

Council Assembly (Council Tax Setting Meeting)

Wednesday 26 February 2014
7.00 pm
Council Offices, 160 Tooley Street, London SE1 2QH

Councillors are summoned to attend a meeting of the Council to consider the business contained herein

Eleanor Kelly
Chief Executive

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

You have the right to request to inspect copies of minutes and reports on this agenda as well as the background documents used in the preparation of these reports.

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Access

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Date: 14 February 2014



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Wednesday 26 February 2014
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Order of Business

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PART A - OPEN BUSINESS

1. PRELIMINARY BUSINESS

1.1. ANNOUNCEMENTS FROM THE MAYOR, MEMBERS OF THE CABINET OR CHIEF EXECUTIVE

To receive any announcements from the Mayor, members of the cabinet or the chief executive.

1.2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE MAYOR DEEMS URGENT

In special circumstances an item of business may be added to an agenda within seven working days of the meeting.

1.3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.

1.4. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

1.5. MINUTES

To approve as a correct record the open minutes of the council assembly meeting held 22 January 2014 (to be circulated separately).

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2.	REPORT(S) FOR DECISION FROM THE CABINET	
	2.1. POLICY AND RESOURCES STRATEGY 2014/15 TO 2016/17 REVENUE BUDGET	1 - 93
	<p>Council assembly to debate the recommendations of the cabinet held on 28 January 2014 for a general fund budget for 2014/15 and a nil council tax increase for 2014/15 and vote on whether to agree them.</p>	
3.	OTHER REPORTS	
	3.1. SETTING THE COUNCIL TAX 2014/15	94 - 106
	<p>Council assembly to agree the council tax for 2014/15.</p>	
	3.2. TREASURY MANAGEMENT STRATEGY 2014/15 INCLUDING ANNUAL INVESTMENT STRATEGY, PRUDENTIAL INDICATORS AND ANNUAL MINIMUM REVENUE PROVISION STATEMENT	107 - 128
	<p>Council assembly to note the treasury management strategy 2014/15 and agree the annual investment strategy, prudential indicators and annual minimum revenue provision statement.</p>	
	3.3. DATES OF COUNCIL ASSEMBLY 2014/15	129 - 147
	<p>Council assembly to confirm the council assembly meeting dates for 2014/15.</p>	
4.	AMENDMENTS	
	<p>Any member of the council may submit an amendment to a report or motion on the agenda. The amendments will be circulated to all members in a supplemental agenda.</p>	
	<p>ANY OPEN ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING</p>	

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EXCLUSION MOTION (IF NECESSARY)

The following motion should be moved, seconded and approved if the council wishes to exclude the press and public to deal with reports revealing exempt information:

“That under the access to information procedure rules of the Southwark constitution, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in section(s) 1 – 7 of paragraph 10.4 of the procedure rules.”

PART B – CLOSED BUSINESS

ANY CLOSED ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING

Date: 14 February 2014

Item No. 2.1	Classification: Open	Date: 26 February 2014	Meeting Name: Council Assembly
Report title:		Policy and Resources Strategy 2014/15 to 2016/17 Revenue Budget	
Wards or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

That council assembly:

1. Notes that the final settlement was announced on 5 February 2014 (subject to approval by Parliament) with no significant change to Southwark's figures.
2. Notes that the Greater London Authority (GLA) precept included in the report is the Mayor's proposed precept. If this changes at the London Assembly plenary meeting on 14 February 2014 an addendum report will be tabled to this meeting.
3. Agrees the recommendations of the 28 January cabinet for a general fund budget for 2014/15 of £314.4m and a nil council tax increase for 2014/15, attached as Appendix 1.
4. Agrees the 2014/15 – 2016/17 medium term resources strategy, included as Appendix F of the 28 January cabinet report.

BACKGROUND INFORMATION

Revenue budget

5. On 28 January 2014 the cabinet considered a report on the council's policy and resources strategy 2014/15 – 2016/17 revenue budget proposals for 2014/15. A copy of the report is attached as Appendix 1.
6. The cabinet moved and agreed the recommendations with the following changes:
 - Recommendation 4: That it be noted that this report was considered by the overview and scrutiny committee on 20 January 2014 and that there were no recommendations arising.
 - New recommendation 10: That the proposals in the report for a balanced budget based on a nil council tax increase for 2014/15 be agreed for recommendation to council assembly on 26 February 2014. Budget schedules are set out in Appendices B - E.
7. The report at Appendix 1 proposes a nil council tax increase for Southwark's element of the council tax and a general fund revenue budget of £314.4m in 2014/15.

8. The government announced the final 2014/15 settlement figures on 5 February 2014. There was no significant change to Southwark's figures, and any slight changes to the 28 January report are due to roundings.
9. Some further information about the government funding for free school meals for primary school pupils as described in paragraphs 25-27 of the report. The government have announced how revenue funding for this policy will be allocated in 2014/15. They have decided to allocate schools a flat rate of £2.30 per meal taken, based on actual take-up by newly eligible infant pupils which will be measured in the Schools Census from next year.
10. The following typographical changes have been made to the 28 January report attached as Appendix 1 to aid clarity or correct errors:
 - Title to and paragraph 58: insertion of "160" to Tooley Street, following comment made at OSC that the council acquired the building not the street.
 - Paragraph 103: date of "2016/15" corrected to "2015/16"
 - Paragraph 115: deletion of 'staff savings' to correct error shown in Appendix E below.
 - Paragraph 116: amount of £1.64m corrected to £1.84m in accordance with the figures in Appendix C
 - Paragraph 122: insertion of "School Children" to read "Southwark Primary School Children"
 - Table in paragraph 204: all references to "2013/14" corrected to "2014/15", and "2015/16" corrected to "2016/17"
 - Appendix C: heading corrected to "Description of efficiency" rather than "savings"
 - Appendix D: heading corrected to "Description of Income" rather than "savings"
 - Appendix E: department heading "Children's Social Care" corrected to "Strategy, Commissioning and Business Improvement (SCBI)"

KEY ISSUES FOR CONSIDERATION

Revenue budget 2014/15

11. Table 1 below shows a high level summary of the proposed budget from cabinet as set out in the budget report to cabinet on 28 January 2014. The table specifically sets out the council tax requirement which local authorities are required to calculate, under section 42A (4) of the Local Government Finance Act 1992, as amended by the 2011 Localism Act.

Table 1: high level summary budget

	2014/15 budget £m
Revised previous year's budget	334.0
Inflation	5.7
Commitments and growth (note 1)	8.4
Less savings, efficiencies and income generation (note 1)	(25.9)
Budget adjustments (note 1)	(7.8)
Total Budget	314.4
Contribution from balances (note 1)	(6.2)
Total budget requirement	308.2

	2014/15 budget £m
Adjusted settlement funding allocation.	(230.0)
Projected collection fund surplus 2013/14	(1.3)
Council tax requirement	76.9
Tax base agreed by council assembly on 22 January 2014	84,338.26
Southwark 2014/15 Band D council tax (note 2)	£912.14

note 1: as detailed in appendix 1, cabinet report 28 January 2014

note 2: as detailed in "Setting the Council Tax 2014/15" of 26 February 2014

12. A detailed objective and subjective analysis of service department budgets is included as Appendix 3.

Southwark council tax

13. All local authorities are required to set their council tax by 11 March 2014. Given this timescale, it is difficult at this stage to provide comparative information for 2014/15. This council will set its own tax on 26 February 2014 (the date to which this report refers). As in previous years, any delay to this date will mean the council would have to move its instalment date beyond 1 April 2014. This would result in a loss of income to the council from cash flow and could also put at risk the ability of the council to meet its collection targets.
14. Cabinet have recommended a nil increase in council tax for 2014/15. A nil increase in council tax in 2014/15 will mean Southwark's council tax will have increased by a total of 4% since 2007/08. The general trend in comparative data on council tax between 2007/08 and 2013/14 is given in Appendix 2. Southwark's council tax for 2013/14 is 16.5% below the national average (including GLA), 8.7% below the London average (excluding GLA), and 6.7% below the London average (including GLA).

Greater London Assembly (GLA) Precept

15. The Mayor of London's consolidated budget for 2014/15 is to be presented to the London Assembly on 14 February 2014. The GLA precept included in the report is the Mayor's proposed precept. If this changes at the London Assembly plenary meeting on 14 February 2014 an addendum report will be tabled to this meeting. The proposals are for a reduction of £4.00 (1.3%) from £303.00 to £299.00 in the GLA precept.

Total band D council tax

16. The total band D council tax is derived from the total of the Southwark council element and the GLA precept as described above. This is shown in the following table:

	2013/14	2014/15	change
Southwark Council Tax	912.14	912.14	(0.00)%
GLA Precept	303.00	299.00	(1.32)%
Total Band D council tax	1,215.14	1,211.14	(0.33)%

Community impact statement

17. The community impact statement is set out in the cabinet report of 28 January 2014 attached at Appendix 1.

Consultation

18. The Policy and Resources Strategy 2014/15 to 2015/16 reported to cabinet on 22 October 2013 contained a detailed report giving results and analysis from the spending challenge consultation held during the summer 2013. Following the consultation reports on the budget proposals were considered by cabinet on 22 October 2013 and 28 January 2014.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

19. The report asks council assembly to agree the recommendations of the 28 January 2014 cabinet for a general fund budget for 2014/15 of £314.4m and zero council tax increase for 2014/15. In accordance with Part 3A of the Constitution council assembly are required to agree the budget.

