occurs on an annual basis the first time that this can be on target is 2nd quarter 2011-12.
Leisure, Culture & Heritage Portfolio											
Leisure & Culture Division											
NI 8 - Percentage of adult participating in sport & active recreation (via Sport England's Active People Survey)	25.7	22.3	22.3	21.6		Significant Variance		22.3	N/C	2nd (24.01%)	The latest Active People results (3 & 4) were released on 16th Dec. They show a NI 8 result of 21.6%. Although this is a decrease from the mid point figures reported for Q1 - it shows an increase of 0.5% from the Active People 2 survey results. The target is based on a 1 % increase per year from the 2005 baseline as opposed to a 1% increase from the actual figure year on year. Initiatives such as the Adults Get Active programme and a month long Sportathon event in May 2011 continue to attempt to increase this figure - along with Leisure Venue initiatives
Resources & Workforce Planning Portfolio											
Partnership, Transactions & Customer Excellence											
The average processing time taken for all written notifications to the Local Authority of changes to a claimants circumstance that require a new decision on behalf of the Authority (Former BV78b)	10	13.98	13.38	12.57		Significant Variance	10	10	No Change	N/C	Ongoing plans are in place to improve performance and it is anticipated that the annual target will be achieved. Throughout quarter 4 the changes in circumstances caused by annual Council rent increases and the pension up-ratings significantly improve the average speed of processing.

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Agenda Item 8

2010/11 Corporate Plan Commitments
Slipped at the end of Quarter 3

Appendix 2
Appendix Two

Description	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Current Quarter Comments
Adult Social Care & Health					
Health & Community Care					
Deliver over £1,950,000 in efficiency savings identified in the February Budget setting process for 2010/11	On Target	Slightly Slipped	Slightly Slipped	N/A	We are currently on target to achieve 1.3 million of the savings by the end of the year but there has been a slight slippage in the savings from the closure of 2 of the residential homes, but this will be achieved slightly later than the end of the year
Children's Services & Learning					
Safeguarding					
Ensure rigorous and timely care planning and reviews for children looked after	On Target	Slightly Slipped	Slightly Slipped	N/A	Being reviewed by Interim Principal Officer, Simon Slater.
Environment & Transport					
Waste & Fleet Transport					
Minimise waste collected per head of population to 400 kg, increase recycling to 29% and reduce waste to landfill to 18.2 % of all domestic waste collected and maintain our position in the top quartile in reducing domestic waste to landfill	Slightly Slipped	Slightly Slipped	Slightly Slipped	N/A	On target to achieve kgs of waste per householder and % of domestic waste to landfill. Not on target to achieve recycling target. This is primarily due to the effects of the recession (this is a national trend).
Housing					
Neighbourhood Directors Office					
Delivering over £300,000 in efficiency savings identified in the February Budget setting process for 2010/11(Housing Portfolio).	On Target	Slightly Slipped	Slightly Slipped	N/A	Budget Efficiency savings proposals being delivered. 7 efficiency proposals were identified totalling "292k. At end of December 5 proposals had been implemented with 2 in progress. Forecast savings total for 2010/11 is revised to £222k [76% of original target]. This shortfall relates to delays in implementation of the Housing Management restructure resulting in an estimated £70k not anticipated to be realised this year within then Housing Revenue Account.
Leaders					
Economic Development & Regeneration					
Make progress on agreed milestones for key developments including Guildhall Square, Old Town, Watermark West Quay, Royal Pier Waterfront development, the Holyrood scheme and the QE2 Mile.	On Target	On Target	Slightly Slipped	N/A	Guildhall Square was launched in October and progress was made on the tendering process for the Royal Pier Waterfront development. There was slippage to the Watermark WestQuay development due to market conditions.

Description	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Current Quarter Comments
Prepare a Masterplan that will assist in bringing forward Southampton's office quarter.	On Target	On Target	Slightly Slipped	N/A	Part of the stage 2 report was received to programme at the end of December, however the remaining part has been slightly delayed.

Leisure, Culture & Heritage

Leisure & Culture

Have increased participation in physical activity and sport, by working with Active Southampton, to 25.7% [measured through Active People Survey]	On Target	On Target	Slightly Slipped	N/A	New Active People figures show a result of 21.6 % for Southampton (See above) This shows a 0.5% increase from last full survey results but is still some way behind target.
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Agenda Item 9

DECISION-MAKER:	CABINET
SUBJECT:	Corporate Revenue Financial Monitoring For The Period To The End Of December 2010
DATE OF DECISION:	14 FEBRUARY 2011
REPORT OF:	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING
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 nine months to the end of December 2010, 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 budget monitoring position for the General Fund 2010/11 as at Month 9 (December), which is a forecast under spend at year end of **£1.1M** against the budget approved by Council on 17th February 2010, as outlined in paragraph 4. This can be compared against the reported over spend at Month 6 of £293,900; an improvement of £1.4M.
- (ii) Note the transfer of £776,200 of funding to the Council from NHS Southampton City, the impact of which, (subject to approval by Cabinet to enter into an agreement with NHS Southampton City), will be reflected in future monitoring reports
- (iii) Note that the baseline forecast over spend for portfolios is £3.9M.
- (iv) Note that portfolios continue to take remedial action to manage a number of the corporate and key issues highlighted in this report and that the financial impact is reflected in the forecast position.
- (v) Note the corporately agreed decision taken to put in place a spend moratorium on non essential expenditure for the final quarter of the financial year.
- (vi) Note that the Risk Fund includes £3.3M to cover service related risks, and that the estimated draw at Month 9 is £4.1M to cover expenditure which is included within the baseline forecast portfolio over spend of £3.9M.

- (vii) Note that the Revenue Development Fund totals £3.6M. Expenditure has been reviewed and it is forecast that the remainder of the Fund will be fully utilised, with the exception of £450,000.
This was earmarked for the Building Schools for the Future Programme which has been halted by the Government.
- (viii) Note that £49,500 has been allocated from the contingency to fund the recommendations contained in the 2010/11 Grants to Voluntary Organisations report as approved by Cabinet on 21st June 2010.
- (ix) Note that it has been assumed that the remaining contingency of £210,500 will be fully utilised by the end of 2010/11.
- (x) Note the forecast does not include the impact of potential carry forwards which at Month 9 total £65,000, which if approved by Full Council as part of the Outturn report to be presented in July would be a draw on balances.
- (xi) Note that an addition to the Organisational Development Reserve of £0.5M is to be recommended in order to ensure that adequate provision is made for the costs associated with the implementation of staff related savings. This will serve to reduce the forecast addition to balances from £1.1M to £600,000.
- (xii) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2010/11 as detailed in Appendix 10.
- (xiii) Note the performance against the financial health indicators detailed in Appendix 11.
- (xiv) Note the performance outlined in the Quarterly Treasury Management Report attached as Appendix 12.

Housing Revenue Account

It is recommended that Cabinet:

- (xv) Note the current HRA budget monitoring position for 2010/11 as at Month 9 (December), which is a forecast under spend at year end of **£127,800** against the budget approved by Council on 17th February 2010, as outlined in paragraph 19. This can be compared against the reported over spend at Month 6 of £1,300; an improvement of £129,100.

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)

CONSULTATION

3. Heads of Service, Budget Holders and Executive Directors have been consulted in preparing the reasons for variations contained in the appendices.

4. **Financial Summary**

Appendix 1 sets out a high level financial summary for the General Fund, and shows that the overall forecast outturn position for the Council is an under spend of **£1.1M**, as shown below:

	Forecast Outturn Variance £000's	Forecast Outturn Variance %
Baseline Portfolio Total	3,936.3 A	2.3 A
Draw From Risk Fund	4,083.2 F	
Portfolio Total	146.9 F	0.1 F
Levies & Contributions	59.5 A	
Capital Asset Management	1,200.0 F	
Other Expenditure & Income	232.0 A	
Net Total General Fund	1,055.4 F	0.6 F

The above forecast takes account of the implications of the Capital Programme Update including additions to the Programme and slippage to future years for which Council approval will be sought in February 2011.

On 4th January it was announced by the Department of Health that a national allocation of £162M had been made available to Primary Care Trusts for spending on social care services that also benefit the NHS in 2010/11. This funding must be transferred to Local Authorities under section 256 of the National Health Service Act 2006 to be spent on services to improve the overall health gain. NHS Southampton City have been allocated the sum of £776,200. As required a spending plan totalling £776,200 has been agreed with colleagues within the PCT and the Executive Director for Adult Social Care and Health and is already being enacted upon to maximise the benefit to Southampton clients in 2010/11. The contractual arrangements to support the transfer are also under way. The impact of this change, subject to approval by Cabinet to enter into an agreement with NHS Southampton City, will be reflected in future monitoring reports.

As shown in the above table, the forecast portfolio revenue outturn on net controllable spend for the end of the year compared to the working budget is an under spend of £146,900 and this is analysed below:

Portfolio	Baseline Forecast Outturn Variance £000's	Risk Fund Items £000's	Forecast Outturn Variance		See Appendix
			£000's	%	
Adult Social Care & Health	487.0 A	0.0	487.0 A	1.0	2
Children's Services	1,763.1 A	786.2 F	976.9 A	3.3	3
Environment & Transport	2,493.1 A	3,242.0 F	748.9 F	3.4	4
Housing Portfolio	143.2 F	0.0	143.2 F	7.7	5
Leader's Portfolio	350.5 F	0.0	350.5 F	4.8	6
Leisure Culture & Heritage	45.1 A	0.0	45.1 A	0.6	7
Local Services & Community Safety	53.1 A	55.0 F	1.9 F	0.0	8
Resources & Workforce Planning	411.4 F	0.0	411.4 F	1.1	9
Portfolio Total	3,936.3 A	4,083.2 F	146.9 F	0.1	

The corporate and key issues affecting each portfolio are set out in Appendices 2 to 9, as per the previous table

5. **Remedial Action**

Having managed the impact of the in year cuts announced by Government to ensure that the operating budget for 2010/11 remains in balance, portfolios continue to take remedial action to manage a number of the corporate and key issues highlighted in this report. Specific actions are included within Appendices 2 to 9 where applicable and the financial impact is reflected in the forecast position.

In addition, it has been corporately agreed to put in place a spend moratorium on non essential expenditure for the final quarter of the financial year. This has been agreed in order to ensure that the support which can be given to the challenging financial position the Council faces for 2011/12 can be maximised.

6. **Levies & Contributions**

Additional charges have been incurred from Hampshire County Council for the provision of the Coroner's Service and it is estimated that the full year impact of this be an over spend of £59,500. The Council bear a proportion of the cost of this service based on caseload statistics and this has increased above the estimated levels for 2010/11.

7. **Capital Asset Management**

The favourable variance of £1.2M is due to a reduction in net interest payable resulting from lower than anticipated borrowing costs. This has been as a consequence of lower borrowing levels due to slippage in the Capital Programme and capital expenditure and also the fact that we have borrowed at lower rates than originally estimated. Lower rates have been achieved through a conscious decision to switch to short term debt which is currently available at lower rates than long term debt due to the depressed market.

8. **Other Expenditure & Income**

The adverse variance of £232,000 relates to a number of factors:

- **Net Housing Benefit Payments (£118,100 F)** – This is due to the increased income achieved from the improved recovery rate on overpayments.
- **Risk Fund (£800,100 A)** – This is due to the estimated draw on the Fund exceeding the current provision as explained in detail in paragraph 9 below.
- **Revenue Development Fund (£450,000 F)** – This is due to the estimated draw on the Fund being less than the current provision as explained in detail in paragraph 10 below
- **Exceptional Expenditure & Income (£2.35M F)** – As a result of two separate issues a favourable variance has arisen which it is anticipated will be used to fund additions to the capital programme. The items are:
 - **One off Receipt in Consideration of Purchase of One Guildhall Square (OGS)** – As part of the contractual agreement to purchase OGS the Council has received a payment of which £0.9M is not required to fund the revenue implications of the purchase.
 - **Reduced Street Lighting PFI Payments** – During the early stages of the PFI contract the Council is to receive ‘service deductions’ in view of the fact that the contractor will need time to undertake work to install new columns. These deductions are estimated to be £1.45M in 2010/11.
- **Contribution to Direct Revenue Financing of Capital (DRF) (£2.35M A)** – Additions to the Capital Programme to the value of £2.35M are included in the in the Capital Programme Update report which is to be approved by Council on 16th February 2011 to be funded from DRF.

