

CABINET

**Monday, 19th December, 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 Children's
Services and Learning
Councillor Baillie, Cabinet Member for Housing
Councillor Fitzhenry, Cabinet Member for
Environment and Transport
Councillor Hannides, Cabinet Member for
Resources, Leisure and Culture
Councillor White, Cabinet Member for Adult Social
Care and Health

(QUORUM – 2)

Contacts

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

Head of Legal and Democratic Services
Richard Ivory
Tel: 023 8083 2794
Email: richard.ivory@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 Seven Priorities

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

Procedure / Public Representations

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

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

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

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

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

Municipal Year Dates (Mondays)

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

CONDUCT OF MEETING

TERMS OF REFERENCE

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

BUSINESS TO BE DISCUSSED

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

RULES OF PROCEDURE

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

QUORUM

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

DISCLOSURE OF INTERESTS

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

PERSONAL INTERESTS

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

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

A Member must disclose a personal interest.

Cont/...

Prejudicial Interests

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

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

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

There are some limited exceptions.

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

Principles of Decision Making

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

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

In exercising discretion, the decision maker must:

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

AGENDA

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

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PREJUDICIAL INTERESTS

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

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

EXECUTIVE BUSINESS

3 STATEMENT FROM THE LEADER

4 RECORD OF THE PREVIOUS DECISION MAKING

Record of the decision making held on 21st November 2011, attached.

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

Report of the Chair of the Overview and Scrutiny Management Committee concerning a call-in of Executive Decision No. CAB 11/12 7331: SOUTHAMPTON CITY COUNCIL'S CHANGE PROGRAMME under Rule 12 of the Overview and Scrutiny Procedure Rules, attached.

6 REPORTS FROM OVERVIEW AND SCRUTINY COMMITTEES (IF ANY)

There are no items for consideration

7 EXECUTIVE APPOINTMENTS

To deal with any executive appointments, as required.

ITEMS FOR DECISION BY CABINET

8 LOCAL SUSTAINABLE TRANSPORT PROGRAMME GRANT APPROVAL

Report of the Cabinet Member for Environment and Transport seeking acceptance of a funding package from the Department of Transport for a Sustainable Travel Programme, adding it to the Council's revenue and capital programme, attached.

9 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME PROJECT APPROVAL 2011/12 - PHASE 4

Report of the Cabinet Member for Housing seeking the commencement of repairs and refurbishment for works defined within the approved 5 year plan, attached.

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

To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the confidential appendix to the following Item

Confidential appendix 2 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes a table showing the rental income and values of property which, if disclosed prior to entering into any contracts, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to publish this information as it could influence bids for a property which may be to the Council's financial detriment.

11 RE-CATEGORISATION OF INVESTMENT PROPERTIES

Report of the Cabinet Member for Resources, Leisure and Culture seeking approval for the classification of properties held in the Investment Portfolio to enable them to be reviewed for possible disposal, attached.

Friday, 9 December 2011

HEAD OF LEGAL AND DEMOCRATIC SERVICES

Agenda Item 4

EXECUTIVE DECISION MAKING

RECORD OF THE DECISION MAKING HELD ON 21 NOVEMBER 2011

Present:

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

Apologies: Councillor Smith

50. PROPOSED PERMIT PARKING SCHEME IN THE VICINITY OF PORTSWOOD RESIDENTS GARDENS (TRO)

DECISION MADE: (Ref: CAB 11/12 7319)

On consideration of the report of the Head of Highways and Parking Services concerning objections received during public consultations on proposals for Proposed Permit Parking Scheme in the vicinity of Portswood Residents Gardens and having received representations from local residents and Members of the Council, the decision maker made the following modified decision:-

- (i) To approve the implementation of the Proposed Permit Parking Scheme in the vicinity of Portswood Residents Gardens subject to (ii) and (iii) below:
- (ii) To approve the amended proposal for no waiting at any time restrictions outside 2 Church Lane with a further reduction of 50% over and above that set out in appendix 4;
- (iii) To approve a reduction in the length of No Waiting at Any Time proposed outside 30 Brookvale Road as set out in appendix 4; and
- (iv) To review the operation of the scheme after 12 months from the date of implementation, to include the area covered by the Oakmount Triangle Resident's Association and, following such a review, to delegate authority to the Executive Director of Environment following consultation with the Cabinet Member for Environment and Transport, to consult upon and advertise any further proposed changes to the Scheme arising out of the review.

51. CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2011

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

General Fund

- (i) that the current General Fund revenue budget for 2011/12 as at Month 6 (September), which is a forecast under spend at year end of £20,000 against the budget approved by Council on 16 February 2011, as outlined in paragraph 4.
- (ii) that the baseline forecast over spend for portfolios is £1.5M.
- (iii) that portfolios plan to take remedial action to manage a number of the corporate and key issues highlighted in this report and that the financial impact is reflected in the forecast position.
- (iv) that the Risk Fund includes £1.9M to cover service related risks, and that the estimated draw at Month 6 is £560,000 to cover expenditure which is included within the baseline forecast portfolio over spend of £1.5M. At this stage of the year it has been prudently assumed that the remainder of the Fund will be fully utilised.
- (v) that the Revenue Development Fund totals £1.2M. At this stage of the year it has been assumed that the remainder of the Fund will be fully utilised.
- (vi) that £100,700 has been allocated from the contingency to fund the majority of the cost of introducing a market supplement of £1,400 per annum for a range of social workers within Children's Services & Learning on a temporary six month basis. This now fully utilises the contingency of £250,000 which was originally built into the 2011/12 budget.
- (vii) that the forecast level of balances which will not fall below the minimum level of £4.5M in the medium term based on the current forecast.
- (viii) that the performance to date with regard to the delivery of the agreed savings proposals approved for 2011/12 as detailed in Appendix 9.
- (ix) that the performance against the financial health indicators detailed in Appendix 10.
- (x) that the performance outlined in the Quarterly Treasury Management Report attached as Appendix 11.