Legislative framework

20. Section 31A of the Local Government and Finance Act 1992 (the Act) provides that the council has an obligation to calculate and agree an annual budget. The Act also requires the authority to set an amount of council tax for each financial year preceding that for which it is set. Pursuant to section 30 (7) of the Act no amount may be set before the earlier of the following: (a) 1st March in the financial year preceding that for which the amount is set; (b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set. Section 30 (9) of the Act states that a purported setting of an amount, if done in contravention of subsection 30 (7) shall be treated as not having occurred.
21. Under section 39 of the Act, the Greater London Authority ('GLA') is defined as a 'major precepting authority'. The GLA is planning to set its precept on 14 February 2014.

Restrictions on voting under Section 106 of the Local Government Finance Act 1992

22. Section 106 of the Local Government Finance Act applies at any time to a member of an authority, if at that time the member is due to pay council tax payments which have remained unpaid for at least two months.
23. The payments to which the section applies are any type of either sole or joint and several liability for council tax, and any failure to pay any agreed sum of council tax. Therefore members are advised that this section is likely to apply to them if they are currently two months in arrears of any amounts of council tax, even if they have made any special contractual arrangement with the council to pay off the arrears.

24. If this section applies to any member, he/she at the relevant meeting and as soon as practicable after its commencement, must disclose the fact that the section applies and not vote on any question with respect to this matter.
25. The relevant meetings are those at which any of the following are the subject of consideration, namely:

- (a) “any calculation required by chapter 111, 1V, V of part 1 of the 1992 Act”.

The only calculations likely to be made by this authority are those under chapter 111 of part 1 of the act, (chapter 1V relates to precepting and chapter V limitations on council tax (i.e. capping)

The chapter 111 calculations include the calculation of the budget requirement, basic amount of tax, the additional requirements because of the special trust funds, the calculation of the tax for the different valuation bands and the basic amount of council tax to be set under Section 30.

- (b) “Any recommendation, resolution or other decision which might affect the making of any such calculation”

This is an extremely wide wording and would extend well beyond merely setting the budget. It applies to virtually any matter where the financial implications directly or indirectly might affect the calculations concerning the council tax. It would therefore apply to decisions concerning the level or extent of services as well as the expenditure, receipt or forgoing of any money.

- (c) “the exercise of any function under Schedules 2-4 of the 1988 and 1992 Act”

The functions under either the 1988 or 1992 Acts concern the administration and the enforcement of community charge and council tax respectively.

26. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for a member to vote when prohibited from doing so or to fail to make the necessary disclosure. There is a statutory defence, with the onus of proof on the member, to prove that he did not know that the section applied to him or her at the time of the meeting or that the matter in question was the subject of consideration at the meeting. Prosecutions shall not be instituted except by or on behalf of the Director of Public Prosecutions.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
Greater London Assembly budget papers 2014/5 https://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2014-15	Greater London Assembly	Enquiries 020 7983 4100 Minicom 020 7983 4458

APPENDICES

No.	Title
Appendix 1	Cabinet Report (28 February 2014) Policy and Resources 2014/15 – 2016/17 – Revenue Budget as amended with appendices
Appendix 2	Council tax comparisons 2007/08 – 2013/14
Appendix 3	Detailed service budget objective and subjective analysis

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	13 February 2014	

APPENDIX 1

Item No.	Classification: Open	Date: 28 January 2014	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2014/15 to 2016/17: Provisional Settlement	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance Resources and Community Safety	

FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, FINANCE, RESOURCES AND COMMUNITY SAFETY

At the meeting on 22 October 2013, Cabinet were informed of the pressures created by the continued cuts to its grant from government, and of the outcomes of the consultation with Southwark residents on how the council should prioritise which services to protect and which to seek savings from.

This report sets out the resulting budget for 2014/15, in the face of the budget shortfall of £25.4m reported in October. This round of cuts by government means that Southwark council has lost £249.28 for every man, woman and child living in the borough since May 2010.

Reflecting the outcomes of the consultation, work has been undertaken to ensure as much of the necessary savings have been made from finding further efficiency savings and from back-office activity whilst protecting frontline services as far as possible.

The council's sound financial management since 2010 has meant that we have been able to deflect some of the pain of the government cuts in this budget. In this budget, further savings are being proposed through the decision taken to purchase the offices at 160 Tooley Street, tighter management of contracts, spending money from our capital budget to proactively maintain highways rather than having to reactively repair them and through the reorganisation of how we deliver services.

However, such savings will become increasingly difficult to achieve in future years as the opportunities to make the relatively painless reductions have already been taken. This is particularly concerning given the further £33.5m cut proposed by government in its illustrative 2015/16 allocation, which represents a further 11 per cent cut from the 2014/15 budget considered in this report. I met with Brandon Lewis MP, Under-Secretary of State for London, Local Government and Planning, on 14 January to make him aware of the likely impact this would have on Southwark.

To make matters worse, councils in London have lost New Homes Bonus in the 2014/15 round through a top-slicing of this money which is not being applied elsewhere. Furthermore, the opportunity to generate additional money from growth in business rates has been hampered by government's decision to only hand 30% of such money back to Southwark. Additionally, the council faces spending pressures in essential areas of its work to protect vulnerable children and families, in part as a result of government's decisions on welfare changes.

However, this budget is not all bad news. This budget enables this council to fulfil its commitment to ensuring that every primary school child in this borough receives a free healthy school meal. It also sees the completion of our work to ensure that everyone who works for the council, directly or through contract, receives the Living Wage. It helps our most vulnerable young people, with additional funding for young adults with Learning Disabilities and to support adoption and fostering.

Finally, I want to take this opportunity to thank all the staff across the council who have assisted in the work of pulling this budget together. In these difficult times, the dedication of our employees has helped us continually innovate to ensure that we are protecting the council's delivery of front line services.

RECOMMENDATIONS

That cabinet:

1. Note the current balanced general fund budget proposals for 2014/15 following work undertaken to identify savings and efficiencies, and including increased levels of inflation and commitments identified by departments since the report submitted to 22 October 2013 cabinet.
2. Note that the government's Autumn Statement was delivered on 5 December 2013.
3. Note that the provisional settlement for Southwark council was received on 18 December 2013, and that the final settlement is expected to be confirmed in early February 2014.
4. Note that this report is to be considered by the Overview and Scrutiny committee on 20 January 2014 and that any recommendations arising which are agreed by cabinet will be incorporated into the final report to cabinet on 11 February 2014 for recommendation to Council Assembly on 26 February 2014.
5. Note that this report includes the 2014/15 provisional settlement figures, and with the use of reserves of £6.2m presents a balanced budget for 2014/15.
6. Note the further £33.5m funding reduction announced within the illustrative figures for 2015/16 and the impact on the council following four successive years of significant savings.
7. Note an additional £800k contribution from reserves to the Welfare Hardship Fund set up in 2013/14 and that officers are to examine how funds can be more quickly directed to help those in financial difficulty.
8. Instruct officers to take steps early in the new financial year to plan for the additional resources, efficiencies and savings that will be required to deliver a balanced budget in 2015/16, based on the illustrative figures supplied.
9. Make representation to Ministers on 2015/16 draft settlement and its impact on the council.

BACKGROUND AND PURPOSE

10. In October 2013, cabinet received a report on the Policy and Resources Strategy 2014/15 to 2016/17. This scene setting report set out options for the revenue budget for 2014/15 and the outcomes from the budget consultation exercise that was undertaken over the summer of 2013.
11. The report was prepared in the context of anticipated changes in funding arrangements for the council in 2014/15 and beyond, including cost pressures and corporate savings opportunities known at the time. The report highlighted an estimated shortfall in resources of £25.4m in 2014/15, subject to the Chancellor's Autumn Statement and the provisional grant settlement expected in December 2013.
12. Arising from the report, cabinet instructed officers to explore options to address the 2014/15 budget gap to include the scope for additional business rates growth retention, improved council tax collection and recovery, use of New Homes Bonus (NHB) to support general fund services, and other strategic financing opportunities.
13. This report contains proposals associated to these options. It also provides an update on the current funding position following on from the Autumn Statement and the provisional grant settlement for the council. It also includes detailed budget options for both new commitments and for savings that would enable the council to achieve a balanced budget for 2014/15.
14. The report also sets out the likely funding position for 2015/16 and the additional pressures that this will to bear on council services.