9. **Risk Fund**

Potential pressures that may arise during 2010/11 relating to volatile areas of both expenditure and income are being managed through the Risk Fund.

A sum of £3.3M is now included in the budget to cover these pressures and is taken into account during the year as evidence is provided to substantiate the additional expenditure against the specific items identified.

At Month 9, it is estimated that pressures within portfolios will require the allocation of £4.1M from the Risk Fund, as shown in the table below:

Portfolio	Service Activity	£000's
Children's Services	Tier 4 Services	786.2
Environment & Transport	Off Street Car Parking	1,758.0
Environment & Transport	Bereavement Services	698.0
Environment & Transport	Development Control	456.0
Environment & Transport	Bus Shelter Contract	330.0
Local Services	Fuel Inflation Open Spaces	55.0
Portfolio Draw From Risk Fund		4,083.2

The estimated allocation from the Risk Fund exceeds the amount provided but this is offset by forecast under spends elsewhere. The provision made within the Risk Fund has been reviewed as part of the development of the budget for 2011/12 to ensure that a sufficient allocation is included for such pressures in the future.

10. **Revenue Development Fund**

The majority of the revenue developments are complex strategic projects around which there are uncertainties in relation to timing and speed of progress. Consequently, it was agreed that funding for revenue developments be placed into a Revenue Development Fund to enable the Council to retain flexibility in funding. Further, it was agreed that approval to release this funding, making adjustments between schemes and in the timing as required, be delegated to the Executive Director of Resources following consultation with the Cabinet Member for Resources and Workforce Planning. The Revenue Development Fund totals £3.6M. Expenditure has been reviewed and it is forecast that the remainder of the Fund will be fully utilised in 2010/11, with the exception of £450,000. This was earmarked for the Building Schools for the Future Programme which has been halted by the Government.

11. **Contingency**

The contingency was originally set at £250,000 and of this £49,500 has been allocated to fund the recommendations contained in the 2010/11 Grants to Voluntary Organisations report as approved by Cabinet on 21st June. In addition, a further £150,000 has been approved to fund the procurement exercise to identify a management partner for the Sea City Museum, with the option of including other heritage venues. However, this has no impact on the overall financial forecast for the year as it has been assumed that the remaining contingency of £210,500 will be fully utilised by the end of 2010/11.

12. **Approved Carry Forward Requests**

Currently there is a forecast under spend of £300,000 on Central Repairs and Maintenance. Full Council has agreed to automatically carry forward any surplus/deficit at year-end but this is subject to the overall financial position of the Authority. Given the current financial position it is expected that any final under spend at the end of this financial year will not be recommended for carry forward, but be added to General Fund balances.

13. **Potential Carry Forward Requests / Impact on Balances**

Portfolios have highlighted only two potential carry forward requests to date that may be submitted for approval as part of the outturn process. The carry forwards total £65,000 and are shown below:

Portfolio	Item	£000's
Leader's Portfolio	Regeneration & Renewal – Future Jobs Fund	40.0
Leisure, Culture & Heritage	Major Projects – Procurement of Partner for the Sea City Museum	25.0
Total Potential Carry Forward Requests		65.0

These requests are not reflected in the current forecast outturn and if approved by Full Council as part of the Outturn report to be presented in July would be a draw on balances.

Furthermore, this year an addition to the Organisational Development Reserve in 2010/11 of £0.5M is to be recommended to ensure that adequate provision is made for the costs associated with the implementation of staff related savings. This will serve to reduce the forecast addition to balances from £1.1M to £600,000. This amount will be reflected in the balances position shown in the budget report to be approved by Council in February, which takes into account the overall financial position highlighted in this report for the nine months ending December 2010.

14. **Forecast Employee Expenditure**

Included within the baseline forecast portfolio over spend of £3.9M is a forecast under spend on employees of £760,400. The position by portfolio is as follows:

Portfolio - Employee Costs	Variance to Dec £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
Adult Social Care & Health	621.0 F	771.5 F	3.4 F
Children's Services	436.5 A	439.5 A	1.2 A
Environment & Transport	163.4 F	41.9 F	0.3 F
Housing Portfolio	142.8 F	150.5 F	5.3 F
Leader's Portfolio	341.2 F	424.6 F	5.3 F
Leisure Culture & Heritage	98.0 A	38.4 A	0.5 A
Local Services & Community Safety	48.4 A	70.5 A	0.9 A
Resources & Workforce Planning	86.7 A	79.7 A	0.6 A
Total General Fund	598.6 F	760.4 F	0.7 F

15. **Key Portfolio Issues**

The corporate and other key issues for each portfolio are detailed in Appendices 2 to 9.

It is good practice to recognise that any forecast is based on assumptions about key variables and to undertake an assessment of the risk surrounding these assumptions. Having done this a forecast range has been produced for each corporate and key issue, where applicable, which represents the pessimistic and optimistic forecast outturn position. This range is included within the detail contained in Appendices 2 to 9.

There are, however, certain corporate issues which are highlighted in the tables below as being the most significant for Cabinet to note. The adverse variances are noted in the first table, with any significant favourable variances detailed in the second table:

Corporate Adverse Variances

Portfolio	Corporate Issue	Adverse Forecast £000's	See Appendix & Reference
Adult Social Care	Adult Disability Care	1,352.7	2 – ASCH 1
Children's Services	Tier 4 Safeguarding	918.0	3 – CSL 1
Children's Services	Safeguarding Locality	1,316.2	3 – CSL 2
Environment & Transport	Off-Street Car Parking	1,737.9	4 – E&T 1
Environment & Transport	Bereavement Services	718.7	4 – E&T 2
Environment & Transport	Development Control	399.2	4 – E&T 3
Environment & Transport	Bus Shelters	330.0	4 – E&T 4

Corporate Favourable Variances

Portfolio	Corporate Issue	Favourable Forecast £000's	See Appendix & Reference
Adult Social Care	Complex Care	281.4	2 – ASCH 2
Adult Social Care	In-House Care Services	285.9	2 – ASCH 3
Environment & Transport	Waste Disposal	707.9	4 – E&T 5
Resources	Central Repairs	300.0	9 – RES 1

16

Implementation of Savings Proposals

Savings proposals of £8.1M were approved by Council in February 2010 as part of the overall budget package for 2010/11. The delivery of these savings is key to the financial position of the authority and below is a summary of the progress as at the end of the third quarter:

Portfolio	Implemented and Saving Achieved	Not Yet Fully Implemented and Achieved But Broadly on Track	Saving Not on Track to be Achieved
	%	%	%
Adult Social Care & Health	69.3	0.0	30.7
Children's Services	91.0	9.0	0.0
Environment & Transport	92.9	0.8	6.3
Housing	93.1	6.9	0.0
Leader's Portfolio	100.0	0.0	0.0
Leisure Culture & Heritage	76.0	14.4	9.6
Local Services & Community Safety	80.8	0.0	19.2
Resources & Workforce Planning	100.0	0.0	0.0
Total General Fund	85.5	3.3	11.2

The overall shortfall in the delivery of the savings proposals is currently forecast as £813,000 or 10.1% as for some of the proposals, whilst the actions may not be on track to be fully implemented, progress has been made towards delivery of the financial outcomes.

Where savings are not on track to be achieved this is due to non implementation in some cases but also due to the impact of factors such as rising demand for services which have meant that despite being implemented the financial savings have not materialised.

The progress made in implementing and delivering the savings proposals has been reviewed by the Chief Officers Management Team and Appendix 10 contains further details. The financial implications of the delivery of these proposals are reflected in the current forecast position and areas of ongoing concern have been fully reviewed and appropriate action plans put into place. In addition, any implications for the budget for 2011/12 and future years have been addressed as part of the development of the budget.

17. **Financial Health Indicators**

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 11 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.

18. **Quarterly Treasury Management Report**

The Council approved a number of indicators at its meeting of the 17th February 2010 and Appendix 12 outlines current performance against these indicators in more detail. These indicators will be reviewed and updated as required as part of the Treasury Management Strategy report which is to be approved by Council on 16th February 2011.

19. **Housing Revenue Account**

The expenditure budget for the HRA is £60.6M, which includes an additional balance bought forward of £388,900, and the income budget is £60.2M. The overall forecast position for the year end shows a favourable variance of £127,800. There are no corporate variances to report but the detail is set out in Appendix 13.

RESOURCE IMPLICATIONS

Capital

- 20. None.
- 21. Contained in the report

Property/Other

- 22. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

- 24. Not applicable.

POLICY FRAMEWORK IMPLICATIONS

- 25. Not applicable.

AUTHOR:	Name:	Andrew Lowe	Tel:	023 8083 2409
	E-mail:	Andrew.Lowe@southampton.gov.uk		

KEY DECISION? Yes/No YES

WARDS/COMMUNITIES AFFECTED:	ALL
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SUPPORTING DOCUMENTATION

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

Appendices

1.	General Fund Summary
2.	Adult Social Care & Health Portfolio
3.	Children's Services Portfolio
4.	Environment & Transport Portfolio
5.	Housing Portfolio
6.	Leader's Portfolio
7.	Leisure, Culture & Heritage Portfolio
8.	Local Services & Community Safety
9.	Resources & Workforce Planning Portfolio
10.	Implementation of Savings Proposals
11.	Financial Health Indicators
12.	Quarterly Treasury Management Report
13.	Housing Revenue Account

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

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

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

Title of Background Paper(s) Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	General Fund Revenue Budget Report 2010/11 to 2012/13(Approved by Council on 17 th February 2010)	
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Agenda Item 9

GENERAL FUND 2010/11 - OVERALL SUMMARY

Appendix 1

December 2010	Working Budget £000's	Forecast Outturn £000's	Forecast Variance £000's
Portfolios (Net Controllable Spend)			
Adult Social Care & Health	50,831	51,318	487 A
Childrens Services	29,992	31,755	1,763 A
Environment & Transport	22,294	24,787	2,493 A
Housing	1,858	1,714	143 F
Leader's Portfolio	7,341	6,990	351 F
Leisure Culture & Heritage	8,101	8,146	45 A
Local Services & Community Safety	10,999	11,052	53 A
Resources & Workforce Planning	38,309	37,898	411 F
Baseline for Portfolios	169,724	173,660	3,936 A
Net Draw From Risk Fund	4,083	0	4,083 F
Sub-total (Net Controllable Spend) for Portfolios	173,807	173,660	147 F
Non-Controllable Portfolio Costs	21,639	21,639	0
Portfolio Total	195,446	195,299	147 F
Approved Carry Forwards	0	0	0
Levies & Contributions			
Southern Seas Fisheries Levy	44	44	0
Flood Defence Levy	44	44	0
Coroners Service	441	500	60 A
	529	588	60 A
Capital Asset Management			
Capital Financing Charges	11,800	10,600	1,200 F
Capital Asset Management Account	(23,652)	(23,652)	0
	(11,852)	(13,052)	1,200 F
Other Expenditure & Income			
Direct Revenue Financing of Capital	443	443	0
Net Housing Benefit Payments	(882)	(1,000)	118 F
Revenue Development Fund	4,575	4,125	450 F
Contribtuion to Capital DRF Funding	0	2,354	2,354 A
Exceptional Expenditure & Income	0	(2,354)	2,354 F
Open Space and HRA	536	536	0
Risk Fund	(800)	0	800 A
Contingencies	211	211	0
Surplus/Deficit on Trading Areas	20	20	0
	4,103	4,335	232 A
NET GF SPENDING	188,225	187,170	1,055 F
Draw from Balances:			
To fund the Capital Programme	(443)	(443)	0
Draw from Strategic Reserve (Pensions/Reds)	(1,082)	(1,082)	0
Draw from Balances (General)	(3,431)	(2,375)	1,055 F
	(4,956)	(3,900)	1,055 F
BUDGET REQUIREMENT	183,270	183,270	0

ADULT SOCIAL CARE AND HEALTH PORTFOLIO**KEY ISSUES – MONTH 9**

The Portfolio is currently forecast to over spend by **£487,000** at year-end, which represents a percentage over spend against budget of **1.0%**. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view and corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	487.0 A	1.0
Risk Fund Items	0.0	
Portfolio Forecast	487.0 A	1.0
Potential Carry Forward Requests	0.0	

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

ASCH 1 – Adult Disability Care Services (forecast adverse variance £1,352,700)

There is a projected over spend of **£291,900** on Domiciliary Care and just over **£1.0M** on Nursing Care which includes the loss of income in respect of agreements for the provision of Nursing services with the PCT, **£120,000**.