Housing Revenue Account

- (xi) that the current HRA budget monitoring position for 2011/12 as at Month 6 (September), which is a forecast under spend at year end of £194,100 against the budget approved by Council on 16 February 2011, as outlined in paragraph 19.

52. CORPORATE GENERAL FUND CAPITAL FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2011

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

- (i) that the current General Fund capital budget monitoring position for 2011/12 as at Month 6 (September), which is an in-year forecast under spend of £1.4M.
- (ii) that the current General Fund capital budget monitoring position for the overall programme which is a forecast under spend for all schemes of £151,000.
- (iii) that two schemes (0.9%) out of a total of 220 active schemes have an overall Red RAG status. This represents around £6.6M (2.3%) out of a total overall programme budget of £288.3M.
- (iv) that the capital funding position which is an overall deficit of £8.1M in the programme which will need to be met from new resources and note that any shortfall in funding at the end of 2011/12 will need to be met through the use of delegated powers to undertake temporary borrowing.
- (v) that the action plans in place, where applicable, to ensure capital expenditure remains within allocated budgets and that project delivery targets are met.
- (vi) that this report combines for the first time financial monitoring of the Capital Programme with project management in an attempt to assess the overall effectiveness of delivery of the programme, for example, with regard to outcomes and timeliness.

53. SECOND QUARTER PERFORMANCE MONITORING FOR 2011/12

On consideration of the report of the Cabinet Member for Resources, Leisure and Culture, Cabinet noted that 57% of Council's Key Killer Performance Indicators and 89% of the Service Improvement Actions and Projects set out in the 2011/12 Council Plan were reported to be on target.

54. RESPONSE TO THE SCRUTINY INQUIRY REPORT ON PATIENT SAFETY IN ACUTE CARE INQUIRY

DECISION MADE: (Ref: CAB 11/12 6864)

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

That the Cabinet Member approves the responses detailed in Appendix 1 for submission to the Overview and Scrutiny Management Committee.

55. SOUTHAMPTON CONCESSIONARY FARE SCHEME 2012

DECISION MADE: (Ref: CAB 11/12 7318)

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

- (i) To approve the scheme in appendix 1, including the method and payment arrangements for reimbursement subject to finalisation of the calculations in recommendation (ii) below.
- (ii) To reimburse bus operators at a percentage rate plus an amount per generated journey, in accordance with the guidance given by the Department for Transport (DfT) using their reimbursement calculator;
- (iii) To delegate authority to the Executive Director of Economic Development, in consultation with the Executive Director of Corporate Services and the Head of Finance, following consultation with the Cabinet Members for Environment and Transport and Resources, to make any necessary variations or changes to the scheme arising from the outstanding appeal and any revised guidance issued by DfT and 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 if required) and participation in and determination of any appeal against the proposed Concessionary Fares Scheme or reimbursement arrangements for 2012/13.

56. SOUTHAMPTON CITY COUNCIL'S CHANGE PROGRAMME

DECISION MADE: (Ref: CAB 11/12 7331)

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

- (i) To approve the Change Programme.
- (ii) To delegate authority to the Chief Executive to develop and implement the Change Programme projects detailed in this report, following consultation with the Leader of the Council.
- (iii) To delegate authority to the Chief Executive, following consultation with the Director of Corporate Services and the Senior Manager, Finance, to progress options for delivering services through third party bodies using a range of governance structures and models, including (but not limited to) a Local Authority Trading Company.

57. COURT LEET PRESENTMENTS 2011

DECISION MADE: (Ref: CAB 11/12 7440)

On consideration of the report of the Head of Legal and Democratic Services Cabinet agreed the following:

- (i) To note the Presentments approved by the Court Leet Jury as set out in Appendix 1 to the report; and
- (ii) That individual Cabinet Members ensure that responses are made to Presenters regarding presentments within their portfolios as appropriate and as soon as practically possible.

58. DISPOSAL OF LAND AT BUTTERMERE CLOSE (FORMER WHITEHAVEN LODGE CARE HOME)

DECISION MADE: (Ref: CAB 11/12 7374)

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

- (i) To approve the principle of the sale of the Council's freehold interest; and
 - (a) To delegate authority to the Head of Property and Procurement to approve the preferred tender, agree the terms of the sale and carry out all ancillary matters to dispose of the site.
 - (b) To note that the capital receipt will be used to reduce the current funding deficit in the capital programme.

59. DISPOSAL OF LAND AT SULLIVAN ROAD (FORMER BIRCH LAWN CARE HOME)

DECISION MADE: (Ref: CAB 11/12 7443)

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

- (i) To approve the principle of the sale of the Council's freehold interest; and
 - (a) To delegate authority to the Head of Property and Procurement to approve the preferred tender, agree the terms of the sale and carry out all ancillary matters to dispose of the site.
 - (b) To note that the capital receipt will be used to reduce the current funding deficit in the capital programme.