KEY ISSUES FOR CONSIDERATION

15. Since October, officers have gathered further and more current information on future funding arrangements and cost pressures and savings opportunities. The key issues for consideration at this stage refer to:
 - Chancellor's Autumn Statement
 - Provisional grant settlement (including New Homes Bonus; specific and special grants; etc.)
 - 2013/14 General Fund monitoring position
 - Strategic financing options to help reduce the budget gap
 - New and emerging commitments
 - The outlook for 2015/16 and beyond

AUTUMN STATEMENT

16. On 5 December 2013, the Chancellor presented his Autumn Statement. The Statement set out the parameters for Local Government funding in 2014/15 and 2015/16. The Statement confirmed that there will be a continued reduction in central government funding for local authorities over the next two years, as set out in the 2013 Spending Review, announced by the Chancellor on 26 June.
17. In addition, the statement referred to a number of other relevant issues including :
 - A cap of 2% on inflationary increase in business rates.

- Up to £1,000 rebate for businesses with Rateable Value (RV) up to £50,000
- A new reoccupation relief to encourage use of vacant town centre shops.
- A further extension of the doubling of the small business rate relief (SBRR) to April 2015.
- Formally announcement of extending free school meals to all children in reception and years 1 and 2
- funding for the Pupil Premium will rise to £2.5 billion in 2014/15.

Business Rates Increase cap

18. The 2013 autumn statement announced that the government will support all businesses by capping the RPI increase in business rates to 2% in 2014/15. Business rates for 2014/15 were forecast to rise by 3.2%, in line with September 2013 RPI. This is expected to cost £270m nationally in 2014/15 and £255m in 2015/16.

Business Rates Discount

19. The introduction of a discount for two years of up to £1,000 against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014/15 and 2015/16. This is estimated to cost nationally, £350m in 2014/15 and £425m in 2015/16.

Re-occupation relief

20. The introduction of a temporary reoccupation relief gives a 50% discount from business rates. This discount will apply to new occupants of previously empty retail premises for 18 months, to help reduce the number of boarded up shops on high streets. The relief will be granted to businesses moving in to long-term empty retail properties on or after 1 April 2014 and on or before 31 March 2016. This is expected to cost £5m in 2014/15 and £10m in 2015/16.

Further extension of the doubling of the small business rate relief (SBRR)

21. The announcement of a further extension of the rate of the SBRR to April 2015 means that approximately 360,000 of the smallest business will continue to receive 100% relief from business rates until April 2015, with a further 180,000 benefiting from tapering relief. This is expected to cost £500m nationally in 2014/15.
22. The Department of Communities and Local Government (DCLG) intend to refund local authorities for the cost of the additional relief in 2013/14 through grant, with 60% of the lost income payable in year using estimates and the balance paid after year end based on final outturn position. It is expected that business rates discount, re-occupation relief and SBRR will be refunded to local authorities in 2014/15 on the same grant basis.

Valuation appeals

23. There are currently 168,000 business rates appeals cases outstanding nationally as at September 2013. The government announced their commitment to resolve 95% of outstanding cases by July 2015.

24. The government will consult in 2014 on changes to provide greater transparency over how rateable values are assessed, improve confidence in the system and allow well founded challenges to be resolved faster, preventing backlogs building up in future

Free school meals

25. The government will make funding available to offer every pupil attending a state-funded school in reception, year 1 and year 2 a free school lunch from September 2014. Pupil Premium rates and eligibility will be unaffected.
26. The government will also provide £759k capital funding to increase capacity in school kitchens as well as funding to enable further education and sixth form colleges to provide free meals to disadvantaged young students, in the way that school sixth forms are already required to do.
27. This is estimated to cost £620m in 2014/15 and £755m in 2015/16. The Autumn Statement and Provisional Settlement do not explain how the funding will be made available (e.g. paid to parents, direct to schools or to local authorities).

Council Tax

28. At Spending Review 2013, the government announced that it intended to set the Council Tax referendum threshold at 2% for 2014/15 and 2015/16, with a grant equivalent to a 1% increase provided to local authorities in England that decide to freeze or reduce their Council Tax in 2014/15 and 2015/16. Any local authorities wishing to increase Council Tax beyond the threshold would have to consult local people.
29. The autumn statement 2013 announced a national council tax discount of 50% for annexes from April 2014. This will support extended families living together, for example with children saving for a new home or elderly parents. It is not clear how funding will be made available to local authorities for the loss from this scheme.

New Homes Bonus

30. The government's Spending Review 2013 proposed a £400m increase to the local growth fund, subject to consultation. This would be created by top slicing 35% from New Homes Bonus and transferring it to Local Enterprise Partnerships (LEPs).
31. Following consultation the chancellor announced that, other than for London authorities, the local growth fund will no longer contain a top slice from all New Homes Bonus. This means that from 2015/16, £70 million of the New Homes Bonus awarded to London boroughs will be pooled within the London LEP, which is chaired by the Mayor of London.

Delivering savings from cutting fraud

32. To enable savings of over £2.3 billion through reductions in fraud, error and debt to be delivered, the government announced that a Single Fraud Investigation Service would be formed to investigate fraud across the whole of the welfare system.

33. Alongside this service, DCLG and the Department of Work & Pensions (DWP) will invest in local government's capacity to tackle non-welfare fraud. Additional funding will be provided in 2014/15 and 2015/16 to enable new fraud investigation posts to be created, to focus on corporate fraud.

2014/15 PROVISIONAL SETTLEMENT FOR SOUTHWARK COUNCIL

34. On 18 December 2013, the government announced the provisional settlement for 2014/15 and 2015/16. These figures give Southwark's Settlement Funding Assessment (SFA) at £227.4m. This is some £900k higher than the indicative allocation issued in July 2013 as part of the consultation, and included in the report to October cabinet. However 2013/14 council tax freeze grant has been rolled into SFA in 2014/15, so the two figures are in fact comparable and will not materially affect the current 2014/15 budget position.
35. A more detailed analysis of the provisional settlement is included in Appendix G.
36. Overall Southwark's 2014/15 SFA has been reduced by £26.9m (10.6%). It represents the second highest settlement funding reduction in London. The cash reductions range between £27.1m for Tower Hamlets to £4.7m for Richmond-upon Thames.
37. The government's announcement gives the national spending power reduction for 2014/15 at 2.9%, (1.8% in 2015/16). This is because it excludes the Greater London Authority (GLA). The national figures including the GLA are 3.1% in 2014/15 and 2.0% for 2015/16.
38. For 2014/15, Southwark have the third highest spending power reduction. The spending power reductions range between £18.7m for Lambeth to £1.2m for Richmond-upon Thames.

Retained Business Rates

39. The fact that the formula and methodology used to determine the SFA are frozen until 2020 means that Southwark is likely to be locked into a long period of receiving among the largest level of cuts in London.
40. The government have passed on most of the risks of the business rates system to local authorities, apart from the risk of reduced business rates yield below the safety net. There is also the inherited risk of reduced revenues as a result of historic valuation appeals being upheld by the valuation office.
41. Before the introduction of the retained business rates system, appeals did not form any part of any calculations or returns, neither were appeals factored into the government's calculations of the business rates baselines.
42. It seems, though still subject to some discussion, that local authorities will have to bear the risk of the pre 31 March 2013 appeals, as well as those after 1 April 2013. The government have received the revenues from the pre 2013/14 appeals cases, but as the government did not set up provisions for losses on appeals, any appeals that are subsequently upheld will be a loss to the individual local authority and not the government.
43. The Strategic Director of Finance and Corporate Services has earmarked part of the Financial Risk Reserve to help protect the council from the risks and

variations inherent in the new funding system and especially risks underlying business rate retention.

Specific and Special Grants

44. In 2013/14 the council will received £39.8m in specific and special grant funding. The provisional settlement figures show that this is expected to increase to £42.3m in 2014/15. This increase of £2.6m includes an estimated £1.5m for free healthy school meals. Details of all the expected grants are shown in appendix A.

2013/14 REVENUE MONITORING POSITION

45. The Revenue Monitoring Report for Quarter 2 2013/14 was presented to cabinet on 19 November 2013. The report demonstrated the results of the efforts that departments have put in to control cost pressures and deliver council commitments in line with the General Fund budget agreed by Council Assembly in February 2013.
46. As at the end of September 2013, the council was anticipating a favourable variation at the end of the financial year of approximately £208,000 against the agreed budget of £334m, after taking into account expected movements to and from reserves.
47. The report stated that there were no current calls on the 2013/14 contingency budget of £5m. This budget acts to mitigate financial risk inherent within the 2013/14 budget savings target of £24.9m and any unforeseen and immediate demand or cost pressures. In the event that this contingency is not required in 2013/14 and as for previous years, it will be made available to balances to support the next year's budget, as set out elsewhere in this report.
48. A report on the revenue monitor as at quarter 3, is due to be presented to cabinet in February 2014. At this time of writing there are no significant matters which that are likely to impact on the Quarter 2 projections.

STRATEGIC FINANCING OPTIONS

49. The following paragraphs provide additional detail and quantification of savings in the areas of the budget officers were instructed to investigate at 22 October 2013 cabinet. Consideration of these matters is in line with the results of the Spending Challenge consultation undertaken over the summer when the public were more supportive of savings in central and corporate services or those areas with a 'managerial' label.