Forecast Range not applicable.

Domiciliary Care is forecast to over spend by **£291,900**. This is due to:

- An increase in the number of clients, that can be attributable to an increase in NHS acute activity arising from the risk in potential delayed transfer fines and the transfer of clients from the City Care Service of **£90,400**.
- In addition, following the migration to framework agreements for the 'spot' purchase of domiciliary care, it was agreed that **£40,000** TUPE costs would be payable in 2010/11 for staff that transferred under these agreements. A forecast to meet these costs has now been included and continues to be reviewed monthly.
- Extra care provided under contract with Southampton Care Association is forecast to cost an additional **£161,500**. This was assumed to be funded by a matched reduction in general domiciliary care provision, however year to date figures do not indicate that this will be achieved.

Nursing is forecast to over spend by **£1,014,500**. This is mainly due to:

- A net loss in SCPCT income of £120,000. SCPCT have funded ten nursing home beds since 2006/07 following the closure of a ward at the Tom Rudd Unit, (within the grounds of Moorgreen Hospital). However, this funding has now ceased leaving a budget shortfall of £200,000. This has been offset in part by additional funds being received for the provision of Older Persons Mental Health Respite Services £80,000.
- There is an over spend from care packages of £800,500 arising from new clients in year and changes in packages for existing clients.
- A provision of £94,000 has been made for Free Nursing Care (FNC) refunds to the PCT, in respect of void beds within Northlands Unit for 2008/09 & 2009/10, whilst the validity of the charge under contractual arrangements is confirmed.

The following table demonstrates the effect of these forecast changes on the equivalent number of units:

	10/11 Net Budget	10/11 Unit Prices	10/11 Budgeted Units	10/11 Forecast	10/11 Forecast Units	Difference (units)	Variance to Budget
Day Care	236,900	£57 Per Day	4,156	215,000	3,772	(384)	(21,900)
Direct Payments	2,536,200	£9.47 Per Hour	267,814	2,543,700	268,606	792	7,500
Domiciliary	3,900,500	£12.85 Per Hour	303,541	4,192,400	326,257	22,716	291,900
Nursing	4,592,500	£64.82 Per Day	70,850	5,607,000	86,501	15,651	1,014,500
Residential	5,465,900	£49.15 Per Day	111,209	5,526,600	112,444	1,235	60,700
Total	16,732,000			18,084,700			1,352,700

A number of management actions have been agreed to address the forecast over spend, however, it is envisaged that any resultant savings will impact in 2011/12 and not the current financial year.

ASCH 2 – Complex Care (forecast favourable variance £281,400)

The Care Management teams are expected to significantly exceed their vacancy management targets through holding posts vacant during a period of restructure for the Portfolio. This has allowed the management team greater flexibility in shaping the future structure of the service.

Forecast Range £250,000 favourable to £350,000 favourable.

ASCH 3 – In House Care Services (forecast favourable variance £285,900)

Staff vacancy savings offset by additional running costs of homes.

Forecast Range £250,000 favourable to £350,000 favourable.

A savings proposal was approved in February 2010 which led to a change in the way that domiciliary care is accessed. The new refocused SCC service provides short term enabling and crisis support which aims to enable clients to care for themselves at home as part of reducing ongoing requirements for care and support packages. Posts were held vacant in 2009/10 within the City Care teams to help facilitate the movement to a new staffing structure being adopted to implement this saving. The plan was for the structure to be fully staffed by 1st April 2010 but there has been a planned delay whereby the remaining vacancies will be filled by April 2011 giving a forecast saving of £255,900.

The residential units are forecast to achieve a favourable position on unit income of £187,300 as a result of additional numbers of self funding clients. This will be substantially offset by an over spend of £157,300, predominantly due to costs arising from the delay in the closure of Whitehaven Lodge.

The OTHER KEY issues for the Portfolio are:

ASCH 4 – Mental Health and Substance Misuse (forecast adverse variance £111,300)

There are new clients and increased costs of existing client packages totalling £375,300, offset by staffing and grant/contract savings of £264,000.

Forecast Range £200,000 adverse to £100,000 adverse.

There is a general upward trend in demand for care packages within this service activity. This is evidenced by ten new residential mental health clients and changes in packages for mental health and substance misuse clients with a forecast cost of £225,600. In addition, there is a forecast over spend in Domiciliary Costs of £51,000 for additional costs for clients with no recourse to public funds, together with packages for nine new clients of £98,700.

This has been offset in part by minor staff savings of £143,000 and savings on grant and contract payments to the voluntary sector £121,000.

ASCH 5 – Adult Social Care Learning and Development (forecast favourable variance £150,000)

A new and additional saving target has been set for the training budget to deliver in order to help offset other forecast pressures on the Portfolio.

Forecast Range not applicable.

The Head of Service has agreed to set a target saving of £150,000 within the staff development training budget to offset pressures elsewhere in the Portfolio.

ASCH 6 – Directorate & Portfolio Management (forecast favourable variance £140,100)

Reduction in centrally held provision to meet the immediate and short term costs of the Directorate restructure of £135,000 where actual costs are being met from within specific service budgets within the Portfolio.

Forecast Range £100,000 favourable to £175,000 favourable.

CHILDREN'S SERVICES & LEARNING PORTFOLIO**KEY ISSUES – MONTH 9**

The Portfolio is currently forecast to over spend by **£976,900** at year-end. This represents a percentage over spend against budget of **3.3%**. This forecast is constructed from the discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view of corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	1,763.1 A	6.0
Risk Fund Items	786.2 F	
Portfolio Forecast	976.9 A	3.3
Potential Carry Forward Requests	0.0	

A range of remedial action has been implemented which is already reflected in the above forecast to partly offset over spends due to rising numbers of children in care. A recruitment freeze is in place across the Directorate whilst close monitoring of all agency costs continues. In addition managers have been asked to cease all non essential expenditure. Savings made include:

- £1.8M under spend on salaries and wages to date, (offset by temporary and agency staff)
- £137,000 carry forward of 2010/11 Dedicated Schools Grant used to offset expenditure this year
- £126,000 saving on Think Family project expenditure
- £91,000 saving on training budgets
- £66,000 saving on contracts

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

CSL 1 – Tier 4 Safeguarding Specialist Services (forecast adverse variance £918,000)

Since Month 8 the number of children in our care has decreased by one. During December, 13 children were newly looked after, whilst 14 ceased to be looked after by the local authority. The placement cost of a looked after child under 16 ranges from an internal placement costing £16,500 per year to an external independent placement costing £300,000.

Forecast range £1.25M adverse to £700,000 adverse.

(A recent benchmarking activity undertaken by 65 local authorities demonstrated that the average cost of a child looked after in Southampton was approximately £200 per week less than the 'average authority'. This cost differential was mainly due to the City Council's policy of investing in and placing children with in house foster carers, wherever appropriate).

The detailed breakdown of costs is shown below:

Service Area	Previous Months Variance £000's	Forecast Variance £000's	Increase / (Decrease) £000's
Civil Secure Accommodation	149.0 F	149.0 F	0.0
Foster Care Services	390.9 A	383.0 A	(7.9)
Independent Fostering Agencies	133.8 A	193.1 A	59.3
Independent Sector Residential Social Care Placements	687.2 A	701.9 A	14.7
Residential Units	72.6 F	72.6 F	0.0
Adoption	141.0 F	148.6 F	(7.6)
Other Tier 4 Services – Care Leavers 18+, Asylum Seekers, BRS	4.5 F	10.2 A	14.7
Total	844.8 A	918.0 A	73.2

Civil Secure Accommodation (forecast favourable variance £149,000)

The current budget for civil secure accommodation allows for one annual placement (at an average cost of £240,000) and two three month placements. To date five placements have been made this year totalling £194,000:

- Placement 1 £79,300
- Placement 2 £36,000
- Placement 3 £35,700
- Placement 4 £24,900
- Placement 5 £18,000

It should be noted that the forecast assumes that no further placements will be required between now and the end of the financial year.

Foster Care Services (forecast adverse variance £383,000)

In mid December, there were 35 more children in City Council foster care than the budget for 200 children. However, the Christmas period saw a further increase of children in foster care which has been reflected within the monitoring data, where possible. Each placement costs an average of £16,500. It is current Council policy to invest in and use local foster care as far as possible when it is the most appropriate placement for the child.

The adverse variance comprises:

- £312,500 adverse variance for standard foster care allowance brought about by additional children in foster care, partially offset by a £53,400 saving on supported lodgings placements

- £175,100 adverse variance on the Contact Scheme (supervised parental contact with their children), due to additional court ordered contact. This demand is a direct consequence of lowering the age of children entering care, leading to an increased need for supervised parental contact. The presiding District Judge has agreed to a request made by the Executive Director of CSL to meet to discuss the nature of court orders and the costs attached to the orders.

Independent Fostering Agency (IFA) Placements (forecast adverse variance £193,100)

Expenditure on IFA placements is forecast to over spend by £193,100 by the end of 2010/11 due to both the increase in children in care and the increased complexity of circumstances surrounding those children. Independent placements cost an average of £45,500 for a standard placement (representing foster care cost plus agency charge), approximately £29,000 more than the average for an SCC foster care placement. The forecast cost has increased by £59,300 since Month 8, due to four new placements, (one of which is a mother and baby assessment), an extension of two placements, and the early cessation of two placements.

Southampton's CSL Directorate is leading a partnership of five Local Authorities (including Oxfordshire, Hampshire, Surrey and Portsmouth) to secure much more competitive IFA pricing. This should come into effect during 2011/12.

Details of changes in the demand for IFA placements are identified in the table below:

IFA Social Care Placements Annual Cost Band £	Below 1,000	1,000 to 9,999	10,000 to 59,999	60,000 to 99,999	Over 100,000
Budgeted Placements – Set Aug 10	0	0	39	1	0
Current Placements	0	0	51	2	0
Year End Placement Number	0	0	50	2	0

Independent Sector Residential Social Care Placements (forecast adverse variance £701,900)

Expenditure on independent sector residential social care placements is forecast to over spend by £701,900 due to an increase in the numbers of children requiring expensive placements over and above the estimated position.

The current budget allows for 17 placements whereas there are currently 23 placements. Ten of these are forecast to cost over £100,000, with the most expensive placement costing over £200,000.

It should be noted that there is no provision for new placements.

Adoption (forecast favourable variance £148,600)

This favourable variance has mainly arisen as a result of savings in the number of allowances paid to adoptive parents and custodians of children subject to residence orders. The budget was based on adoption allowances being paid in respect of 112 children, and 29 allowances paid in respect of children on residence orders.

However, in December 2010, there were only 93 adoption allowance payments and 25 residence order allowance payments, costing an average of £4,400 per annum. This reduction has led to a forecast saving of £87,500.