60. DISPOSAL OF 60-64 ST MARYS ROAD

DECISION MADE: (Ref: CAB CAB 11/12 6707)

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

- (i) To approve the principle of the sale of the Council's freehold interest, and
- (ii) To delegate authority to the Head of Property and Procurement to negotiate and agree the terms of the sale to the bidder that offers best consideration

- following consultation with the Cabinet Member for Resources, Leisure and Culture and carry out all ancillary matters to dispose of the site.
- (iii) To note that the estimated value of the capital receipt from this sale has already been built into the funding of the capital programme. Any receipt higher than the estimate will be used to reduce the funding deficit. A receipt lower than this will increase the deficit.

61. ACCOMMODATION STRATEGY UPDATE 2011

DECISION MADE: (Ref: CAB 11/12 7447)

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

- (i) To approve in accordance with Financial Procedure Rules capital expenditure of £4.5M phased £3.735M in 2012/13 and £0.765M in 2013/14.
- (ii) To authorise the Head of Property and Procurement to incur expenditure as required to implement the Accommodation Strategy.

Agenda Item 5

DECISION-MAKER:	CABINET
SUBJECT:	CALL IN OF EXECUTIVE DECISION CAB 11/12 7331 – SOUTHAMPTON CITY COUNCIL'S CHANGE PROGRAMME
DATE OF DECISION:	19 DECEMBER 2011
REPORT:	CHAIR OF THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

The Overview and Scrutiny Management Committee (OSMC) called in a decision made at the Cabinet meeting on 21st November 2011 relating to the City Council's Change Programme. The Call-in is to be heard at the OSMC meeting on 15th December 2011, and the outcome of the discussion will be circulated on 16th December 2011. At its meeting on 19th December 2011 the Cabinet is requested to respond to the recommendations generated by the OSMC following its consideration of these matters.

RECOMMENDATION:

- (i) That Cabinet considers its response to the recommendations made by the Overview and Scrutiny Management Committee at its meeting on 15th December 2011.

REASONS FOR REPORT RECOMMENDATIONS

1. To comply with the Call-in procedure rules set out in Part 4 of the Council's Constitution.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None.

DETAIL (Including consultation carried out)

3. A Call-In notice signed by the Chair of the OSMC was received in accordance with Paragraph 12 of the Overview and Scrutiny Procedure Rules set out in Part 4 of the Council's Constitution. The Call-In notice relates to the decision made by the Cabinet on 21st November 2011 in respect of Southampton City Council's Change Programme. The reason cited by the Chair of the OSMC for this Call-In was 'to provide clarification relating to how elected members will engage with the Change Programme'.
4. The OSMC are to discuss the Call-in report at its meeting on 15th December 2011. Details of the Call-in notice are attached as Appendix 1, and recommendations agreed by the OSMC will be published and circulated to Cabinet on 16th December 2011.
5. The Cabinet is requested to consider recommendations arising from the consideration of this Call-In by the OSMC.

RESOURCE IMPLICATIONS

Capital/Revenue

6. As detailed in the Cabinet report dated 21st November 2011 appended to this report.

Property/Other

7. As detailed in the Cabinet report dated 21st November 2011 appended to this report.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

8. As detailed in the Cabinet report dated 21st November 2011 appended to this report. The duty to undertake overview and scrutiny is set out in Section 21 of the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007.

Other Legal Implications:

9. As detailed in the Cabinet report dated 21st November 2011 appended to this report.

POLICY FRAMEWORK IMPLICATIONS

10. As detailed in the Cabinet report dated 21st November 2011 appended to this report.

AUTHOR:	Name:	Mark Pirnie	Tel:	023 8083 3886
	E-mail:	Mark.pirnie@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
------------------------------------	-----

SUPPORTING DOCUMENTATION

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

Appendices

1.	Call In Notice
2.	Decision Report

Documents In Members' Rooms

	None
--	------

Integrated Impact Assessment

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

Other Background Documents none

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

	None
--	------

Agenda Item 8

DECISION-MAKER:	CABINET
SUBJECT:	DELIVERING SUSTAINABLE TRANSPORT
DATE OF DECISION:	19 DECEMBER 2011
REPORT OF:	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT
STATEMENT OF CONFIDENTIALITY	
None	

BRIEF SUMMARY

This report asks Members to accept funding from the Department for Transport for a sustainable travel programme. The outputs expected are improved health for the city residents, reduced carbon emissions from transport and a more efficient transport network. This directly supports the economic growth ambitions of the city.

RECOMMENDATIONS:

Having had regard to the provisions of the Community Strategy and being satisfied that the proposals in this report will or are likely to improve the economic, social or environmental well being of the Southampton area:

- (i) To accept the £3.96m funding package from the Department for Transport (DfT) and to approve the total match funding commitment of £1.7M over the 4 year funding period, principally from SCC Local Transport Plan grant and strategic 'Section 106' developer contributions.
- (ii) To add £230,000 to the 2011/12 revenue estimates and £1,080,000 to the 2012/13 revenue estimates of the Environment and Transport Portfolio funded by the DfT grant (subject to approval of the budget strategy at full Council in February 2012) and to note that further additions of £1,170,000 to the 2013/14 revenue estimates and £1,030,000 to the 2014/15 revenue estimates will be formally made as part of the preparation of those financial years' budgets.
- (iii) To increase by £450,000 the Smarter Travel Choices Capital Scheme within the Environment and Transport Portfolio capital programme, and approve capital expenditure of £450,000, phased £170,000 in 2012/13, £170,000 in 2013/14 and £110,000 in 2014/15.
- (iv) To instruct officers to bring a further report to cabinet in March 2012 detailing the options for governance arrangements and mechanisms for delivery of the programme.