Additional business rates growth

50. For the transition to the business rates retention system, the government calculated for each local authority a baseline funding level for 2013/14, which is then uplifted by 3.26%, the government's estimate of RPI for September 2013, to £104.5m. The actual inflation rate for September was 3.15%, this would give a revised baseline funding level of £104.4m, a reduction of £0.1m. For comparison purposes RSG would be adjusted, leaving no reduction in indicative funding.
51. In addition to the rate of inflation used to uplift the baseline, actual retained business rates income for 2014/15 will be dependent on the assessed rateable values, effect of appeals and collection rates. An NNDR1 return to estimate this

will be submitted by the council to DCLG in January 2014. The net rate yield from the NNDR1 report is then adjusted to take account of the central government (50%) and GLA (20%) shares.

52. The budget report of June 2013 included £2.0m of additional business rate growth. Current projects are that the council may expect to receive an additional £500k in 2014/15.

Improved council tax collection and recovery

53. The council continues to target council tax collection. The budget as presented in June 2013 assumed a 1% per annum increase in tax base giving £0.7m and a 0.25% increase in collection rate giving £0.2m. As further information is received on the tax base, it is anticipated that a further £0.75m could be collected. Improving council tax collection was supported by comments made in the Spending Challenge.
54. In 2013/14 the council was required to introduce a Council Tax Reduction Scheme (CTRS). This was a decision reserved to Council Assembly. The current budget proposals assume that there will be no changes to the CTRS scheme for 2014/15. This will be proposed to Council Assembly as part of the Council Tax Base and NNDR base report to Council Assembly in January 2014. That report will consider the equality impacts of continuing with the scheme without amendment.
55. Council Assembly also agree the council tax discount and exemption scheme. The current budget proposals assume that there will be no changes to the discount and exemption scheme for 2014/15. This will be proposed to Council Assembly as part of the Council Tax Base and NNDR base report to Council Assembly in January 2014.

Increased use of future NHB to support revenue

56. The draft budget position as presented in June 2013 already anticipated £2.9m of in-year NHB in addition to the existing budgeted £1.5m revenue contribution, giving a total of £4.4m. It would be possible to apply the entirety of the anticipated 2014/15 NHB allocation to the revenue budget, which would give a total increase of £8.7m.
57. At present NHB receipts beyond £1.5m per year are planned to be applied to the capital programme. If this proposal is agreed within this report, the effect will be modelled into the capital programme and reported to cabinet as part of the refresh planned for February 2014 as part of the quarter 3 capital monitoring and refresh report.

Acquisition of 160 Tooley Street

58. The 2013/14 budget included savings from the acquisition of 160 Tooley Street of £1.5m. It was agreed that these savings would be reviewed annually.
59. The budget model presented in June and October included an additional £1.1m saving from the acquisition of Tooley Street.
60. Further modelling has now been completed, and the internal treasury associated costs of the acquisition are now fully funded for 2014/15. It is now estimated that

a further £900k of savings, taking the total up to £2.0m can be released in 2014/15 as a result of the acquisition.

Reduction in contingency

61. In 2010/11 Council Assembly approved a contingency budget of £4.0m to provide for service pressures that could not be quantified. This was increased to £5.5m in 2011/12 in light of the national Emergency Budget, and reduced by £0.5m in 2013/14 to its current level of £5.0m.
62. Current revenue monitoring indicates that the contingency will not be required in full in 2013/14, and it is proposed that for 2014/15, this contingency should be reduced back to its 2010/11 level, a reduction of £1.0m. This effect would carry forward to future years.

Contributions to balances

63. In 2007/08 Council Assembly agreed an annual base budget contribution to the Regeneration and Development reserve of £1.0m to contribute toward the cost of the regeneration of the Aylesbury Estate. This contribution was increased in 2008/09 to £2.0m. It was reduced to the current level of £1.0m in 2009/10, and the contribution has continued since.
64. It is proposed that given the progress on the Aylesbury regeneration project, this budget contribution is no longer necessary and may be deleted from 2014/15, a saving of £1.0m, which would carry forward to future years.

Government funding for free healthy school meals

65. On 17 September 2013, the Deputy Prime Minister said that all infants at schools in England will get free school lunches from September 2014. This will apply to children in reception, Year 1 and Year 2. There have been no further announcements as to how this will be calculated or funded, although it is possible that this will be by way of a specific grant, potentially with savings requirement as the funding is passed to local councils.
66. On the basis that this is a part year (Autumn and Spring terms) effect in 2014/15 and applies to around 50% of the children who currently receive a free healthy school meal from Southwark, a figure around £1.5m has been modelled by the council, and is reflected in this report.

NEW AND EMERGING COMMITMENTS

67. In addition to the strategic financing opportunities to meet the funding shortfall reported in October 2013, a number of other factors have acted to increase demand for financial resources as set out below.

Pay Award

68. The November 2011 Autumn Statement set public sector pay increases at an average of 1% for the two years after the then pay freeze came to an end (i.e. for 2013/14 and 2014/15).
69. Provision for a 1% pay award was included in the 2013/14 budget. Current estimates include 1% for the 2014/15 pay award at £1.8m, an increase of £0.2m

from that reported in October 2013. This increase is due to projections on the increased staff costs following the addition of Public Health services and the in-house Customer Service Centre staff.

70. For 2014/15, the Executive of the Trade Union Side have formally tabled their detailed pay claim for 2014 for “*a minimum increase of £1 an hour on scale point 5 to achieve the Living Wage and the same flat rate increase on all other scale points*”. The National Employers have undertaken to consult councils through a series of regional pay consultation briefings that they aim to conclude by 31 January 2014.
71. Quantifying the claim for Southwark council is difficult as it does not transpose easily, for example the council does not use all points of the national spine because we have adopted the London Living Wage. A broad estimate of £1 per hour for all staff is £9.4m.

General Inflation

72. Due to pressure on budgets, no allowance for general inflation effects has been provided for in the budget since 2010/11. On 17 December 2013, ONS announced the inflation statistics for November. The reported indicators show CPI at 2.1% (down by 0.1% from 2.2% in October) and RPI at 2.6%, (no change from October).
73. Over the course of the last year inflation rates started fairly steady, but then experienced sharp reductions in April and increases over the summer. Rates have fallen back sharply since September 2013, and are now at September 2012 levels.
74. Running costs budgets amount to some £165m for 2013/14, with CPI currently at 2.1% and RPI at 2.6% after taking account of alternative inflation, of £2.4m, explained in paragraph 76 below, Southwark are absorbing inflationary pressures of £1.1m and £1.9m respectively.

Alternative Inflation

75. The council calculates “alternative inflation” for long term contracts tied to industry specific rates of inflation. Alternative inflation does not have a single rate and current provisional estimates show alternative inflation costs at £3.9m for 2014/15.
76. Earlier budget reports have assumed that contractual inflation would remain fairly close to 2013/14 levels of £2.4m, given the relatively stable level of inflation during the previous twelve months.
77. Current departmental estimates show that 2014/15 contractual inflation is likely to be some £1.5m higher than for 2013/14. The main driver for this is that in 2013/14 a number of new contracts had been let, consequently no indexation was required, 2014/15 includes the inflationary uplift for these contracts.

Concessionary fares

78. Concessionary fares is the name given to scheme for the London Freedom Pass which is issued to all older and disabled Londoners to give free travel on almost all public transport in London. The Freedom Pass scheme is administered by the

organisation London Councils and costs are recharged to individual London boroughs on the basis of journeys travelled.

79. The concessionary fares charge to London Boroughs for 2014/15 was agreed by London Councils' Transport and Environment Committee on 12 December 2013. Overall the cost of concessionary fares will rise in 2014/15 by 4.1%. This increase is not a composite inflation rate, and is calculated from each of the inflationary increases from each of the individual transport operators. As individual London boroughs have a different profile of usage across the individual transport operators, the inflation rate will not necessarily be the same for all councils.
80. The change in charge to individual authorities is not simply inflation, as actual usage of the freedom pass is also a factor in the calculation of the 2014/15 charge.
81. In June 2013 the council modelled £500k possible increase. The increase to Southwark in 2014/15 will actually be some £880k (7.4%), this comprises of £443k for inflation and £437k for increased usage. This higher figure has now been included in the budget figures.

	2013/14	Inflation	Usage	2014/15	Increase	
	£'000	£'000	£'000	£'000	£'000	%
Bus	9,195	270	258	9,723	528	5.70%
Underground	1,693	113	48	1,854	161	9.50%
Tram	36	3	5	44	8	22.20%
DLR	47	11	1	59	12	25.50%
Overground	120	19	45	184	64	53.30%
Total TfL charges	11,091	416	357	11,864	773	7.00%
Other non TfL charges (ATOC, non TfL buses)	772	27	80	879	107	13.90%
Total charge	11,863	443	437	12,743	880	7.40%
Administration charge (0.1%)	12			13	1	7.40%
Total cost of freedom pass	11,875			12,756	881	7.40%

OUTLOOK FOR 2015/16 AND BEYOND

Settlement Funding and Spending Power

82. The funding position for future years is still subject to considerable uncertainty. As part of the provisional settlement figures the government published some indicative funding figures for 2015/16.
83. These figures indicate that Southwark's Settlement Funding Allocation (SFA) will be reduced by a further £33.5m against 2014/15 levels, making it the highest cash loss in London.
84. For 2015/16, Southwark have the highest settlement funding reduction which is the 11th highest percentage decrease. The cash reductions range between £33.4m for Southwark (14.7%) to £4.9m for Richmond-upon-Thames (10.6%).