Further savings have arisen from staff vacancies, together with management action taken to means test payments made to adoptive parents.

CSL 2 – Safeguarding Locality Frontline Teams and Management (forecast adverse variance £1,316,200)

A continuing need for temporary safeguarding frontline staff, associated agency costs and a rise in legal costs associated with necessary court proceedings is contributing to this forecast over spend.

Forecast Range £1.75M adverse to £1.0M adverse

Current market conditions nationally are such that the supply of social workers is insufficient to meet demand and there is significant competition between authorities to recruit and retain high calibre social work staff. This means a continuing need for temporary staff, acquired from independent agencies, with the associated market agency fees.

The additional costs to meet current needs are shown in the table below:

Temporary staff costs	Current FTE	Forecast FTE 1st April 2011	Forecast Over Spend £000's
Agency Team Managers	1.0	0.0	39.6
Additional Senior Practitioners	4.5	0.0	292.1
Agency Social Workers	12.0	2.0	313.6
Temporary Social Care Assistants	3.0	0.0	126.2
Temporary Information Officers	1.0	0.0	34.0
Other sickness/handover cover			106.1
Recruitment and relocation costs (for US Social Workers)			98.7
Unachieved vacancy management			131.7
TOTAL	21.5	2.0	1,142.0

A pressure has been submitted as part of the 2011/12 budget to fund three additional Senior Practitioners on an ongoing basis.

The over spend of £124,700 for legal fees relates to court fees and the additional costs of external solicitors relating to the increased numbers of court proceedings being initiated on behalf of children looked after. These proceedings are initiated where it is considered in the child's best interests to be permanently removed from their birth family home.

There is an over spend of £40,000 in respect of payments to families without recourse to public funds. During the year, 24 children have been supported at an average cost of £4,900 per child.

The OTHER KEY issues for the Portfolio are:

CSL 3 – Infrastructure (forecast adverse variance £108,800)

Underachievement of income, abortive capital expenditure and an increase in costs of reactive repairs and maintenance to schools has led to a forecast over spend in the Infrastructure Division.

Forecast Range not applicable.

The forecast over spend is made up of the following items:

- Additional costs of security arrangements for vacant properties still maintained by the Portfolio.
- Abortive capital costs for two school kitchen projects that are now not taking place, due to reductions in Government grants.
- Shortfall of income in the ICT Team.
- An over spend in the Reactive Repairs and Maintenance budget funded by schools.

CSL 4 – Prevention & Inclusion Service Including Special Educational Needs (forecast favourable variance £362,200)

Staffing vacancies within the Prevention and Inclusion Service has resulted in a favourable forecast position.

Forecast Range not applicable.

The service has been holding significant vacancies to support proposed savings. All three locality teams are carrying vacant posts for play workers, community development workers and youth support workers. There is also a service manager vacant post within the central locality.

Favourable forecast position within Think Family of £126,000 also due to staffing vacancies and savings within projects.

Summary of Risk Fund Items

Service Activity	£000's
Tier 4 Services	786.2
Risk Fund Items	786.2

ENVIRONMENT & TRANSPORT PORTFOLIO**KEY ISSUES – MONTH 9**

The Portfolio is currently forecast to under spend by **£748,900** at year-end, which represents a percentage under spend against budget of **3.4%**. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view and corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	2,493.1 A	11.2
Risk Fund Items	3,242.0 F	
Portfolio Forecast	748.9 F	3.4
Potential Carry Forward Requests	0.0	

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

E&T 1 – Off Street Car Parking (forecast adverse variance £1,737,900)

Parking pressures have been identified relating to reduced income of £1,758,000, which will need to be met from the Risk Fund.

Forecast Range £2.0M adverse to £1.5M adverse

There is an adverse forecast variance in car parking income, due to a number of factors, the most significant being that ticket machine income and season ticket sales continue to fall short of the challenging target, as per expectations at the start of the year.

All marketing and commercial opportunities are being explored, as part of a three year strategy to maximise income. A reduced £5 per day parking charge at the Marlands car park has been introduced, as of 1st January 2011, and this is forecast to increase the volume of business and generate an additional £40,000 this financial year and up to £250,000 in a full year. However, it is forecast that a draw on the Risk Fund of approximately £1.76M will be required in 2010/11, principally as a result of the economic downturn.

E&T 2 - Bereavement Services (forecast adverse variance £718,700)

There is a forecast income shortfall on cremation fees of £698,000, which will need to be met from a draw on the Risk Fund.

Forecast Range £850,000 adverse to £550,000 adverse

A sum was included in the Risk Fund for the effects of a reduction in crematorium fee income due to fewer numbers of cremations. During the first eight months (latest available data) there were 1,374 adult cremations, which was 554 fewer than for the same period last year. A reduction in numbers was also reported by all neighbouring crematorium facilities and is part of a national downturn in the death rate. However, it should also be noted that the new independent Wessex Vale crematorium in Hedge End is now fully operational. Although the effects of this are difficult to measure, a resultant reduction in income is also reflected in the forecast figure, which the service manager has based on achieving a total of 2,200 cremations by the end of the year.

The budgeted increase in the cremation fee by £50 in April 2010 was not implemented, in an attempt to minimise the draw on the Risk Fund, as market conditions would not support the additional rise in fees. As a further remedial action, there has been a reduction in the cremation fee, from £600 to £399, for the under utilised slots at less popular times of the day. If successful, it is estimated that this will increase income by £50,000 per annum. Plans are also in place to raise additional income from increasing the sale of memorials. However, the current forecast is that a draw on the Risk Fund of approximately £698,000 will be required for crematorium income this year.

E&T 3 – Development Control (forecast adverse variance £399,200)

There is a projected income shortfall on planning application and Section 106 fees of £456,000, which will need to be met from the Risk Fund.

Forecast Range £550,000 adverse to £300,000 adverse

Last financial year planning application income was £398,000 lower than was estimated, as the market conditions were unfavourable. Planning application income is showing the same trend this year, with a shortfall of £339,000 to date.

A sum was included in the Risk Fund for the effects of the economic downturn, which may be drawn down, if required and agreed. The current forecast is that, in line with projections, a draw on the Risk Fund of £456,000 will be required this year for planning application income and section 106 fees in respect of administration costs.

The adverse forecast position is partially offset by a projected saving on Planning Delivery grant of £89,000.

E&T 4 – Public Transport – Bus Shelters (forecast adverse variance £330,000)

There is a forecast variance for this service in relation to a new bus shelters contract, which will need to be met from the Risk Fund.

Forecast Range £350,000 adverse to £300,000 adverse

There is an income estimate of £350,000 for increased sponsorship income from a new bus shelters contract. A twenty year contract is currently being tendered, for implementation in early 2011, which will pass over the maintenance liability to the contractor and require a minimum income contribution to the Council of £80,000 per annum. This is expected to rise as the market in advertising picks up. A part year income forecast of £20,000 has, therefore, been included and the forecast draw on the Risk Fund this year is now £330,000.

E&T 5 – Waste Disposal (forecast favourable variance £707,900)

A reduction in the amount of waste has reduced disposal costs, which, together with further savings from contract negotiations and lower staffing costs, has generated total savings of approximately £708,000.

Forecast Range £600,000 favourable to £800,000 favourable

The Council is currently processing less Civic Amenity, Dry Recyclable and Household waste through the waste disposal contract than was estimated. This is anticipated to save £196,000 on haulage charges for waste going to landfill over the course of the year. In addition, tonnage is still reducing, due to the successful implementation of Trade Waste controls, resulting in a forecast favourable variance of £105,000. The general collected household and garden waste tonnage is also low, resulting in forecast savings of £205,000 over the course of the year.

Additionally, there is a forecast favourable variance of £18,000, due to borrowing costs for works on an access road at Marchwood incinerator that were paid off in full at the end of 2009/10, there are currently three vacancies within the service, which are forecast to save £44,000 by the end of the year, and there is £70,000 extra from the sale of ferrous metal, which is volatile in price and hard to predict. Also there is a forecast favourable variance of £70,000, due to additional income from the profit share at the Energy Recovery Facility (Marchwood incinerator).

There are no OTHER KEY issues for the Portfolio at this stage.

Summary of Risk Fund Items

Service Activity	£000's
Off Street Car Parking	1,758.0
Bereavement Services	698.0
Development Control	456.0
Bus Shelter Contract	330.0
Risk Fund Items	3,242.0

HOUSING PORTFOLIO**KEY ISSUES – MONTH 9**

The Portfolio is currently forecast to under spend by **£143,200** at year-end, which represents a percentage under spend against budget of **7.7%**. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view and corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	143.2 F	7.7
Risk Fund Items	0.0	
Portfolio Forecast	143.2 F	7.7
Potential Carry Forward Requests	0.0	

There are no CORPORATE issues for the Portfolio at this stage.

The OTHER KEY issues for the Portfolio are:

HOU 1 – Housing Needs (forecast favourable variance £105,700)

A general saving of £62,100 is forecast from staff vacancies with a further £43,600 arising from staff being seconded to work on Overcrowding without their posts being back filled.

Forecast Range not applicable.

A grant for Overcrowding for 2010/11 only has been received. Posts are being held vacant until structural changes and plans for future years have been finalised. One post holder has been seconded to Health and Social Care.

HOU 2 – Housing Strategy (forecast favourable variance £37,500)

A general saving of £37,500 is forecast from employee budgets where posts have been held vacant since the start of the year in anticipation of a recently completed re-structure.

Forecast Range not applicable.

LEADER'S PORTFOLIO**KEY ISSUES – MONTH 9**

The Portfolio is currently forecast to under spend by **£350,500** at year end, which represents a percentage under spend against budget of **4.8%**. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view and corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	350.5 F	4.8
Risk Fund Items	0.0	
Portfolio Forecast	350.5 F	4.8
Potential Carry Forward Requests	40.0	

There are no CORPORATE issues for the Portfolio at this stage.

The OTHER KEY issues for the Portfolio are:

LEAD 1 – Corporate Performance & Best Value (favourable forecast variance £124,500)

Under spends within Salaries and Wages

Forecast Range not applicable

The under spends are due mainly to vacancies within the Corporate Policy and Performance structure.

LEAD 2 – Legal and Democratic (favourable forecast variance £95,900)

General under spends

Forecast Range not applicable

The under spends are due mainly to reduced expenditure on both general supplies and services and canvasser costs.

LEAD 3 – Regeneration and Renewal (forecast favourable variance £64,600)

Under spend of pump priming budget for the Future Jobs Fund

Forecast Range not applicable.

It is anticipated that a carry forward request of at least £40,000 will be required at the end of the financial year for part of the under spend of the pump priming budget for the Future Jobs Fund. This will be necessary to enable completion of the approved planned programme, to which external grant funding will be committed.

LEISURE, CULTURE & HERITAGE PORTFOLIO**KEY ISSUES – MONTH 9**

The Portfolio is currently forecast to over spend by **£45,100** at year-end, which represents a percentage over spend against budget of **0.6%**. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view and corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	45.1 A	0.6
Risk Fund Items	0.0	
Portfolio Forecast	45.1 A	0.6
Potential Carry Forward Requests	25.0	

There are no CORPORATE issues for the Portfolio at this stage.

The OTHER KEY issues for the Portfolio are:

LCH1 – Major Projects (favourable variance £25,000)

Only £25,000 of the £50,000 funding the procurement of a partner for the Sea City Museum will be spent in 2010/11. The remaining £25,000 is still required but will not now be spent until 2011/12.

Forecast Range not applicable.

It is anticipated that a carry forward request of £25,000 will be required at the end of the financial year to enable completion of the approved planned procurement.