REASONS FOR REPORT RECOMMENDATIONS

1. The terms and conditions of the grant set out by the Department for Transport require formal acceptance by the Council.
2. The proposed programme of behaviour change initiatives is designed to simultaneously encourage economic growth and reduce carbon emissions, both key aspirations of the Council.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Officers considered and rejected this option:
 - not to accept the funding

DETAIL (Including consultation carried out)

Background

4. The DfT Local Sustainable Transport Fund was established to support the ambitions carried in the Government White Paper *Creating Growth, Reducing Carbon*, published in January 2011.
5. The principal purposes of the fund are to introduce measures that encourage economic growth, while simultaneously reducing carbon emissions from transport. The paper acknowledges that the measures and initiatives used to derive these economic and environmental benefits will also produce significant social benefits.
6. The bid process was overseen by a Steering Group comprising representatives from Hampshire CC, Portsmouth CC, Southampton Chamber of Commerce, Hampshire Economic Partnership, South Hampshire Bus Operators Association, Sustrans and the University of Southampton. A wide range of organisations were consulted on the bid.
7. Alongside these consultations, the Council conducted an independent Travel Attitude survey amongst 1500 homes spread evenly across 15 Mosaic groups in Southampton. As part of the survey the proposed Smarter Choices programme was described to residents. 86% said it was an initiative local authorities should invest in.
8. The ambition for Southampton City Centre, as set out in the Core Strategy, is to create over 300,000 m² of new office employment, over 5000 new homes and additional leisure facilities, together with 24,000 new FTE jobs. Southampton also has ambitions to become the country's leading low-carbon city. The Port of Southampton and the airport also have major growth plans.
9. Based on current travel behaviour, the predicted population increase in Southampton alone will generate more than seven million additional journeys per year on the city's transport network, including additional in-commuting due to development in the city. The existing congestion problems of the M27 could be exacerbated and the proposed increase in flow of goods to and from the port limited by congestion. The transport assessment of the Core Strategy predicts increases in traffic of typically 10-20% by 2016, and 20-30% by 2031, on parts of the road network in the Southampton area. Together this could result in an increase of up to 50% in trips into and out of the city centre. The Sustainable transport initiatives are designed to address these problems. Measures to be delivered through this funding are detailed in the bid document. Headline initiatives include:
 - A branded city wide travel campaign;
 - Travel events like Sky Ride;
 - School Travel Plans;
 - Cycle Training for young people and adults;

- Rail Station Travel Plans;
- Workplace travel plans with large employers;
- Specific project to support access to Post 16 education opportunities including college and university travel plans;
- Travel measure supporting access to employment;
- Travel measures supporting healthier lifestyles like patient exercise referral schemes; and
- Measure to support improved freight management.

RESOURCE IMPLICATIONS

Capital/Revenue

10. In accordance with Financial Procedure Rules (E.14 A), for externally funded revenue activity over £500,000, Cabinet are recommended to increase the expenditure budget of the Travel & Transport section for sustainable travel by these amounts over the period of the LSTF funding:

£000's	2011-12	2012-13	2013-14	2014-15	Total
Revenue	230	1,080	1,170	1,030	3,510
Capital	-	170	170	110	450

Cabinet are also asked to approve the total match funding commitment of £1.7M over the 4 year funding period. This funding will principally be from the Local Transport Plan grant. The balance will come from various sources including strategic 'Section 106' developer contributions.

11. Funding up to the annual totals is reimbursable, but slippage between years is not possible. Therefore, any delayed work will have an impact on the following year's programme. At the conclusion of year 2014/15, the LSTF will only reimburse the expenditure incurred to that date. There is no slippage beyond this point as that would technically be an extension of the project. Reimbursement of expenditure will be via quarterly in arrears grant claims to the LSTF made by the Travel and Transport Compliance officer.
12. There will be no ongoing project revenue costs beyond 2014/15 falling to the Council, however there may be ongoing revenue costs beyond 2014/15 relating to the delivery mechanism (whether an in-house team or another potential option).

Property/Other

13. There are no property implications carried in this report.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

14. Section 2 of the Local Government Act 2000 permits a Council to do anything that will or is likely to improve the economic, social, or environmental well being of the area, provided such actions are in accordance with the provisions of the Council's Community Strategy. Having considered the provisions of the Community Strategy (see Policy Framework section below) the Council is satisfied that the matters set out in this report are consistent with the aims and objectives of the Community Strategy and are likely to improve both the economic and environmental well being of the

Southampton area.

Other Legal Implications:

- 15. The proposals in this report are fully compliant with the provisions of the Equalities Act 2010 and the Human Rights Act 1998. The programmes to be developed using the DfT funding will be developed having regard to the provisions of s.17 Crime and Disorder Act 1998 (duty to exercise functions having regard to the need to eliminate or reduce crime and disorder in the area) and having regard to European regulations in relation to State Aid. Further legal advice will be sought on the proposed organisation and governance arrangements for the project and will be reported to Cabinet in due course.

POLICY FRAMEWORK IMPLICATIONS

- 16. Accepting the funding is directly supportive of the Local Transport Plan 3, the Joint Strategy for Transport for South Hampshire and the Council’s Low Carbon Strategy in reducing congestion and CO2.
- 17. Accepting the funding is also consistent with the Council’s Community Strategy, Economic Development Strategy and the Local Enterprise Partnership - helping to create jobs in the area and strengthening the economy.
- 18. Funding will be used to promote more active travel and better opportunities for young people which also means it will support the Health and Well being Strategy and the Children and Young People’s Plan.