85. By 2015/16 this will equate to the loss of £114.7m in funding allocation from government since 2011/12. This is shown in cash terms so it does not account for real inflation and other cost pressures.
86. The table below shows the spending power for Southwark, London and England since 2011/12, it can be seen that over the four year period Southwark and London have borne a disproportionate share of the reductions.

	2011/12		2012/13		2013/14		2014/15	
	£m	%	£m	%	£m	%	£m	%
Southwark	33.7	8.4	16.9	4.6	4.7	1.3	17.7	4.8
Inner London	303.3	7.8	175.1	4.9	42.9	1.2	179.5	4.8
London	514.8	5.9	325.3	4.0	99.9	1.2	327.7	3.9
England	2,578.5	4.7	1,742.9	3.3	923.4	1.7	1,668.6	3.1

87. For 2015/16, Southwark have the second highest spending power reduction (5th highest % decrease). The cash reductions range between £19.7m for Newham (6.1%) to £3.3m for Bromley (1.4%).

New Homes Bonus

88. The government's proposal to transfer 35% of London authorities' New Homes Bonus (NHB) to the Local Enterprise Partnerships (LEPs), (paragraphs 30 and 31 refer), will have a significant effect on the amount of resources Southwark will have available to provide services.
89. 35% of Southwark's estimated 2015/16 NHB is £4.7m, this taken with some £6.0m supplementary business rates, currently paid to GLA to fund crossrail means that Southwark will have lost resources totalling around £10.7m that is available to non London authorities.
90. Southwark's response to the consultation was firmly against the top slicing, citing the concern that the resources being taken from Southwark may not be invested back into Southwark.
91. The government will consult in 2014 on measures to improve further the incentive of the New Homes Bonus, in particular withholding payments where local authorities have objected to development, and planning approvals are granted on appeal.

Social Fund Grant

92. The social fund grant, to help councils provide Crisis Loans and Community Care Grants, is expected to be withdrawn in 2015/16. For Southwark this represents a loss of £1.63m, based on the 2014/15 grant level.

Government funding for free healthy school meals

93. As the terms of the funding are not known, it is unclear whether this will have an effect in 2015/16 or future years.

Overall

94. The extent of the reductions required may require fundamental changes in the management and structures of local authorities. Steps must be taken early in the new financial year in the context of spending round and funding announcements.

2014 /15 BUDGET OPTIONS

95. When setting the revenue budget the S151 officer is required under section 43(4) of the Local Government Finance Act 1992 on behalf of their local authorities, to assess the “revenue budget requirement” for the forthcoming financial year. The revenue budget requirement is a statutory definition of expenditure to be met from all sources including government grant, council tax income and other sources. The current estimates are for a revenue budget requirement of £322.1m in 2014/15, some £11.9m less than in 2013/14, the table in paragraph 183 gives details.
96. This report sets out below an outline of the options for savings and new and emerging commitments for council services. Detailed schedules of budget proposals for 2014/15 are attached as appendices B to E.

CORPORATE COMMITMENTS

London Living Wage

97. The council has been pursuing London Living Wage (LLW) in contracts. The 2014/15 budget proposals include £1.0m which will be used to support LLW being embedded within relevant contracts to be retendered or re-let.

Pension Fund Contributions

98. The council maintains a pension fund of around £1bn to meet its current and future pension liabilities. In prior years pressure on the fund has meant that additional contributions have been required from the council's general fund budget.
99. Initial results from the Triennial Review, presented to the Pension Advisory Panel in December 2013, indicated the pension fund has seen considerable improvement in its funding position. This is due primarily to greater than expected investment returns and as a result there is no need to increase the contributions from the general fund for 2014/15.

Welfare Hardship Fund

100. An additional one off contribution from reserves to the welfare hardship fund of £800k is proposed for 2014/15. This fund will mitigate some of the impact of the benefits changes to protect the most vulnerable in the community. This fund sits separately from the Social Fund.
101. Following experience in 2013/14 the Leader has asked for an urgent review of the council's welfare hardship fund with officers to quickly examine how funds can be more quickly directed to help those in financial difficulty.
102. After nine months, around £85,000 out of a fund of £800,000 has been distributed to local people who are experiencing hardship as a result of the government's

welfare changes. The review is expected to seek the views of local food banks, the citizens advice bureau and other local authorities to explore how individuals and families in desperate need can access the money the council has set aside to help them. The review will seek to understand how local people can access the welfare hardship fund, and how to get assistance to those in the most difficult circumstances, as quickly as possible.

DEPARTMENTAL BUDGETS: COMMITMENTS, EFFICIENCIES, INCOME AND SAVINGS OPTIONS

103. The Policy and Resources Strategy 2014/15 to 2015/16 reported to cabinet on 22 October 2013 contained a detailed report giving results and analysis from the spending challenge consultation held during the summer.
104. People were asked to demonstrate which services they wished to 'protect', or 'increase' and to identify those services in which, if savings had to be made, they would be prepared to see savings. The table below summarises the main messages.

Percentage of responses	Protect	Increase	Make Savings
Children's Services	30%	23%	8%
Adult Services	19%	20%	11%
Public health	11%	9%	11%
Environment (E&L)	11%	14%	11%
Culture Libraries and Leisure (E&L)	17%	14%	6%
Housing and Community Services	6%	11%	14%
Central Support Services (F&CS and CE)	6%	9%	39%
Total	100%	100%	100%

105. As far as possible, the budget proposals seek to reflect the main messages received through the consultation. The corporate savings and efficiencies identified in paragraphs 50 to 66 reflect the consultation preference to see efficiencies in central and support areas rather than public facing services.
106. The next sections identify commitments, efficiencies, income and savings for each of the departments.

CHILDREN'S AND ADULTS SERVICES

107. The Children's and Adults department budget represents two thirds of the council's total net revenue expenditure. In 2014/15 the department is proposing savings of £9.590m, use of contingencies of £1.840m and commitments of £6.388m, resulting in an overall net budget reduction of £5.042m. The department provides universal services as well as those targeted at more vulnerable families, children and adults delivered through four divisions: children's social care, education, strategy and commissioning, and adults' social care.
108. The Children's Social Care Division supports delivery of statutory social care functions, including protecting vulnerable children and those at risk of harm, providing services for looked after children, foster care, adoption, youth offending and children with disabilities.

109. The Education Division supports the delivery of universal services, including early years (0-5 years), school improvement, admissions, after school play and youth services, alongside more specialist services for children and young people with additional needs such as SEN or those excluded from school. It is also responsible for the Post 16 phase of learning to ensure Southwark young people are engaged in employment or training, in school or with other providers.
110. The Strategy, Commissioning and Business Improvement (SCBI) Division provides support for statutory partnership boards such as the Southwark Safeguarding Children's Board and Health and Well Being Board, performance data and intelligence to support targeted service delivery, manages the multiple inspection processes, and commissions and quality assures placements and services for vulnerable children and adults. In addition the division leads on specialist parenting services, compliance and departmental governance and the free healthy school meal programme.
111. The Adults' Social Care Division provides support for the vulnerable adults in our community. These are frail older people, including those with dementia, disabled people of all ages, people with a learning disability and people with mental health problems. This includes residential and nursing home placements, services to allow people to maintain independence and support them living in their own homes, home care, day care, intermediate care, advocacy and support, equipment to aid daily life, transport and meals on wheels. People who are eligible for social care increasingly have personal budgets, including direct payments, where they self-direct the support they need to meet agreed outcomes.
112. In delivering these savings we have sought to minimise the impact on statutory social care functions for the most vulnerable children, young people and adults and so maintain the council's responsibility to keep vulnerable children and adults safe.
113. The key drivers to achieving the reductions are to:
- Maximise service effectiveness, drive down costs and ensure high quality, sustainable provision within the available remaining resources
 - Protect front line services by reducing back office costs, flattening the management structure and increasing productivity
 - Reshape our retained services around the council's core statutory duties for education and social care
 - Reduce subsidies to non-statutory, discretionary services
 - Further improve commissioning and procurement to increase value for money
 - Further reduce duplication in supplies and services and ensures we focus on priority services to vulnerable groups.
114. Further, the overall aim is to deliver a fairer future for older and disabled people by creating a sustainable system that continues to support the most vulnerable and deliver value for money. This requires a change in the way the council works across the whole system of adult social care. It will mean different relationships between the council and the community, where families and older and disabled people will be expected to do more for themselves, with less reliance on the council. It means moving to a model where older and disabled people can contribute and exercise greater control over their own lives, improving their health and well being. This will also mean containing growth in demand, focussing council support to the most vulnerable, providing services differently but always with an aim to maintain and improve quality.