LOCAL SERVICES & COMMUNITY SAFETY PORTFOLIO

KEY ISSUES – MONTH 9

The Portfolio is currently forecast to under spend by **£1,900** at year-end, which represents a percentage under spend against budget of **0.0%**. This forecast is constructed from the bottom up through discussion with individual budget holders and is then adjusted to take into account the wider Portfolio view and corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	53.1 A	0.5
Risk Fund Items	55.0 F	
Portfolio Forecast	1.9 F	0.0
Potential Carry Forward Requests	0.0	

There are no CORPORATE issues for the Portfolio at this stage.

The OTHER KEY issues for the Portfolio are:

LS&CS 1 – Parks & Street Cleansing Fuel (forecast adverse variance £55,000)

Fuel Inflation

Forecast Range not applicable.

Open Spaces are forecasting a £55,000 over spend on fuel due to price increases. Fuel estimates were based on an average price of £0.88 per litre however the actual price for 2010/11 has been revised to £1.11 per litre. The service is currently analysing other areas of expenditure that may be able to offset this if fuel prices continue on their upward trend however, it was thought prudent to adjust the forecast at this stage.

Summary of Risk Fund Items

Service Activity	£000's
Fuel Inflation - Open Spaces	55.0
Risk Fund Items	55.0

RESOURCES AND WORKFORCE PLANNING PORTFOLIO**KEY ISSUES – MONTH 9**

The Portfolio is currently forecast to under spend by **£411,400** at year-end, which represents a percentage under spend against budget of **1.1%**. This forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view and corporate items as shown below:

	£000's	%
Baseline Portfolio Forecast	411.4 F	1.1
Risk Fund Items	0.0	
Portfolio Forecast	411.4 F	1.1
Potential Carry Forward Requests	0.0	

The CORPORATE issues for the Portfolio are:

RES 1 – Central Repairs and Maintenance (forecast favourable variance £300,000)

Under spend on planned repairs and maintenance budgets

Forecast Range not applicable

A recent review of the planned programme of works has been undertaken to coincide with the timetable for other major repairs currently underway. As a result a favourable forecast variance is expected at year-end subject to the final spend on reactive work during the remaining three months of the financial year. Full Council has agreed to automatically carry forward any surplus/deficit at year-end but this is subject to the overall financial position of the Authority. Given the current financial position it is expected that any final under spend at the end of this financial year will not be recommended for carry forward, but be added to General Fund balances.

The OTHER KEY issues for the Portfolio are:

RES 2 – Risk Management (forecast favourable variance £200,000)

Reduction in cost of Insurance Premium

Forecast Range not applicable

The renegotiation of the insurance premium has resulted in reduced costs and following completion of these renegotiations, a reduction of £200,000 is expected in the current financial year, the ongoing impact of which has been built into future years budgets as part of the Mini Budget process approved by Full Council on 14th July 2010.

RES 3 – Property Portfolio Management (forecast adverse variance £100,000)

Reduction in income on Investment Properties

Forecast Range not applicable

The Investment Properties account is showing an adverse forecast on income as a result of refunds necessary due to rent overpayments.

SUMMARY OF EFFICIENCIES, ADDITIONAL INCOME AND SERVICE REDUCTIONS

Portfolio	2010/11				ACHIEVEMENT		
	Efficiencies	Income	Service Reductions	Total	Implemented and Saving Achieved	Not Yet Fully Implemented and Achieved But Broadly on Track	Saving Not on Track to be Achieved
	£000's	£000's	£000's	£000's	%	%	%
Adult Social Care & Health	(1,527)	(430)	0	(1,957)	69.3%	0.0%	30.7%
Children Services	(995)	(283)	(115)	(1,393)	91.0%	9.0%	0.0%
Environment & Transport	(1,768)	(375)	(246)	(2,389)	92.9%	0.8%	6.3%
Housing	(102)	0	(43)	(145)	93.1%	6.9%	0.0%
Leaders	(188)	(58)	(109)	(355)	100.0%	0.0%	0.0%
Leisure, Culture & Heritage	(438)	(74)	(257)	(769)	76.0%	14.4%	9.6%
Local Services and Community Safety	(334)	(8)	(65)	(407)	80.8%	0.0%	19.2%
Resources & Workforce Planning	(653)	0	0	(653)	100.0%	0.0%	0.0%
	(6,005)	(1,228)	(835)	(8,068)	85.5%	3.3%	11.2%
Achievement	(5,370)	(1,108)	(777)	(7,255)			
Shortfall				(813)			

FINANCIAL HEALTH INDICATORS – MONTH 9

Prudential Indicators Relating to Borrowing

	<u>Maximum</u>	<u>Forecast</u>	<u>Status</u>
Maximum Level of External Debt £M	£459M	£303M	Green
As % of Authorised Limit	100%	70%	Green
	<u>Target</u>	<u>Actual YTD</u>	<u>Status</u>
Average % Rate New Borrowing	5.0%	3.86%	Green
Average % Rate Existing Long Term Borrowing	5.0%	3.04%	Green
Average Short Term Investment Rate	0.50%	0.62%	Green

Minimum Level of General Fund Balances

		<u>Status</u>
Minimum General Fund Balance	£4.5M	
Forecast Year End General Fund balance	£13.3M	Green

Income Collection

	<u>2009/10</u>	<u>Actual YTD</u>	<u>Status</u>
Outstanding Debt:			
More Than 12 Months Old	30%	30%	Green
Less Than 12 Months But More Than 6 Months Old	8%	8%	Green
Less Than 6 Months But More Than 60 Days Old	13%	8%	Green
Less Than 60 Days Old	49%	53%	Green

Creditor Payments

		<u>Status</u>
Target Payment Days	30	
Actual Current Average Payment Days	21	Green
Target % of undisputed invoices paid within 30 days	95.0%	
Actual % of undisputed invoices paid within 30 days	88.61%	Amber

Tax Collection rate

	<u>Target Collection Rate</u>	<u>Month 9 Collection Rate</u>		<u>Status</u>
		<u>Last Year</u>	<u>This Year</u>	
Council Tax	96.20%	82.46%	81.74%	Amber
National Non Domestic Rates	99.20%	87.53%	87.69%	Green

QUARTERLY TREASURY MANAGEMENT REPORT – MONTH 9

1. Background

Treasury Management is a complex subject but in summary the core elements of the strategy for 2010/11 are:

- To make use of short term variable rate debt to take advantage of the current market conditions of low interest rates.
- To constantly review longer term forecasts and to lock in to longer term rates through a variety of instruments as appropriate during the year, in order to provide a balanced portfolio against interest rate risk.
- To secure the best short term rates for borrowing and investments consistent with maintaining flexibility and liquidity within the portfolio.
- To invest surplus funds prudently, the Council's priorities being:
 - Security of invested capital
 - Liquidity of invested capital
 - An optimum yield which is commensurate with security and liquidity.
- To approve borrowing limits that provide for debt restructuring opportunities and to pursue debt restructuring where appropriate and within the Council's risk boundaries.

In essence treasury management can always be seen in the context of the classic 'risk and reward' scenario and following this strategy will contribute to the Council's wider Treasury Management objective which is to minimise net borrowing cost short term without exposing the Council to undue risk either now or in the longer in the term.

The main activities undertaken during 2010/11 to date are summarised below:

- Investment returns are expected to decrease from £1M in 2009/10 to an estimated £0.8M in current year as a result of the continued low interest rates and the fact that income earned in 2009/10 included deals arranged below the decline in the markets which have since matured. The average rate achieved to date (0.99%) is inline with the performance indicator of the average 7 day LIBID rate (0.41%) mainly due to the rolling programme of yearly deals which was restarted in October 2010 following advice from our Treasury Advisors.
- In order to continue to balance the impact of ongoing lower interest rates on investment income we have continued to use short term debt which is currently available at lower rates than long term debt. As a result the average rate for repayment of debt, (the Consolidated Interest Rate – CRI), at 2.97% is lower than that budgeted for but slightly higher than last year (2.82%) which is in line with reported strategy. It should be noted that the forecast for longer term debt is a steady increase over the next few years and so new long term borrowing will be taken out above this rate therefore, leading to an anticipated increase in the CRI (reaching 4.95% by 2013/14).

2. Economic Background

- The Comprehensive Spending Review (CSR) announced on 20th October 2010 set out how the Coalition Government will carry out the UK's deficit reduction plan over the next four years with the aim of eliminating the structural deficit by 2015. Particular focus was given to "reducing welfare costs and wasteful spending". Departmental budgets (other than health and overseas aid) are to be cut by an average of 19%, with around £81 billion cut from public spending overall, over four years resulting in a loss of around 490,000 public sector jobs. The Office of Budget Responsibility's (OBR), the new fiscal watchdog, verdict on the CSR was that there was a better than even chance of hitting the fiscal mandates and that the rebalancing of the economy could be relatively pain-free.
- The Bank of England's December Quarterly Inflation Report showed inflation remaining above the 2% target throughout 2011. In the Bank's view the recovery in economic activity was likely to continue, with GDP growth more likely to be above the historical average than below it for much of the two year forecast period.
- The headline inflation rate, Consumer Price Inflation (CPI), rose to 3.7% year-on-year to December 2010 and was expected to remain at a discomfitingly high rate into 2011. However, wage inflation remained benign with annual rate for average weekly earnings only 2.1% to November 2010.
- The UK economy grew in the third calendar quarter of 2010 by 0.8%, twice as much as economists forecast, as services and construction helped sustain the recovery's momentum. The annual growth rate increased to 2.8%. The Monetary Policy Committee maintained the Bank Rate at 0.5%, and although the MPC maintained Quantitative Easing at £200 billion, minutes of the Committee's meetings showed the MPC was clearly ready to resume asset purchases if the economy slowed faster than expected.
- The US Federal Reserve (the Fed) kept rates on hold at 0.25% following signs of a slowdown in American growth and low core inflation. The Fed revised down its growth forecast for 2011 to 3.3% year on year from 3.8% year on year, while the jobless rate was revised up to 9.0% from 8.5% for Q4 2011.
- The European Central Bank maintained rates at 1.00% but, at its meeting in December, extended the liquidity provision regime for a further three months. The markets questioned the sustainability of the Euro peripheral countries' debt and deficit reduction programmes - with Ireland and Portugal the main casualties - and also the core countries' commitment to the European project. The Republic of Ireland received an €85 billion aid package from the EU and the IMF.

3. Outlook for Quarter 4

The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, as at January 2011 is detailed below. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Mar-13
Official Bank Rate											
Upside risk	-	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.50	2.75	2.75
Downside risk	-	-	-	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50

- The recovery in growth is likely to be slow, uneven and more "Square root" than "V" shaped.

- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.
- The economy has been growing at around or a little above trend during 2010. However, the outlook for growth remained highly uncertain and inflation remained above the 2% target. Banks still face a significant challenge in repairing their balance sheets, but funding conditions had eased in recent months, potentially easing some of the limitations to growth from constrained credit supply.
- Consumer Price Inflation is stubbornly above 3% and will likely spike above 4% in January 2011 as VAT, Utilities and Rail Fares are increased.
- Unemployment remains near a 16 year high at just under 2.5M, and is set to increase further as the Public Sector shrinks. Meanwhile, employment is growing but this is due to part time work, leaving many with reduced income

4. Debt Management

Activity within the debt portfolio up to Q3 is summarised below and this includes the addition of £25M new debt being taken out, for the purchase of Number One Guildhall Square, with the PWLB at an interest rate of 4.62% over 40 years:

Capital Expenditure	Balance on 01/04/2010	Debt maturing or Repaid	New Borrowing	Balance on 31/12/2010	Increase/ (Decrease) in borrowing for Year
	£'000	£'000	£'000	£'000	£'000
Short Term Borrowing	33,029	(204,390)	200,910	29,549	(3,480)
Long Term Borrowing	123,664	(2,091)	50,000	171,573	47,909
Total Borrowing	156,693	(206,481)	250,910	201,122	44,429

PWLB Borrowing Rates post - CSR: Included in the CSR on 20th October was the instruction from HM Treasury to the Public Works Loan Board (PWLB) to increase the interest rate on all new loans by an average of 1% above UK Government Gilts. PWLB Circular 147 was released on the same day which detailed the changes to the rate setting system. The new borrowing rates for fixed loans increased by approximately 0.87% across all maturities, and variable rates by 0.90%. Premature repayment rates did not benefit from the corresponding increase and the PWLB's methodology remained unchanged. HM Treasury determined that these changes ensured that the rate at which loans are made available to local authorities better reflected the availability of capital funding post CSR and would encourage optimal borrowing and investment decisions.