AUTHOR:	Name:	John Roseveare	Tel:	2079
	E-mail:	john.roseveare@southampton.gov.uk		

KEY DECISION? Yes **WARDS/COMMUNITIES AFFECTED:** ALL

SUPPORTING DOCUMENTATION

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

Appendices

1.	None.
----	-------

Documents In Members’ Rooms

1.	LSTF Bid document “Southampton Sustainable Travel City”
----	---

Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment to be carried out.	No
--	----

Other Background Documents

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.	<i>Creating Growth Reducing Carbon.</i> White Paper (January 2011)	
----	---	--

Agenda Item 9

DECISION-MAKER:	CABINET
SUBJECT:	HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME PROJECT APPROVALS 2011/12 AND 2012/13 PHASE 4
DATE OF DECISION:	19 DECEMBER 2011
REPORT OF:	CABINET MEMBER OF HOUSING
STATEMENT OF CONFIDENTIALITY	
Not Applicable	

BRIEF SUMMARY

This report seeks formal approval in accordance with Financial Procedure Rules for expenditure on various housing projects. These projects will contribute to the Council's strategic housing objectives through improving the appearance and facilities of our estates, the wellbeing and the satisfaction of our tenants in areas where they live.

The proposals are consistent with the HRA business plan approved by Council in July 2011 and will help deliver the objectives set out in that plan. The proposed works cover kitchen and bathroom upgrades, improvements to supported housing walkways / balconies and works to communal areas in supported housing blocks. The planned works will enhance the areas by means of improved lighting, resurfaced walkways, decoration, floor covering and replacement of individual front doors.

RECOMMENDATIONS:

- (i) To bring forward to 2011/12 £1,634K of expenditure that was originally scheduled for 2012/13 in the HRA 5 year Capital Plan that was approved by Council on the 16th November 2011 as part of the "Reform of Council Housing Finance" paper.
- (ii) To approve in accordance with Financial Procedure Rules spend against schemes in the HRA 5 year Capital Plan as detailed in the table below.

	2011/12	2012/13
Modern Facilities	000s	000s
Kitchens	861	3,924
Bathrooms	261	2,196
Total Modern Facilities	1, 122	6,120
Safe Wind & Weather Tight		
Supported Housing walkway repairs	312	722
Well Maintained Communal Facilities		
Communal Works	200	200
TOTAL	1,634	7,042

REASONS FOR REPORT RECOMMENDATIONS

1. Financial Procedure Rules require that all schemes with a total value of more than £200,000 be approved by the appropriate Cabinet Member before they can proceed. Schemes over £500,000 need to be approved by Cabinet.
2. Including sums in the Capital Programme does not give authority to spend the money. This is done by a separate scheme approval process. Financial Procedure Rules require that all schemes with a total of more than £500,000 be approved by Cabinet before they can proceed.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. There have been various consultation meetings with tenants' groups and leaseholders during the last 6 months with regard to the proposed programme of capital expenditure associated with the Housing Revenue Account (HRA).
4. These works form part of the recently approved 5 year plan (formally approved in November 2011).
5. The alternative option of not undertaking the works listed would leave the Council's homes and surrounding areas in their present condition and would not accord with the views expressed during the consultation process or with the Council's policies of providing homes that comply with the 4 new headings which are; Modern Facilities, Well Maintained Communal Facilities, Warm and Energy Efficient and Safe, Wind and Weather Tight.

DETAIL (Including consultation carried out)

6. This report seeks permission to proceed with the development, procurement and implementation of Capital projects which form part of the HRA Capital programme for 2011/12 and 2012/13. This report deals with those new schemes that are currently ready for approval.
7. The programme outlined in this report is consistent with the Housing strategy and HRA business plan 2011 – 2041 approved by Cabinet and Council in July 2011. The table below shows the Plan before the recommended changes to the expenditure profile compared with what it will look like after the changes

<u>Capital Plan Before Recommended Changes</u>	2011/12	2012/13
Modern Facilities	000s	000s
Kitchens	0	4,785
Bathrooms	0	2,457
Total Modern Facilities	0	7,242
Safe Wind & Weather Tight		
Supported Housing walkway repairs	0	1,034
Well Maintained Communal Facilities		
Communal Works	0	400
Total	0	8,676

<u>Capital Plan After Recommended Changes</u>	2011/12	2012/13
Modern Facilities	000s	000s
Kitchens	861	3,924
Bathrooms	261	2,196
Total Modern Facilities	1,122	6,120
Safe Wind & Weather Tight		
Supported Housing walkway repairs	312	722
Well Maintained Communal Facilities		
Communal Works	200	200
Total	1,634	7,042

8. A key role in the development of the Capital Programme has been the involvement of the Tenant Focus Groups, Block Wardens, Tenant representatives, leaseholders and staff. Tenants and Leaseholders have also been closely involved in the production of our long term business plans for future investment.

Modern Facilities Programme

9. **Kitchens:**
Works in the Swaythling Ward have been brought forward from 2012/13 into this current financial year with a budget of £861,000 including fees. It is anticipated that the sum requested will enable 127 kitchens to be refurbished in the Swaythling area between January – March 2012.
10. In 2012/13 the total budget of £3,950,000 including fees will enable a further 575 kitchens to be refurbished across the city.