Children's Social Care

115. The proposed savings for Children's Social Care totals £450k to be delivered through improved commissioning of children's disability spend and looked after children residential contracts; and utilisation of the Dedicated Schools Grant. This lower level of savings is in recognition of the risks of continuing to reduce Children's Social Care budgets whilst the number of children and families in need continues to grow. The government has also imposed a more rigorous inspection framework which incorporates increased expectations on local authorities to improve outcomes for the most vulnerable children and families.
116. In 2014/15, Children's Social Care growth bids of £2.8m are required to support increased activity across foster agency care placements, residential home placements and increased numbers of destitute families in receipt of financial assistance. During 2014/15, Children's Services is using £1.84 of contingencies support this increased activity. It is anticipated that the transformation of children's social care and continued management action will reduce the overall costs and therefore reduce future budget pressures. Management action includes a recruitment campaign to increase the number of in house foster carers, increasing the number of children adopted, and a management review of services for destitute families to improve efficiency and reduce duplication.
117. In addition, growth bids totalling £1.6m are proposed for reviews of rates paid to foster carers to improve recruitment and retention and reduce our use of independent fostering agencies and residential care. There are additional costs associated with the requirement to provide a stronger offer of post adoption support, and the requirement for payments to friends and families carers and Special Guardianship Orders to be linked to local fostering rates.

Education

118. The proposed savings for Education total £1.555m. Over the last three years every area within Education has been restructured and wherever possible the aim has been to maintain front line services and ensure services are targeted at the most vulnerable. In 2014/15, the majority of savings fall within the Early Help Division (£1.210m) and include downsizing the management costs of the Children's Centres; increasing Dedicated Schools Grant utilisation; ending of one-off support and rationalising the BookStart offer. A further £300k is to be saved through realigning the Youth and Play Service and £45k through a deletion of a vacant post.
119. There is growth of £100k to support staffing costs associated with the implementation of the Children's and Families Bill from September 2014. This is a significant reform of the needs assessment process for individuals aged 0-25 years covering special education needs, social care and health needs.
120. These savings in the council's budget also need to be seen in the context to ongoing national reforms to the Dedicated Schools Grant (DSG) which funds schools and centrally retained education services such as Special Educational Needs, Early Years entitlement for two, three and four year olds and educating children other than at school. The main budget challenge for 2014/15 is the

increasing numbers of children in special educational needs provision whilst the DSG funding for high needs remains static.

Strategy, Commissioning and Business Improvement (SCBI)

121. The entire SCBI team has been restructured over the past three years; at the same time as delivering significant commissioning saving across Children's and Adults' Services. The proposed savings within SCBI total £655k; of this £500k relate to staff savings through a sharper approach to commissioning; £100k through reducing printing costs and £55k through the utilisation of the Public Health grant. This team will also implement the commissioning savings totalling £300k already included within the Children's Social Care budgets referred to above.
122. There is a commitment of £900k for the full year financial effect of the full roll out of the Free Healthy School Meals for Southwark Primary School Children in years 5 and 6.

Adults' Social Care

123. The savings for Adults' Social Care total £6.930m, as described below.
124. Savings are proposed of £2.675m for services for people with learning disabilities which will promote independence and increasing choice, will be delivered through:
- Redesigning high cost provision to promote personalisation
 - Programme of individual reviews for people with personal budget
 - New individual support funding arrangements for adults in shared accommodation.
125. In addition, a saving of £200k is proposed for mental health day services continuing promoting and extending personalisation.
126. A number of efficiency savings are proposed totalling £4.055m including:
- Prompt hospital discharge from hospital
 - Reduction in the building repair and maintenance budgets to reflect current building portfolio.
 - Reduction in the use of specialist consultants and staff savings through management restructure and vacant post deletions
 - Commissioning savings for out of borough and spot placements costs and decreasing the transitional funding for market development
 - Reduced demand on residential and nursing home placements
 - Reduction in take up of the welfare catering service.
127. For 2014/15, growth of £988k is required to fund the increasing number of young people with Learning Disabilities receiving support.
128. During 2014/15 Adults' Social Care will be working through the future streamlining opportunities created by the integration of health and adults social care arrangements through the pooled Better Care Fund and financial risks of the Care Bill both will be implemented in 2015/16.

Public Health

129. The public health activities in 2013/14 are delivered through £21.8m ring fenced grant from the Department of Health. The key service areas are:
- sexual health services including contraception and sexual health advice and testing, £8.1m (Children's and Adults' Services);
 - improving public health including smoking cessation, exercise referrals, health checks and school nursing, £3.4m (Children's and Adults' Services);
 - drugs and alcohol misuse services including treatment and intervention services, £7.2m (Environment and Leisure);
 - community sports contribution, £100k (Environment and Leisure);
 - the staffing costs for the shared specialist public health team that includes staff transferred from the NHS and a budget held to mitigate for the financial risks associated with activity/costs for public health, £3.1m (Chief Executives).
- The vast majority of this expenditure is on third party service providers.
130. Funding for public health is expected to increase by £1.1m in 2014/15 and the council will take the opportunity of bringing public health functions into the council to support health and wellbeing programmes currently undertaken by the council, and apply this funding to activities which support public health elsewhere in the council.

Children's Services (incorporating both Education and Children's Social Care) summary equalities impact

131. One of the key aspects of the work of children's services will be to minimise the impact of the budget reductions proposed, particularly with regard to groups covered within the council's Approach to Equality. Southwark is one of ten local authorities nationally with the highest percentage of children in need, and yet has suffered one of the highest reductions in central government core funding. In addition, the reduction of or loss of a considerable number of targeted grants focused on the most vulnerable groups will significantly add to the potential negative impact. Children's services will need to manage these reductions in light of its continuing statutory duties.
132. Safeguarding children and young people is our highest priority and any service reductions here or in related areas will need to be very carefully considered in relation to children at risk of harm in the community, and for the potential impact on vulnerable groups. Because of the downturn in the economy and welfare reform changes, we are starting to see in specialist children's services an increased demand for services to families in difficulty. Effective support for schools to meet a wider range of lower-level needs and so prevent problems escalating will be required, particularly with the high level of need that our young people have in Southwark and the vulnerability of some schools. The potential growth of academies is a challenge to central services due to the potentially destabilising effect on income to maintain these services.
133. Actions to mitigate the impact of budget reductions will be considered very carefully following the council's decision. This will include looking at efficiency savings including streamlining back-office processes and reducing the number of support staff, reviewing management structures to reduce the number of managers and protect front-line service delivery, smarter procurement to drive down the costs of purchased services and stripping out any funding duplication. Contracts with external providers will be scrutinised for potential savings without

impacting on key groups. In addition, other mitigating actions will be put in place, including exploring alternative delivery models, such as working in partnership with schools and other partners to deliver services in a different way, as well as understanding the local impact of initiatives or actions taken at a national level. This process has already started and has been a critical aspect of developing the initial budget proposals.

134. A further more detailed report will be produced on the potential impact of the proposed budget reductions for specific groups so these can be fully considered before any decisions are taken. This will include detailed equality analysis for each service affected by the council's decision, which will underpin individual service development and reconfiguration.

Adult Social Care - summary equalities impact

135. Budget proposals for adult social care are in the context of work to develop a system that supports people to live independently and well for as long as possible, accessing care and support services that are personalised and based on their choices and moves away from a model of dependency. The system needs to consider redesign and reconfiguration across all client groups to be sustainable, continue to support the most vulnerable and deliver value for money.
136. The two equality strands that will experience major impact from proposals are older people and disabled adults with eligible care needs as outlined through Fair Access to Care Services (FACS) criteria. Older and disabled adults without eligible needs may also experience an impact from proposals to re-shape open access services in the borough.
137. The key impact is around services not continuing to exist or being offered in a different way. We are going to focus resources on time-limited interventions that help people, such as re-ablement services, and supporting them to understand how they can best help themselves and make key contributions to the wider community. In addition, changes to services will potentially have an impact on carers, the majority of whom are women.
138. We propose a range of mitigating actions to try and minimise any potential negative impact. These include:
- Continue progress with development of personal budgets (including direct payments in cash) so that people understand how much is to be spent on their care and support and can then make decisions about the ways they wish to use their money;
 - Focus on how we can support the development of a diverse provider market in Southwark so there are appropriate services available on which people can spend their personal budgets;
 - Develop and improve partnerships involving individuals, communities, voluntary and private sectors, the NHS and the council's wider services to best implement proposals;
 - Improve procurement and commissioning processes, and streamlining back office functions thereby focusing resources on frontline services;
 - For open access services, explore models where a small injection of cash to 'pump-prime' services could support organisations to become financially self sustaining, and promote community cohesion, in line with the wider corporate approach to the voluntary sector;

- Develop proposals for effective, targeted interventions that can provide help and support for carers, recognising the key role that they play, both in delivering care and in preventing people's care needs from increasing.
139. The overall approach for adult social care services in Southwark will have a positive impact on equality strands:
- Personal budgets offer an opportunity for people to access personalised support services that take account of cultural preferences, e.g. being able to choose a carer of your own gender – evidence suggests this is particularly true for BME communities, lesbian, gay and bisexual communities and for transgender people
 - Moving away from residential provision and to supported living in the community is designed to support people to live independently at home and connected with their communities for as long as possible
 - A single point of informed contact supports better use of resources and targeted information and advice for people at an early stage, regardless of whether they receive state support for care.
140. However, this also needs to consider:
- Developments in the local provider market so culturally specific services are available
 - Particular support that some groups, such as older people or those with mental health needs, may require to access the benefits of personal budgets
 - Particular support for people who may have spent a considerable time in residential care
 - Appropriate support for those who continue to need respite services
 - People who need to access information in different ways (e.g. website, email, telephone) and those who may not have English as a first language.
141. We recognise that we will need to work closely with partner across the council, particularly in areas like housing and employment, to understand the cross-cutting impacts of the need to reduce spend in these areas and our desired outcome of helping more people to live independently and well at home and in the community.