Whilst there are an increasing series of claims that a competitive, comparable equivalent to PWLB is readily available, the Council will adopt a cautious and considered approach to funding from the capital markets. The Council's treasury advisor, Arlingclose, is actively consulting with investors, investment banks, lawyers and credit rating agencies to establish the attraction of different sources of borrowing, including bond schemes, loan products and their related risk/reward trade off.

The Council use of internal resources (£80M) in lieu of borrowing has been the most cost effective means of funding past capital expenditure to date. This has lowered overall treasury risk by reducing both external debt and temporary investments.

However, this position will not be sustainable over the medium term and the Council expects it will need to borrow £75M for capital purposes by 2013/14.

The Council is due to fund £59M of its capital expenditure from borrowing this year. In total £50M of new loans have been raised to the end of December which includes £10M replacement of maturing debt. The PWLB remains the Council's preferred source of borrowing given the transparency and control that its facilities continue to provide.

£35M of PWLB variable rate loans have been borrowed at an average rate of 0.70% which mitigate the impact of changes in variable rates on the Council's overall treasury portfolio (the Council's investments are deemed to be variable rate investments due to their short-term nature). The Council's variable rate loans were borrowed prior to 20th October 2010 (the date of change to the PWLB's lending arrangements post CSR) and are maintained on their initial terms and are not subject to the additional increased margin. Variable rate borrowing is expected to remain attractive for some time as the Bank of England maintains the base rate at historically low levels and the Council is expected to borrow an addition £29M by the end of the year (assumed rate 1.7%). This strategic exposure to variable interest rates will be regularly reviewed and, if appropriate, reduced by switching into fixed rate loans.

5. Investment Activity

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles. The table below summarises activity during the year:

Capital Expenditure	Balance on 01/04/2010	Investments Repaid	New Investments	Balance on 31/12/2010	Increase/ (Decrease) in borrowing for Year
	£'000	£'000	£'000	£'000	£'000
Short Term Investments	30,580	(298,890)	298,160	29,850	(730)
Money Market Funds	10,645	(41,045)	58,275	27,875	17,230
EIB Bonds	6,000			6,000	0
Long Term Investments	36			36	0
Total Investments	47,261	(339,935)	356,435	63,761	16,500

The maturity profile of the Council's short term investments, together with the long and short term credit ratings of the institutions with which funds have been deposited is shown below. The authority does not expect any losses from non-performance by any of its counterparties in relation to its investments.

Country	Current Long	Original (LCD Long Term approach)	Sovereign Rating (LCD approach)						Total
	Term rating (LCD Long Term approach)			Long Term rating	Under 1 Month	1-3 Months	3-6 Months	6-9 Months	
UK									
Bank Deposits	A+	A+	AAA	8,000	2,000	0	5,000	0	15,000
Bank Deposits	A+	AA-	AAA	0	0	0	0	0	0
Bank Deposits	AA-	AA-	AAA	0	4,850	3,000	2,000	0	9,850
Building Societies	A+	AA-	AAA	0	0	0	0	0	0
Building Societies Gov't & Local	A+	A+	AAA	2,000	3,000	0	0	0	5,000
Authority Deposits	AAA	AAA	AAA	0	0	0	0	0	0
Money Market Funds	AAA	AAA	AAA	27,875	0	0	0	0	27,875
EIB Bonds & Gilts	AAA	AAA	AAA	0	0	0	0	6,036	6,036
Total Investments				37,875	9,850	3,000	7,000	6,036	63,761

The Council's investment income for the year is estimated to be £0.8M against a budget of £0.6M. The UK Bank Rate has been maintained at 0.5% since March 2009. Short-term money market rates have remained at very low levels. New deposits for periods up to one year have been made at an average rate of 0.53%. We have also reintroduced a rolling programme of yearly deals to support our core balances, to date we have invested £10M at an average rate of 1.6%.

6. Reform of the Council Housing Subsidy System

The DCLG published a summary of responses to the consultation held between March and July 2010 on proposals for the reform of the current system of council housing finance which would see the removal of the subsidy system by offering a one-off reallocation of debt. There was widespread agreement with the general methodology proposed in the Prospectus. Many of the reservations related to assumptions about costs and the affordability of allocated debt. There was broader acceptance that a level of housing debt redistribution was an acceptable or necessary price to pay for the freedoms and benefits that the reforms would bring and there was strong support for retaining and clarifying the operation of the HRA ring fence. The Housing Minister confirmed that the new system of HRA self-financing will be most likely implemented in 2012. Full details of the Government's policy on reforming council housing finance will be published in early 2011.

In the Consultation the PwC self-financing model provides an indicative sustainable level of opening housing debt. As the Council's debt level generated by the model is higher than the Subsidy Capital Financing Requirement (SCFR), the Council will be required to pay the DCLG the difference between the two, which is approximately £60M. This will require the Council to fund this amount in the medium term through internal resources and/or external borrowing. The Council has the option of borrowing from the PWLB or the market. The type of loans taken will be decided on following discussions with the Housing department and the Councils' Treasury Advisors.

All the figures within this report are on based on the position prior to the inclusion of the HRA debt, due to the uncertainty about timing and amounts. It should be noted that this will have a significant impact on the indicators as this will represent an increase of actual debt of approx 25% in 2012 at rates of potentially 6-7% which are significantly higher than our projected portfolio of 4.23%. Any changes will be reported as required.

7. Compliance with Prudential Indicators

All indicators complied with its Prudential Indicators. Details of the performance against key indicators are shown below:

7.1. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year, plus the estimates of any additional capital financing requirement for the current and next two financial years. It differs from actual borrowing due to decisions taken to use internal balances and cash rather than borrow. The following table shows the actual position as at 31st March 2010 and the estimated position for the current and next two years based on the capital programme being submitted to council on the 16th February:

Capital Financing Requirement	2009/10 Actual £M	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
Balance B/F	275	310	362	360
Capital expenditure financed from borrowing	37	61	8	5
Revenue provision for debt Redemption.	(5)	(6)	(8)	(8)
Movement in Other Long Term Liabilities	3	(3)	(2)	(2)
Cumulative Maximum External Borrowing	310	362	360	355

The above limits are set to allow maximum flexibility within Treasury Management for example a full debt restructure, actual borrowing is significantly below this as detailed below:

	Balance on 01/04/2010 £'000	Balance on 31/12/2010 £'000	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
Borrowing	156,693	201,122	229,313	252,697	250,054
Other Long Term Liabilities	69,489	69,112	69,489	67,349	65,150
Total Borrowing	226,182	270,234	298,802	320,046	315,203

7.2. Balances and Reserves

Estimates of the Council's level of Balances and Reserves for 2010/11 to 2012/13 are as follows:

	2009/10 Actual £M	2010/11 Estimate £M	2011/12 Estimate £M	2012/13 Estimate £M
Balances and Reserves	94	88	78	78

7.3. Authorised Limit and Operational Boundary for External Debt

- The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.
- The Council's Affordable Borrowing Limit was set at £459M for 2010/11.

- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.
- The Operational Boundary for 2010/11 was set at £444M.
- The Chief Financial Officer (CFO) confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the period to 31/12/10; borrowing at its peak was £277M.

7.4. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2010/11 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	50
Compliance with Limits:	Yes

7.5. Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

	Lower Limit	Upper Limit	Actual Fixed Debt as at 31/12/10	Average Fixed Rate as at 31/12/10	% Fixed Rate as at 31/12/10	Compliance with set Limits?
	%	%	£000's	%		
under 12 months	0	45	44,549	1.64%	28.83%	Yes
12 months and within 24 months	0	45	5,000	3.72%	3.24%	Yes
24 months and within 5 years	0	50	16,000	3.11%	10.35%	Yes
5 years and within 10 years	0	50	23,986	2.83%	15.52%	Yes
10 years and within 20 years	0	50			0.00%	Yes
20 years and within 30 years	0	75	10,000	4.68%	6.47%	Yes
30 years and within 40 years	0	75	30,000	4.62%	19.41%	Yes
40 years and within 50 years	0	75	25,000	3.89%	16.18%	Yes
50 years and above	0	100	0		0.00%	Yes
			154,534	3.27%	100.00%	

7.6. Total principal sums invested for periods longer than 364 days

This indicator allows the Council to manage the risk inherent in investments longer than 364 days.

Upper Limit for total principal sums invested over 364 days	2010/11 Approved	2010/11 Revised	2011/12 Estimate	2012/13 Estimate
	£M	£M	£M	£M
	50	50	50	50

7.7. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 87 of the Prudential Code. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %
General Fund	4.99%	6.14%	7.51%	8.41%
HRA	5.14%	4.64%	5.73%	7.48%
Total	5.55%	5.48%	7.11%	8.24%

8. Summary

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity up to the 31st December 2010. As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

HOUSING REVENUE ACCOUNT

KEY ISSUES – MONTH 9

The Housing Revenue Account (HRA) is currently forecast to under spend by **£127,800** at year-end.

There are no **CORPORATE** issues for the HRA at this stage.

The **OTHER KEY** issues for the HRA are:

HRA 1 – Programme Repairs (forecast favourable variance £80,000)

A sum of £80,000 is included in the budget to allow for potential costs associated with lift maintenance which following investigation it has been concluded will not be required..

HRA 2 – Responsive Repairs (forecast favourable variance £34,100)

Variations in both the number and cost of repairs and voids has led to a small favourable variance (0.3%).

HRA 3 – Supervision & Management - Housing Solutions (forecast favourable variance £16,600)

A number of minor changes in forecast have contributed to the favourable variance.

DECISION-MAKER:	CABINET
SUBJECT:	PROVISION OF STREET HOMELESSNESS PREVENTION TEAM
DATE OF DECISION:	14 FEBRUARY 2011
REPORT OF:	CABINET MEMBER FOR HOUSING
STATEMENT OF CONFIDENTIALITY	
N/A	

BRIEF SUMMARY

Southampton currently receives resources from Communities and Local Government (CLG) in the form of a grant, to implement its Homelessness Strategy, funding projects which support the prevention of homelessness and enhance the provision of statutory services. The largest of these is the Street Homeless Prevention Team. Funding from 2011/12 onwards is in the form of an Area Based Grant, although it has been identified separately and Local Authorities are encouraged to use it for homelessness prevention. Services to tackle street homelessness have been identified as critical for use of these funds.

Approval is now sought from Cabinet for officers, to proceed with the development of SCC homelessness services, to include a provision which will be designed to prevent street homelessness.

A street homeless prevention service is currently delivered by Southampton Voluntary Service (SVS) grant funded by SCC. As many of the essential elements of this service would be delivered by SCC, under this recommendation TUPE regulations would apply.

RECOMMENDATIONS:

- (i) To continue to deliver a service to prevent street homelessness in Southampton;
- (ii) To deliver the service in house as part of SCC Homelessness Services;
- (iii) To delegate authority to the Head of Housing Solutions following consultation with the Solicitor to the Council and the Head of Organisational Development to TUPE in those staff from the current provider SVS, who meet the statutory TUPE requirements in line with Southampton's TUPE Protocol; and
- (iv) To delegate to the Executive Director of Neighbourhoods, following consultation with the Cabinet Member for Housing, the Solicitor to the Council and the Executive Director of Resources, authority to do anything necessary to effect the recommendations in the report.