11. **Bathrooms:**
Works in the Swaythling ward have been brought forward from 2012/13 into this current financial year with a budget of £261,000 including fees. It is anticipated that the sum requested will enable 71 bathrooms to be refurbished in the Swaythling area between January – March 2012.
12. In 2012/13 the total budget of £2,209,000 including fees will enable a further 575 bathrooms to be refurbished across the city.

Safe Wind and Weather Tight

13. **Supported Housing Walkway Repairs:**
Following recent structural inspections there are a number of Supported Housing blocks which have had the communal walkways “propped”. This is a temporary measure and, in a bid to reduce hire costs, works have been brought forward into 2011/12.
14. The works included will see the walkways resurfaced/redecorated, have improved lighting together with enhanced hand rails/balconies. This was trialled at Bassett Green Court and considered by all to be a major improvement both in practicality and appearance.
15. It is anticipated that the sums requested of £312,000 in 2011/12 and £727,000 including fees will see refurbishment works carried out at Curzon Court, Nutfield Court and Seagarth Close with other works taking place at Weston Court, Oldbury Court, Stanford Court, Farley Court and Holyoak Court once the structural inspection reports have been finalised.

Well Maintained Communal Facilities

16. **Communal Works:**
The previous phases of Supported Housing Communal works have now been completed and the customer satisfaction levels recorded are extremely high. Another advantage of these works is that potential new tenants visiting the blocks no longer consider them to be old, institutionalised or drab but feel they are vibrant, welcoming and secure and therefore take the property as their home.
17. It is anticipated that the sums requested of £200,000 in 2011/12 and £200,000 in 2012/13 including fees will allow all communal corridors in the 2 blocks at Ventnor Court to be refurbished. Works will include energy saving measures/improved lighting, new ceilings, new carpets, decoration and individual front doors.

RESOURCE IMPLICATIONS

Capital/Revenue

18. The proposed HRA Capital Programme that was presented as part of the item on the Reform of Council Housing Finance has provision for the works under the headings listed. There are sufficient funds available in the HRA to meet the expenditure being brought forward into 2011/12.
19. Provision already exists in the HRA Revenue Budget to meet the requirement of the proposed schemes.

Property/Other

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

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

22. None

POLICY FRAMEWORK IMPLICATIONS

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

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

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All wards
------------------------------------	-----------

SUPPORTING DOCUMENTATION

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

Appendices

1.	None.
----	-------

Documents In Members' Rooms

1.	Outline Project Proposals for each category Project Category Evaluations for each category Business Case for each category
----	--

Integrated Impact Assessment

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

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.	N/A	
----	-----	--

This page is intentionally left blank

DECISION-MAKER:	CABINET
SUBJECT:	RE-CATEGORISATION OF INVESTMENT PROPERTIES
DATE OF DECISION:	19 DECEMBER 2011
REPORT OF:	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE

STATEMENT OF CONFIDENTIALITY

Confidential Appendix 2 to this report contains information deemed to be exempt from general publication based on Category 3 of Paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes a table showing the rental income and values of property which, if disclosed prior to entering into any contracts, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to publish this information as it could influence bids for a property which may be to the Council's financial detriment.

BRIEF SUMMARY

Following a challenge to the "strategic status" of properties within the investment portfolio, a number of properties are recommended for re-categorisation, which will enable them to be reviewed for possible disposal.

This approach is a means of updating strategy but may also provide the means to realise significant capital receipts that in turn reduces debt and means the Council can divert revenue away from servicing debt and into front line services.

RECOMMENDATIONS:

- (i) To approve the re-categorisation of Investment Property into 'Strategic Investment Property' and 'Managed Investment Property' as set out in Confidential Appendix 2 to this report.
- (ii) To increase the delegated authority to the Head of Property and Procurement to approve any potential disposals from the current limit of £50,000 to £300,000.
- (iii) To increase the delegated authority to the Head of Property and Procurement, following consultation with the Cabinet Member for Resources, Leisure and Culture, to approve any potential disposals from the current limits of £50,000 - £500,000, to new limits of £300,000 - £1,000,000.

REASONS FOR REPORT RECOMMENDATIONS

1. To re-align the Councils' Strategic Investment property portfolio to current needs, and dispose of properties that are no longer required for strategic purposes where it is financially advantageous to do so.
2. To realise significant capital receipts in the next 5 years.
3. To save management costs.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. Do nothing. This would not achieve the benefits given above.

DETAIL (Including consultation carried out)

Introduction

5. The Council owns a substantial property portfolio which supports all of its activities. Whilst there has been a disposal programme operating since 2000, this report recommends a major initiative to promote a new strategy towards selling significantly more property assets. The current property disposal programme has raised £45 million of capital receipts as at March 31st 2011. There is a further £9.5 million forecast for the current year, of which £4 million has already been received
6. Investment Property is property owned by the Council and let to third parties producing a rental income. There are 3 sub-groups of investment property:-
 - Strategic
 - Managed
 - Infrastructure