CHIEF EXECUTIVE'S OFFICE

142. The Chief Executive (CE) department is made up of human resources, corporate strategy, regeneration and planning.
143. The department will continue to deliver on the fairer future vision by having a relentless focus on rationalising support services so more money is protected at the frontline and working alongside others to provide the organisation with the tools to innovate and modernise service delivery. It will also be focused on delivering functions that help achieve local strategic priorities. This will mean working to ensure the benefits of regeneration can spread across the borough including in strategic areas such as Elephant and Castle and the Aylesbury but also within Peckham, Nunhead and Camberwell.
144. The proposed indicative budget for the department in 2014/15 is £18m. It is proposed to deliver savings of £1.421m through service re-configuration, review and management restructuring, and additional income.

Chief Executive – summary equalities impact

145. Although the services provided by the CE department are largely back office, these enable a consistent approach to equality across the whole council, ensuring equality is taken into account in all decision making processes where relevant. The CE department also ensures that effective policy and robust performance measures are in place to evidence the council's compliance with the public sector equality duty in both its role as employer and service provider. In terms of direct customer contact, Southwark's significant regeneration schemes and planning services provide a platform for addressing strategic equality priorities, with regard to community development, improvements in the built environmental and in maximising economic growth opportunities.
146. Savings are proposed to be realised through service reconfiguration and reducing support costs. Therefore any impacts would fall primarily on staff rather than service users. As specific proposals are put forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed. Service heads are committed to deliver savings as far as possible to maintain the level of service.
147. Residents across all housing tenures, visitors and businesses in the borough are all beneficiaries of regeneration schemes. Regeneration activity is targeted towards the more deprived areas and disadvantaged groups in the borough. There is a risk that proposals could disproportionately impact on the most disadvantaged and vulnerable groups and geographical areas in the borough and mitigating action has been identified. Where external funding has been reduced, the mitigating action is to retarget available budgets to schemes that support people with the highest level of need as far as possible. The department also proposes to maximise income on commercial properties and through restructuring planning application fees. As with all proposals equality impacts will continue to be assessed through out.

ENVIRONMENT AND LEISURE

148. The Environment & Leisure department delivers services that make a real difference to the everyday lives of all residents and visitors. The majority of our operations are frontline services: they physically improve the environment, they provide opportunities for health and enjoyment or they help improve safety and confidence. The Strategic Director is the Electoral Registration Officer and Returning Officer, so the department includes the electoral services team. The other services can be broadly grouped into:
- Public Realm covering parks and open spaces, parking, highways, transport planning, cleaner greener safer initiatives, cemeteries and crematorium services
 - Sustainable Services covering waste management and refuse collection, street cleaning and recycling, carbon reduction and energy projects
 - Community Safety covering Safer Southwark Partnership, drug and alcohol teams, emergency planning, environmental health, community wardens, antisocial behaviour unit, environmental enforcement, private sector housing renewal, noise and CCTV
 - Culture, Libraries, Learning and Leisure covering arts, heritage, leisure centres, sports, libraries and adult learning.

149. The department's vision is to make Southwark's neighbourhoods great places to live, that are clean, safe and vibrant and where activities and opportunities are accessible to all. The department's approach to achieving savings follows the budget principles by focusing on core provision of quality services, efficiency savings, smarter procurement and robust contract management. The department is also seeking to increase income by raising demand for services.
150. The budget for environment and leisure services in 2013/14 is £75m. The department has already achieved £7.3m savings during 2011/12, £5.5m during 2012/13 and is on target to achieve £2.6m savings for 2013/14. For 2014/15 it is proposed to make efficiencies and savings of £2.3m, including additional income of £815k.
151. It is proposed to make efficiency savings of £275k in Public Realm. This includes £200k through refinancing the highways contract and reclassifying 28 day work. This is linked to capital programme growth. There will also be savings by bringing the tree maintenance services in-house.
152. In Sustainable Services, the operation of the combined heat and power element of SELCHP will trigger income from the Renewable Obligation Certificate scheme from central government. This is expected to generate £200k.
153. The Community Safety budget is proposed to reduce by £476k. This includes £216k which was set aside because of the uncertainty over government and mayoral funding. The actual cuts made were subsequently less than anticipated, so this money is being returned. In addition, the restructuring and re-organisation of some services will lead to further savings, £260k of which relate to the departmental budget.
154. It is proposed to make efficiency savings of £391k within the Culture, Libraries, Learning and Leisure division. These have been made possible through savings from the leisure management contract as well as the introduction of self service in libraries.
155. An additional £100k savings is proposed by further reducing the costs of departmental management and support services, including the centralisation of the departmental procurement function.
156. There are plans to generate additional income of some £815k for 2014/15. Public Realm is proposing to generate £680k from its various services without increasing prices but through a greater volume of transactions. Culture, Libraries, Learning and Leisure will benefit from rental becoming payable on the cafe in Canada Water, and Sustainable Services propose to increase refuse container hire charges in line with the most appropriate London average. This is expected to generate an additional £100k.
157. In delivering these savings and income generation, the department has sought to minimise the impact on service delivery. The budget proposals have been developed in line with the cabinet's budget principles, and they will deliver the best value for money possible whilst maximising the use of existing assets. The department's proposals are based on service need and demand with the aim of protecting front-line services and supporting the needs of our residents.

Environment and Leisure – summary equalities impact

158. Our approach to achieving savings across the Environment, Culture and Community Safety portfolios is in line with the cabinet's budget principles, and we have sought to do all we can to protect front line services and offer continuity of services to our most vulnerable residents.
159. However the majority of our services in this area are front line and directly delivered to all residents and changes and reductions to delivery are inevitable in order to meet the scale of savings required.
160. In order to minimise front line reductions and impact on the wider community and equalities groups we have sought to make savings through efficiency, back office reductions and processes, leaner staffing structures and negotiating better value from our contractors.
161. Wherever possible we have sought to identify new ways of working that may deliver efficiencies and improved value for money, as well as maximising opportunities for increasing income.
162. None of the current proposals have been assessed as having a significantly adverse effect on either protected equalities groups or the wider community.

FINANCE AND CORPORATE SERVICES

163. Finance and Corporate Services provides the support service functions of finance (in direct support of the council's section 151 statutory function), facilities management, information and data services, corporate procurement, legal and the revenues and benefits service.
164. The indicative budget for Finance and Corporate Services in 2014/15 is £45.3m after the proposed efficiencies of £2.0m. In the period April 2011 to March 2014 the department has seen a budget reduction of 27%, achieved primarily through new and enhanced contract arrangements and reduced staff numbers. This is consistent with the plan proposed in February 2011.
165. The proposed efficiencies of £2.0m represents a further 4.3% reduction on the 2013/14 budget. It will be delivered through a transformational review of the department, including contract efficiencies, employee self service and use of technology.
166. Savings in facilities management (£160k) and information & data services (£810k) will be delivered through new contractual arrangements and rationalised back office support. A head of resources post was created to manage across these services but that post was not recruited to. This will be deleted generating a £100k saving.
167. The finance (£400k) and revenues & benefits (£320k) sections will review staff structures and ensure the services they provided are delivered as efficiently as possible. Legal services (£210k) will utilise existing powers to offset costs incurred on planning and regeneration work.

Finance and Corporate Services – summary equalities impact

168. The department is committed to achieving the required level of savings. The impact of implementing these will fall largely on staff as numbers are reduced. The management team is committed to assessing the impact on staff to ensure fairness and equality. As budget reductions are implemented the impact on staff will be considered in detail throughout the implementation of each proposal, which will be conducted in accordance with the council's reorganisation, redeployment and redundancy procedure.