REASONS FOR REPORT RECOMMENDATIONS

1. An assessment has been made as to how best to secure a service to prevent street homelessness given the uncertainty as to future funding and the need to make efficiency savings.

The recommendation to bring the service in-house to be delivered within

SCC's Housing Needs Division has the following advantages:

- Service will be delivered within the wider homelessness service, as part of a larger staff group providing a similar service but to different client groups,
- Enables a close fit with the Local Authority's statutory duties, and increases SCC's ability to provide an austerity service, whilst being responsive to changes in requirements/need across the wider service
- Provides increased ability to link to city safety concerns specifically to address antisocial behaviour in and around for example car parks and city parks.
- Where only the essential service is in-sourced a saving to the council is likely to be circa £15,000. This is based on absorbing a number of the management and overhead costs within the existing structure and budget. However, if the entire SHPT team has to be included in a TUPE transfer savings to the council cannot be identified.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. **To continue to grant fund the service** using the new procedure for the administration of grants approved by Cabinet in 2010.

This was rejected because provision of this critical service by means of a grant would not enable the council to specify the service we need to be delivered, and the service may be unsustainable if subject to even a small cut in grant.

3. There are also additional administration costs to SCC in carrying out a bidding process, monitoring the grant and financially scrutinising the service.
4. **To commission the service**; this would allow SCC to design and specify the service it can afford, based on the level of need. We would be able; through the contracting procedure, to identify the best provider, possibly at a reduced cost.

This was rejected because:

There is uncertainty as to future funding beyond 2012/13, which would mean a contract may only be available for a short term, but the tendering process would still involve administration costs to the council, as it would be subject to EU procurement procedures.

It is desirable that the service provider is independent from the agencies delivering supported housing for single homeless people in the city, as it acts as the access point for all of this accommodation. There is a lack of a developed local market for this type of service.

If delivered outside mainstream homelessness services the service is less able to adapt to changes in demand and if subject to cuts may not be viable.

DETAIL (Including consultation carried out)

5. CLG has paid Southampton City Council a ring fenced grant since 2003 for the implementation of the city's Homelessness Strategy.

Grants were awarded and administered by Housing Solutions in consultation with the Homelessness Strategy Steering Group and the Cabinet member for Housing (i.e. outside the Grants to Voluntary

Organisations process).

6. Changes effective from 2011/12 mean the CLG will now pay the homelessness prevention grant as part of Southampton's Area Based Grant, and additionally in 2010 a new corporate grants procedure was adopted.

In May 2010 notice was given to all voluntary and statutory agencies in receipt of Southampton's CLG Homelessness Directorate grant that this funding may not continue to 2011/12. In September 2010 they were advised that the bidding round was suspended due to uncertainties as to the amount of grant that may be received and how it would be administered.

7. The majority of funds (£189,353 in 2010/11), fund the Street Homelessness Prevention Team, provided by Southampton Voluntary Services since 1998 (initially funded directly by the CLG under the Rough Sleeper Initiative). The service is designed to keep levels of rough sleeping as low as possible and assist those who are roofless, access accommodation and make the transition to a more settled life.
8. In 2009/10 1,046 individuals received assistance from the team amounting to 2,534 contacts. The success of the team can be evidenced in that a street count on the 24th November 2010 recorded only 5 individuals rough sleeping in Southampton.
9. The Team acts as an essential access point to all Supporting People funded homelessness services, providing an independent gate-keeping service ensuring that only those who are homeless with a support need can access services.
10. Rough sleeping also has implications for the wider community and to Southampton's standing as a leisure and retail centre, with associated anti-social behaviour there are costs to the city in cleansing, additional security, and loss of amenity.
11. The loss of the service would impact on SCC's existing internal statutory homelessness services:
 - Potential increase in homelessness applications and acceptances in 2009/10;
 - The current service is pro-active in preventing homeless, a role that would fall to SCC's internal homelessness services if the numbers living on the streets were not to escalate; and
 - The Team also redirects potential service users away from the city.
12. An appraisal has been made to identify; those elements of the service which are essential to keeping the numbers of rough sleepers in Southampton to a minimum, and how best to secure their delivery.
13. The essential elements of the service have been identified as Preventing and tackling street sleeping and street living:
 - Providing assertive street outreach linked to existing council services; parks /enforcement /car parking/city-safety teams and Police to identify places used for ,and individuals who resort, to

rough sleeping

- Delivering interventions to enable access to accommodation, reconnection and referral to statutory enforcement agencies, access to drug and alcohol services, and health provision including mental health services.
- Initial support to sustain accommodation particularly for those with multiple needs.

A homelessness prevention and move-on assessment service:

- To identify and work with clients with complex needs, histories of poor behaviour/repeated evictions, to prevent them losing the new accommodation.
- To include; mediation between accommodation provider and tenant, and support to maintain access to services which will assist in managing health and substance dependency etc.
- To work with supported housing providers to enable move-on within the provision, to ensure the city's Supporting People single homeless pathway is delivered

14. Southampton City Council's internal homelessness service provides a similar role as part of its statutory homelessness provision.

The SCC service is effective in preventing homelessness for a range of vulnerable client groups including families, and young people. Street homelessness prevention would compliment these existing services, and be more robust in continuing this work in the event of depleted resources.

15. Elements of the service are currently delivered by another provider funded by SCC, therefore TUPE regulations apply. Under SCC's TUPE protocol Cabinet approval is required if there is proposed change to service delivery which may result in a TUPE situation, before any transfer discussions can be progressed.

16. Subject to Cabinet approval of the recommendations the above transfer discussions will be progressed in line with TUPE obligations. The current SVS service includes a Volunteering and befriending co-ordinator role which we do not consider to part of the essential service described in paragraph 13 above.

17. Under TUPE regulations Southampton City Council must provide a broadly comparable pension scheme as approved by the Government Actuary's Department (GAD). Details of the SVS pension scheme is currently being sought. It is envisaged that the Local Government Pension Scheme will meet the broadly comparable requirements.

Consultation

18. A briefing paper was considered at CMB in October 2010 by Councillor Baillie.

Initial discussions have taken place with SVS who indicate they would wish to transfer the SHPT staff member engaged in Volunteering and Befriending Project. If this happens the savings identified to the council would not be realised, however, it is envisaged that SCC may wish to review the service, following TUPE transfer, with a likely restructure being proposed.

Unison has been advised about the recommendation to in-source the staff employed in these activities under TUPE. They do not have any objections to this proposal.

RESOURCE IMPLICATIONS

Revenue

19. There is provision in the Housing General Fund budget for 2011/12 for funding homelessness services.
20. The Head of Housing Solutions holds the delegated power to allocate Department for Communities and Local Government (DCLG) Homelessness Directorate grant, following consultation with the Homelessness Steering Group, relevant Cabinet Member and Head of Finance.
21. £148,000 of the homelessness budget would need to be allocated to meet the cost of providing the essential service in- house. If the volunteering coordinator is transferred under TUPE the revenue budget will need to reflect these additional costs .If the service remains being delivered by SVS the grant currently being paid to them will have to continue.

Property/Other

22. No implications

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

23. **Section 2, Local Government act 2000** – ‘Power to do anything likely to promote the economic, social and environmental well being of the area’
24. **Sections 179 and 180, Housing Act 1996**
“Duty of local housing authority to provide advisory services and assistance to voluntary organisations in respect of homelessness.”

Other Legal Implications:

25. The Cabinet will need to make their decisions in accordance with the Council’s normal statutory duties, e.g. the duty to achieve best value in the manner in which it discharges its functions under the Local Government Act 1999 which requires all best value authorities, such as Southampton 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”. [Local Government Act 1999 – Section 3]
26. The Authority believes that the Transfer of Undertakings, (Protection of Employment) Regulations 2006 (TUPE) will apply. Where TUPE applies, the new employer is required to protect the terms and conditions of transferred staff ensuring the pension is broadly comparable.
27. The Council will ensure that where a ‘relevant transfer’ of undertaking is applicable then all actions connected with the transfer will be carried out in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).
28. In all circumstances the Council will have regard to the Cabinet Office Code of Practice on Workforce Matters in Public Service Contracts (2005)

and the Cabinet Office Statement of Practice on Staff Transfer in the Public Sector (2000) and the Code of Practice on Workforce Matters in Local Authority Service Contracts (2003).

POLICY FRAMEWORK IMPLICATIONS

29. The services outlined are consistent with the objectives of Southampton’s Housing and Homelessness Strategies in preventing homelessness and reducing the adverse effects of homelessness.

AUTHOR:	Name:	Marguerite Rayner	Tel:	023 8083 2547
	E-mail:	Marguerite.rayner@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

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

Appendices

1.	None
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Documents In Members’ Rooms

1.	None
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Integrated Impact Assessment

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

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

DECISION-MAKER:	CABINET MEMBER FOR ADULT SOCIAL CARE AND HEALTH
SUBJECT:	TO DEVELOP A SHARED FINANCIAL ARRANGEMENT AND INTEGRATED COMMISSIONING OF LEARNING DISABILITY SERVICES WITH NHS SOUTHAMPTON CITY OR A RELEVANT NHS SUCCESSOR BODY
DATE OF DECISION:	14 FEBRUARY 2011.
REPORT OF:	EXECUTIVE DIRECTOR FOR HEALTH AND ADULT CARE
STATEMENT OF CONFIDENTIALITY	
N/A	

BRIEF SUMMARY

This report outlines the proposal to enter into a legal partnership with NHS Southampton City (NHSSC) or a relevant NHS successor body to develop a shared financial arrangement and integrated commissioning of services to meet the needs of adults with learning disabilities and their carers. The Council will act as lead partner and have the responsibility for the management and performance of the pooled budget and integrated commissioning. This will be facilitated by a section 75 contract under the National Health Service Health Act 2006 or subsequent legislation if implemented in the interim.

RECOMMENDATIONS:

- (i) To enter into a partnership agreement between the Council and NHSSC or relevant successor body for a period of ten (10) years from 1st April 2011 upon such terms as the Solicitor to the Council considers reasonable under Section 75 National Health Services Act 2006 and enable the Council to act as lead partner for the Integrated Commissioning of Learning Disability Services and relevant financial arrangements;
- (ii) To delegate authority to the Executive Director of Health and Adult Social Care to enter into this partnership arrangement and approve future variations to the agreement; and
- (iii) To delegate authority to the Executive Director of Health and Adult Social Care to establish a Partnership Board to manage the partnership Arrangements and to agree the constitution and terms of reference for the Partnership Board.

REASONS FOR REPORT RECOMMENDATIONS

1. The report proposes an appropriate contractual arrangement to support the joint working arrangement between the two partners to allow integrated and holistic service commissioning for this customer group and the establishment of a pooled budget. The arrangements are required under Section 75 of the NHS Act 2006.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The proposed contractual arrangement is mandatory under Section 75 NHS Act 2006 to support the level of joint working proposed.
3. The two partners have considered continuing to commission separately without shared agreement on financial arrangements but the experience of reaching agreement with regard to the transfer of responsibility for social care commissioning, which was required by parliament, demonstrated the advantages of joint commissioning with an agreed shared financial arrangement. This was recommended by external facilitation employed to negotiate the required transfer. Experience has demonstrated that the proposed arrangements reduces the potential for transfer of funding responsibility and increases the contractual benefits of joint planning, service design, procurement and purchasing.