'Infrastructure' is part of owning a large and complex estate and there will be very few opportunities to rationalise here. Examples are leases of Gas Governor stations or electricity sub-stations, or wayleaves created over parks. There is very little 'realisable value' to this part of the portfolio but very little management cost either.
7. 'Managed Property' is investment property whose original purpose for acquisition (mainly planning/redevelopment) is now much less significant than when the property was acquired and is retained mainly to produce a rental income. It is managed on a commercial basis much as any private sector landlord. Where the performance of this property is low (compared to the Public Works Loan Board Rate) consideration is given to disposal, depending on the financial case of each. The total asset value of this sub-category of property is in the order of £8,000,000 producing a rental income of £535,000 per annum.
8. 'Strategic' Investment Property is held for long term strategic or planning reasons, to support redevelopment/regeneration initiatives in the short, medium or long term, and to underpin economic development objectives. It produces a rental income in the order of £5,758,345 p.a. The capital asset value of strategic investment property is £106,000,000.
9. This report is focused solely on the Strategic Investment properties and sets out why every property is currently classed as strategic, as opposed to managed, and highlights the main issues associated with a change of category and potential disposal.
10. Much of the property owned by the Council, especially investment property is a legacy. Some property has been held for hundreds of years, whilst much of it (especially in the city centre) was acquired after the second world war to promote re-development. Long leases were granted to developers who re-built damaged parts of the City.

11. Each group of property has been reviewed in detail to assess whether it is still required, and if so whether it should be classed as managed or strategic. In the past strategic property was not considered suitable for disposal as it was held to promote longer term re-development or regeneration. A fundamental review of this type of property has taken place and unless the strategic reasons for retention are critical, a re-categorisation to managed is recommended.
12. Many properties formerly in the strategic category have in fact served their strategic purpose, and in other cases the benefit gained by the Council in continuing to hold these properties is small compared to the potential sale value. In addition owning property does not always guarantee development, in certain market conditions, especially those we are now experiencing, if the development is fundamentally unviable (i.e. the cost of the land and the building costs exceed any final sale values) then it will not happen unless the Council 'pump primes' the development by subsidy, which is usually a significant cost, does not happen very often and may have State Aid complications.

Current Categorisation and Changes

13. The Council owns 248 investment properties categorised as strategic. There are a number of standard reasons which can be applied to each property, and these are as below:-

A two stage approach has been taken in analysing the categorisation of a strategic property:

- a) Determine whether a property is considered as a group of properties, or on an individual basis.
- b) An appraisal is undertaken on a "yes / no" basis of the following categories:
 - Influence – Does the council wish to control an outcome through property ownership?
 - Financial – Significant income i.e. over £200,000, or future sales subject to clawback of grant funding
 - Support regeneration or redevelopment
 - Retain provision – Where the Council, through land ownership wishes to ensure the provision of a specific output or use.
 - Part of a property or infrastructure – i.e. shop units below residential blocks.
 - Long term retention

For the majority of the sites there is more than one reason why they should be categorised as strategic; however it the grouping that is the most important consideration. Another key factor for each site will also be the level of revenue generated, please see financial comments below.

14. A thorough challenge has now taken place to each of these groups to see whether
 - a) It is appropriate that the property is still retained as strategic, and if not if it can be classed as 'managed' in which case it could be considered for disposal, subject to the usual case by case evaluation, and assessment of impact on revenue.
 - b) the *reason* for retention needs to be changed.

15. In addition, the properties that remain as strategic are challenged and the implications given, in regeneration and planning terms, as well as financial, if they were to be sold.
16. In undertaking this appraisal it became very clear that properties formed natural groups and in many cases had to be considered together. Once grouped each property was appraised against the strategic considerations set out above.
17. Appendix 1 sets out the various groups of properties, with a brief rationale as to why they are currently assessed as strategic. The categorisation has been arrived at as a consensus between relevant council functions.
18. Having undertaken the first challenge the appraisal of every property within each group was further challenged. For example, the first group in Appendix 1 is Belgrave Industrial Estate. This property had been considered strategic, yet once tested there were no reasons why it should remain strategic, and therefore it is recommended for change.
19. Confidential Appendix 2 sets out the potential changes in the strategic category, and if appropriate what may be achieved by way of capital receipt. The proposed changes to both the strategic and managed category are set out in the table below:

	Current		Proposed	
	Rent	Asset Value	Rent	Asset Value
Strategic	£5,758,345	£106,500,000	£1,647,623	£28,207,338
Managed	£535,000	£8,000,000	£4,655,555	£85,860,378

Note: There is a variation when the columns are totalled as some properties will be move to other categories not included in the table. The data use to compile this report was taken in July 2011. Since that time some properties may have been sold, and rents and values may have varied.

20. Whilst property is categorised as “Remain Strategic”, this does not mean that the Council will not dispose of it at some point in the future. There may be some property which should be retained long term, but some could be retained for only a few years in order to remove or reduce development risk (by securing planning permission or similar) and thus significantly increase the value. There is significant financial advantage to the Council in these cases in waiting to sell at some point in the future rather than now.
21. Property ownership can help the Council achieve many of its objectives. The City Centre Masterplan identifies many regeneration projects. Where the City Council is a landowner it can promote development in its own right, having already commenced the land assembly through its ownership. Different models of delivery need to be considered for development, whether it be for city centre regeneration or Estates Regeneration. If an Asset Backed Vehicle is required to stimulate development, then the Council will need to ensure there are sufficient valuable assets to include in any vehicle to make it a realistic option.