DETAIL (Including consultation carried out)

4. There has been a long standing tradition of National Health Service (NHS) responsibility for the care of people with learning disabilities. However, Government policy since the 1970's has refocused the model of provision from a medical to social care model. This recognises the rights of this consumer group to lead ordinary lives in the community.
5. From this time adults with a learning disability have been relocated to hospital settings and Local Authorities have assumed responsibility for the day to day support using funding transferred from the NHS. The relocation of the final group of consumers in Southampton was completed in 2009 when the locally based hospital units closed. Now, all adults with a learning disability receive their care and support from both the Council and NHS SC in a community setting, apart from when they require services to meet acute health care needs which can only be provided in a secondary health care setting.
6. In 2008 a similar decision was recommended to Cabinet and agreement was reached to proceed to a joint commissioning arrangement under a section 75 contract. However, as there have been fundamental changes to the underlying principles of the original report a further presentation to Cabinet is required. In addition, the 'Valuing People Now: From progress to transformation (2007)' consultation document proposed the transfer of learning disability social care commissioning and funding from Primary Care Trusts to Local Government from April 2009 with the transfer of specialist social care funding for people with learning disabilities being made locally from NHS SC to the Council for 2009/10 and 2010/11 and the social care resources being made direct from the Department of Health to the Council from April 2011. This proposed contractual arrangement will facilitate this requirement. As part of the agreement reached during these negotiations, NHS SC agreed to include all funding for existing continuing health care and SCC agreed to include all funding for social care.
7. The business case (Appendix 1) proposes an appropriate contractual arrangement to support and further the continuation of the joint working arrangement between the two partners. It should also be noted that further services may be added or withdrawn throughout the duration of the Agreement.

8. The proposed contractual arrangements will enable the Council and NHS SC or its successor body to provide the following outcomes and benefits:

- To develop integrated needs analysis, strategic planning, commissioning and procurement arrangements for adults with learning disabilities in Southampton and their family carers
- To develop pooled budget arrangements for the provision of services to adults with learning disability in Southampton and their family carers
- To meet the requirements of the DOH Valuing People now: transfer of responsibility for the commissioning of social care for adults with a Learning Disability from NHS SC to the Council and transfer of the appropriate funding

To develop person centred solutions for the identified needs of people with a learning disability that draw upon both universal and learning disability specific health and social care resources.

9. The staff involved will continue to be employed and funded by their respective employer. Each partner will be responsible for any redundancy costs of the staff employed by them.

10. Consultation - The setting up of this arrangement has been discussed, with the following partners and groups:

- All staff included in the Arrangement
- NHS Southampton City
- Valuing People Partnership Board which included representatives of customer and carer groups, voluntary organisations and all Health and SCC services relevant to people with a Learning Disability.

11. Consultation over the proposed contractual arrangement has taken place with the Council's finance, legal and NHS Southampton City.

RESOURCE IMPLICATIONS

Capital/Revenue

12. There are no capital costs within the proposed arrangements.

13. The following amount of funding will be made available to the pool based on the proposed 2011/12 estimates:

Southampton City Council £15,218,300

NHS Southampton City £8,334,200

14. It should be noted that the SCC figure includes £4,740,100 of monies that transferred to SCC under the LD and Health Reform transfer of funds from NHSSC. There is a potential shortfall for inflation within the allocation received. A sum of £84,100 is to be managed from within the pool from an agreed spending reduction on Locally Based Hospital Units (LBHUs) but any residual shortfall will have to be managed within in the pooled fund.

15. Any pressures arising from the progression of the personalisation agenda will be managed within the pooled fund.
16. Pressures or savings within the pool will be managed proportionately based on each partners overall contribution to the pool. Savings will only be released after offsetting existing or known future pressures.
17. A number of assumptions have been made in agreeing the appropriate level of funding to include in the pool and this has identified a number of risks. These risks have been considered and are detailed in section 10 of the Business Case attached as Appendix 1.

Property/Other

18. NHSSC have a financial interest in a number of the properties, owned by Housing Associations that are used to provide LD Services. It is not proposed to transfer any of these interests to the Council as there are no revenue or capital costs to be transferred.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

19. Section 75 National Health Service Act 2006

Other Legal Implications:

20. None

POLICY FRAMEWORK IMPLICATIONS

21. The implementation of the recommendation of this report is consistent with the following objectives:
 - Valuing People White paper
 - Valuing People Now: From progress to transformation (2007)
 - Our Health Our Care Our Say
 - Liberating the NHS (2010) white Paper
 - The Council's Corporate plan objective of promoting Independence

AUTHOR:	Name:	Jane Brentor	Tel:	023 8083 3439
	E-mail:	jane.brentor@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

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

Appendices

1.	Business Case
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

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

Integrated Impact Assessment and Other Background documents available for inspection at: Marlands House, Jane Brentor's office

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.	Integrated Impact Assessment	
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DECISION-MAKER:	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
SUBJECT:	CONCESSIONARY FARES 2011/12
DATE OF DECISION:	14 FEBRUARY 2011
REPORT OF:	HEAD OF PLANNING AND SUSTAINABILITY
STATEMENT OF CONFIDENTIALITY	
N/A	

BRIEF SUMMARY

This report seeks agreement to the proposed reimbursement rate to be paid to bus operators for revenue forgone as a result of participation in the Council's Concessionary Fares scheme. The report also seeks agreement to publishing the final details of the Concessionary Fares Scheme for 2011/12.

RECOMMENDATIONS:

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

- (i) To reimburse operators at a rate of 47.6p in the £, plus 7.5p per generated journey, in accordance with the guidance given by the Department for Transport (DfT);
- (ii) To revise the ticket types used in the calculation of the average fare to include day tickets and carnet (multi-trip tickets) in addition to single and returns, as per the guidance issued by the DfT;
- (iii) To delegate authority to the Head of Planning and Sustainability, in consultation with the Chief Financial Officer, to reimburse smaller operators at a fixed rate by agreement between the parties;
- (iv) To delegate authority to the Head of Planning and Sustainability in consultation with the Solicitor to the Council and the Chief Financial Officer, following consultation with the Cabinet Members for Environment and Transport and Resources and Workforce Planning to make any necessary variations or changes to the 2011/12 scheme arising from any outstanding appeals to take any action necessary to give effect to the recommendations including but not limited to the service of statutory Notices (including Variation and Participation Notices) and participation in and determination of any appeal against the proposed Concessionary Fares Scheme or reimbursement arrangements for 2011/12; and
- (v) To delegate authority to Head of Planning and Sustainability, in consultation with the Solicitor to the Council and the Chief Financial Officer, following consultation with the Cabinet Members for Environment and Transport and Resources and Workforce Planning, to determine and approve payment of any substantiated operator claims for additional capacity and capital costs, in accordance with Financial Procedure Rules.

REASONS FOR REPORT RECOMMENDATIONS

1. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the relevant Scrutiny Panel and the Public.
2. The matter requires a decision that will enable the Council to comply with the statutory requirement to serve bus operators with minimum 28 days notice of the reimbursement arrangements to be used during 2011/12. Delays with the issue of guidance for the DfT had prevent this from being entered on the forward plan.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. It is a statutory requirement that the Council has to publish details of its proposed reimbursement calculation in advance of the scheme introduction, so the only options that could be considered are to vary the level of generation factor employed, or the level of additional costs allowed, or the proportion of non-single journeys included in the calculations. The first two of these factors have been assessed in the light of the adjudication in February 2010 received from the Secretary of State and the contents of the Guidance for 'reimbursement calculation' issued by the Department for Transport (DfT) in December 2010 for use in 2011/12. In addition, the Council could provide a different rate of reimbursement to different operators, discussed further at paragraph 5 below.

DETAIL (Including consultation carried out)

4. The concessionary fares scheme for 2011/12 will be the same as the scheme in 2010/11 in accordance with the requirements of the Transport Act 2000. The Council is required by law to advise bus operators 28 days before the start of the scheme what the reimbursement arrangements will be. Bus operators then have 56 days from the start of the scheme to appeal to the Secretary of State on the proposed reimbursement arrangements. In the 2010/11 year the Council received 3 appeals, none of which have been determined by the Secretary of State so far, so at present it is not possible to incorporate the recommendations in the reimbursement arrangements for 2011/12 although it is possible that a determination will be made prior to this decision.
5. The DfT have issued revised reimbursement guidance designed to more accurately reimburse bus operators. The principles set out in this guidance can be used at different levels of spatial aggregation (e.g. area, operator, route, service type, etc) so that councils can decide which level of calculation is most appropriate in view of their local circumstances. However, the guidance suggests that, generally, it would be sensible to undertake reimbursement calculations at operator level.
6. The City Council have chosen to use the DfT methodology and the reimbursement rates vary between 37.5% and 47.6% for individual operators. By using various rates the council would be open to appeal when the same types of service between the same two points reimburses operators at substantially different rates unless it is possible to clearly demonstrate and evidence that the concessionary take up differs substantially between

operators. The present reimbursement rate is 41.2% for all services and all operators and it is proposed that a new rate of 47.6% (the highest of the operator specific calculations) be used in line with the DfT guidance. However, delegated authority is sought for the Head of Planning and Sustainability to reimburse some smaller operators at a fixed rate, following consultation with the Chief Financial Officer, subject to reaching agreement between the two parties and the arrangement constituting best value for the Authority.

7. The Council will also reduce the figure per generated trip where at present operators receive 15p (around two thirds of trips are generated). This figure was recommended in an appeal decision in 2010 but in the decision it was stated that no evidence had been provided to back this up. The new figure will be 7.5p per generated trip and is based on an average trip length provided by the DfT guidance.
8. The other change is in the type of tickets used to calculate the average fare which operators submit as part of their claim. It is proposed to use day tickets and carnet (multi-trip tickets), in line with the DfT guidance, in addition to single and return tickets, which is what people would use if there was no scheme. This means that, although the reimbursement percentage rate increases, the total amount bus operators receive will reduce which is less likely to be successful if appealed to the Secretary of State.
9. The Council is still awaiting the appeal decisions for three appeals submitted in respect of 2010/11 by Marchwood Motorways, Solent Blue Line and Wilts & Dorset. These could have implications for the 2011/12 scheme, as there may be recommendations which the authority may need to implement.
10. The Council has consulted with bus companies about the scheme for 2011/12 and they have again expressed serious concerns at the Council's proposals but the Council believes that this is in line with the DfT's 'no better or no worse off' objective. The bus operators do not believe that the new guidance is any more suitable than the previous guidance and it is very likely they will again appeal to the Secretary of State (SoS) but the rules are being revised in that if the appeal is unsuccessful the SoS can reduce that rate the bus operator is reimbursed at.

RESOURCE IMPLICATIONS

Capital/Revenue

11. Based on current assumptions for the number of passenger journeys and the average fare for each operator, it is estimated that the cost of the scheme will be £4,088,000 in 2011/12, including a provision of £61,000 for the reimbursement of smaller operators at a fixed rate. However, three operators have lodged appeals against the 2010/11 scheme with the Secretary of State (SoS) and none of these have been determined yet. The Council has also received a claim for additional capacity costs for 2009/10 from two operators, which is being worked through but the final figure is not known yet. It is very likely that further claims will be made for additional capacity costs in subsequent years.

Property/Other

12. There are no property implications.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

13. Concessionary fares are governed by the Transport Acts of 1985 and 2000, and the Concessionary Fares Act of 2007. If it is agreed that in the future, no enhancements over and above the statutory minimum will be offered, then the 1985 Act does not apply.

Other Legal Implications:

14. The provision of a concessionary travel scheme in accordance with the national minimum is a statutory duty. A discretionary power exists to provide a scheme that extends entitlement of services over and above the national minimum. Any scheme must be made having regard to the Human Rights Act 1998 (with which any national minimum scheme will be deemed to comply). Statutory notice of the amendments to the 2011 scheme must be given by 1 December 2010 and any representations received in accordance with this Notice considered and determined in accordance with the Act and Regulations.

POLICY FRAMEWORK IMPLICATIONS

15. The provision of concessionary travel accords with the policy direction of the City's adopted Local Transport Plan 2006 - 2011 by helping the Council meet its targets for increasing the use of sustainable transport modes (and bus travel in particular) and also increasing accessibility and promoting social inclusion.

AUTHOR:	Name:	Simon Bell	Tel:	023 8083 3814
	E-mail:	simon.bell@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	ALL
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SUPPORTING DOCUMENTATION

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

Appendices

1.	None
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

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

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

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None
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