22. If a property is reclassified as managed from strategic, whether to retain or dispose becomes a financial decision, based on performance, rather than taking any strategic considerations into account. If managed property is performing well it may be better financially to retain, however if there is an imperative to increase capital receipts, notwithstanding the revenue loss, then the property can be disposed of anyway. Every potential disposal can be looked at on a case by case basis and recommendations made depending on the financial balance in each case, and the overall level of receipts required.
23. It should be noted that the Asset values given are those that are prepared for bookkeeping purposes only, as they need to appear in the Council's accounts, they have not been calculated in preparation for a disposal. Although investment property is valued largely on a market value basis (as opposed to a replacement cost basis for many service properties), they make high level assumptions which will need to be looked at and refined on a case by case basis prior to any disposals. These properties are valued on a 5 year rolling programme, but are subject to an annual desktop review and update. They can therefore be considered as giving a reasonable guide to anticipated levels of capital receipts. However the values used are last figures for the last financial year. This year's valuations are nearing conclusion.

Managing property whilst held as Strategic

24. As a general principle the Council has been restructuring leases since the 1980's. This is where a long lease (usually 99 years) was granted by the Council in the 1950's or 1960's at a fixed rent with no rent reviews, as the concept of rent reviews did not exist at that time. As time passes, and the end of the lease approaches, the tenant often wishes to surrender the old lease in exchange for a new 125 year lease, but at a modern rent with rent reviews built in.
25. This also releases significant 'marriage value' which arises from the merger of two interests, that is then shared between the landlord and the tenant. This results in either a much higher rental income for the council, or a capital receipt, or a combination of both. It has been the Council's policy to take as much value as revenue as possible, however by changing this to take a greater up front capital payment, and reduce the rental received, capital receipts can be generated. Although revenue is lost, this may be less than the costs of borrowing which could be removed, although this would need to be looked at on a case by case basis.
26. Restructuring leases in this way, or simply changing the incidence of capital to revenue received within the lease (known as re-gearing), has the advantage of generating a capital receipt and also allowing the Council to retain an asset if there are good strategic reasons to do so. Leases can be restructured in this way whether they are classified as strategic or managed, and opportunities to do this will be actively explored as part of implementing the disposal programme. This would have the advantage of achieving a capital receipt whilst still holding the property for strategic reasons.

27. In implementing the previous programmes the Council have already received a number of wins. A major caveat, however, is that this can only happen where a tenant is willing to do this, it cannot be a unilateral decision by the Council. In the current economic climate some tenants do not wish to consider this.
28. In order to progress the strategy as quickly as possible, it is recommended that the powers delegated to the Head of Property and Procurement are increased as set out in the recommendations to this report.

RESOURCE IMPLICATIONS

Capital/Revenue

29. Following the update of the capital programme in February the position reported to Council and approved was a deficit of £9.2M due largely to the loss of capital receipts (the re-phasing programme will reduce this to £8.1 million). This was compared to a £10.5M deficit reported in September 2010. The deficit represented 4.2% of the overall capital programme which was within the limit of 5% set in the Medium Term Financial Strategy and approved on the 13 May 2009.
30. Any sales realised as a result of the strategy in this paper will contribute to closing the deficit in the capital programme and any further proceeds will be available to reduce borrowing.
31. Any potential capital receipts arising from the proposals in this paper will not be included in forthcoming capital programme updates as this paper gives an overall assessment of property that could be moved from strategic to managed, and each property re-categorised will need assessment on a case by case basis, as already referred to, before a definite decision is made on disposal, and the level of capital receipt likely to be realised.
32. Forecast values and the timing of capital receipts can vary significantly due to many factors and it would therefore be prudent not to base decisions on estimates of receipts until their accuracy and certainty can be verified. As a result any receipts will not be included within the capital programme until they are received.
33. The revenue implications of disposals, such as loss of income, demolition, security, legal etc need to be fully assessed before a decision to sell is made and then budgeted for. The revenue implications of an individual property sale may not seem material but the cumulative effect of many such decisions can have a large effect on the revenue position and again this needs to be reflected in the budget forecast. As properties are removed from the Strategic list the approach to be taken would be similar to the approach taken with the disposal of Millbrook Trading Estate i.e. the financial model used demonstrated that it made more financial sense to sell the site rather than to retain the revenue stream. Once it has been agreed that properties are no longer strategic they would then need to be put through the same financial modelling to identify whether it is best to dispose of the site (and the cost of borrowing) where the cost of borrowing is greater than the revenue received.

Property/Other

34. Covered in report.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

35. This report does not propose any specific proposals at this stage, each will be presented for approval to the relevant decision maker in the usual way. Should sales take place the criteria in Section 123 Local Government Act 1972 will be applied ie “best consideration ordinarily attainable”

Other Legal Implications:

36. There are practical resource issues in embarking on such a significant property disposal programme. The limited, and reducing, resources within Legal Services are such that it could not accommodate any instructions in the foreseeable future. Accordingly external legal support will need to be instructed with the associated costs falling to the portfolio. Alternatively, it may be more cost effective to employ a property lawyer on a fixed term contract to undertake this work.

POLICY FRAMEWORK IMPLICATIONS

37. The proposals set out in this report are not contrary to any policy implications. The disposal of council property for capital receipts supports the Councils capital programme.

AUTHOR:	Name:	Paul Mansbridge	Tel:	023 8083 2635
	E-mail:	Paul.mansbridge@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	None
------------------------------------	------

SUPPORTING DOCUMENTATION

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

Appendices

1.	Appendix 1
2.	Confidential Appendix 2

Documents In Members’ Rooms

1.	None
----	------

Integrated Impact Assessment

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

Other Background Documents

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

This page is intentionally left blank

Agenda Item 11

Appendix 2

Document is Confidential

This page is intentionally left blank