HOUSING AND COMMUNITY SERVICES

169. The housing and community services department (H&CS) delivers a wide-range of council services funded from both the general fund and the housing revenue account (HRA). General fund services broadly comprise: homelessness and housing options, temporary accommodation, community engagement and voluntary sector partnerships, customer contact centre, customer resolution, blue badges and concessionary travel, registrars and coroners services, traveller's sites, adaptations and other private sector housing related provision.
170. The council's landlord services are contained within the ring-fenced HRA, which is part of a separate budget consultation process. Cabinet received an indicative budget report on 10 December 2013 and following consultation with tenants and council homeowners during January, decisions on rent and service charge levels will be considered by cabinet on 28 January 2014.
171. Housing and Community services have identified a total of £140k of budget pressures. The council is facing increased pressures in temporary accommodation, driven by a combination of an increase in demand for services, and a reduction in supply (or increase in cost of the supply). The department is continuing to model the increase in costs for this service, which could amount to £2.7m. These additional costs are not certain and therefore have not been included within the budget proposals as currently drafted. In the event of these costs crystallising it will be have to be managed through contingency.
172. The departmental priority is to deliver continuous improvement in all of its core services. The key drivers to achieving this are to maximise service efficiencies, particularly in the back office and corporate overheads, obtain greater value for money through better commissioning/procurement and re-configure services around the council's statutory duties in order to protect front-line service provision and focus resources on supporting our most vulnerable residents. General fund savings derived from further efficiencies, service reviews and rationalisation total £2.153m whereas those involving a degree of service impact, which have been minimised as far as possible, total £77k.
173. The decision to bring the customer service contract in-house from June 2013 provided the opportunity to re-configure and improve customer access and service delivery and drive out savings over the medium term by moving towards more cost effective transaction routes and operational efficiencies. The transformation continues to deliver improvements at reduced cost with a proposed budget saving of £609k in the year coming. In addition within the Customer Experience division, a further £202k will be delivered in Housing Options through service re-configuration which has streamlined business processes and focused resources more effectively.

174. Operational reviews undertaken across a range of housing services, specifically hostels and supported hostel accommodation, mobile alarm response service (SMART) and sheltered housing services require the rebasing of cost allocations totalling £1.038m between the general fund and the HRA, in accordance with the statutory provisions of the HRA ring-fence to account for landlord and non-landlord services separately. Further service efficiencies across H&CS include: the Mayor's office (£18k), community councils (£20k), specialist housing services (£154k) and private sector housing (£14k).
175. Budget commitments total £140k and are required to address specific underlying anomalies and align budgets within the independent advice services contract and the coroner's service to reflect current volumes/activities. However, the biggest financial risk going forward is in relation to the provision of temporary accommodation, particularly the cost of bed & breakfast. Whilst Southwark is recognised as a leader in homeless prevention, it is simultaneously facing challenges through increased homeless demand, exacerbated by the impact of the 'under-occupation charge' and wider welfare reforms, and a contraction in the supply of accommodation, both in the private and RSL sectors. Whilst the council maximises its use of estate void properties in the HRA to mitigate the cost of bed and breakfast, this is also under some pressure as regeneration projects accelerate and the supply of estate voids becomes uncertain. The potential cost arising from the increase in homeless demand is difficult to gauge given its demand-led nature and this risk is best met through the drawdown of corporate reserves in the event that the cost pressure cannot be contained within the base budget.

Housing and Community Services – summary impact statement

176. In developing budget proposals, we are committed to delivering savings which as far as possible protect and maintain front line provision to our residents. In the main this is achieved through revised and more efficient working within H&CS and across departments through streamlining back-office processes and management structures. Other mitigating actions such as exploring alternative delivery models, partnership working and smarter procurement and rigorous contract management provide opportunities to maximise value and deliver the same or equivalent service benefits at reduced cost. This is already embedded in the development of budget options and specific equality impact assessments are undertaken as part of on-going considerations around the implementation of the budget decisions.

USE OF BALANCES AND CONTINGENCY

177. Currently, a contribution from reserves of £6.2m will be required to fully fund the proposed budget. This compares with £4.4m in 2012/13, and £6.2m in 2013/14. The Strategic Director of Finance and Corporate Services recognises and accepts that it is necessary to make some prudent use of balances through the period of introduction of new funding arrangements for local government and the general cutbacks in public expenditure. He recognises also that this expedient can only be short term and that year on year the council target must be to remove any dependency on reserves and balances order to reconcile resources with spending needs.
178. Until the 2012/13 budget, as part of the budget process, the use of reserves in one budget was always replaced in the next. From 2013/14 it has not been possible to do this, and a total of £16.8m will have been taken from reserves to support the budget when 2014/15 is included.

179. The council has been fortunate that, like many other local authorities, reserves and balances have been maintained throughout what has been a very challenging two years. This makes prudent access to these resources more appropriate, especially when considering the retention of a reasonable, albeit lower, level of contingency within the base budget.
180. For 2014/15, contingency will be further reduced by £1.0m to £4.0m, this reflects the reduction in risk following the achievement of 2013/14 budget targets, and is referred to in paragraphs 61 to 62 of this report.

Revised 2014/15 position

181. As anticipated in the October cabinet report, the identification of key areas of corporate savings and income generation do not fully meet the budget gap. This report presents a balanced budget after taking account of increased inflationary and service pressures, and corporate, themed and departmental savings and the use of £6.2m reserves.

182. The table below shows the indicative budget for 2014/15, including changes since the October 2013 cabinet report:

	2013/14	Indicative 2014/15	
		as at 22/10/13	as at 15/01/14
	£m	£m	£m
Previous year budget ¹	341.2	334.0	334.0
Inflation	4.0	3.8	5.7
Commitments	9.6	1.5	8.4
Savings ²	(24.9)	(1.1)	(2.0)
Social fund	(1.7)		
Net change in council tax freeze grant.	1.4	0.0	0.9
Fall out of contribution (from) / to balances	4.4	0.0	0.0
Total Budget	334.0	338.2	347.0
Funded by			
Settlement Funding Allocation (SFA) [Previously Start up funding allocation (SUFA)]	(253.3)	(226.5)	(227.5)
Growth in NNDR	0.7	(2.0)	(2.5)
Council tax	(74.3)	(75.2)	(76.9)
Collection fund (surplus) / deficit	(0.9)	0.0	(1.3)
Application of growth in new homes bonus		(2.9)	(8.7)
Total Funding	(327.8)	(306.6)	(316.9)
Budget shortfall	6.2	31.6	30.1
Contribution (from) / to balance	(6.2)	(6.2)	(6.2)
Budget shortfall after contribution from balances	0.0	25.4	23.9
Corporate initiatives			(4.6)
Departmental savings			(19.3)

	2013/14	Indicative 2014/15	
		as at 22/10/13	as at 15/01/14
	£m	£m	£m
Revised budget shortfall	0.0	25.4	0.0

Note 1 - 2012/13 budget (previous years budget for 2013/14) has been adjusted by £32.9m rolled in specific grants. (£341.2m = £308.2m + £33.0m)

Note 2 - Savings are £2.0m additional Tooley Street savings, currently shown as £0.9m increase over savings reported to October cabinet.

183. The budget departmental control totals are shown below, including commitments and savings:

Service area	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Budget proposed by officers
	£m	£m	£m	£m	£m
Children's and Adult Services	206.5	3.1	6.4	-11.4	204.6
Chief Executive	19.6	0.2	0.0	-1.4	18.4
Environment & Leisure	72.8	1.5	0.0	-2.3	72.1
Finance & Corporate Services	45.9	0.5	0.0	-2.0	44.4
Housing and Community Services ¹	37.5	0.1	1.0	-2.2	36.4
Total Service Budgets	382.3	5.5	7.4	-19.3	375.9
Corporate Budgets ²	-48.3	0.1	1.9	-6.6	-52.8
Total net expenditure budget	334.0	5.6	9.4	-25.9	323.1
Contributions from balances	-6.2	0.0	0.0	0.0	-6.2
Total Budget	327.8	5.6	9.4	-25.9	316.9
Total resources	-327.8				-316.9
Balance	0.0				0.0

Note 1 - Concessionary fare / freedom pass commitments are included in Housing and Community Services.

Note 2 - Corporate budgets commitments includes fall out of 2013/14 council tax freeze grant rolled into settlement funding.

A strong and stable resource base

184. In setting out the draft budget proposals for 2014/15 the Strategic Director of Finance and Corporate Services, as the statutory section 151 officer, is assured that the range of spending commitments and proposed savings are being set within the resources available that meet local priorities. The draft budget proposed for 2014/15 is therefore robust.

185. In addition to ensuring that sufficient funds are available to finance the ongoing management of the council services, the Strategic Director of Finance and Corporate Services needs to be assured that there is an appropriate level of reserves and balances available. The Local Government Act 2003 requires the chief finance officer to report on the adequacy of reserves held, and requires members to have regard to that report in setting the budget. The Act also gives

powers to the Secretary of State to specify a minimum of reserves to be held, but those powers have not yet been applied.

186. Reserves are funds set aside from underspends or proposed budget contributions, to meet contractual commitments or future expenditure plans, including meeting risks or liabilities that may arise at a later date. For example, the council has a number of pressures which fluctuate over time and are unpredictable in nature. These could include winter maintenance (such as pot holes and road gritting for highways) or meeting the upkeep of older buildings that the council operate from. Reserves are the most effective way in which to mitigate these pressures, subject to appropriate criteria. Another example is one-off redundancy costs arising from restructuring, where it may be that these costs cannot be met from existing revenue budget provision. Therefore and, subject to an appropriate business case, reserves may be used to support these costs.
187. The council has a number of reserves. The most significant of which are:
- Modernisation, service and operational improvement reserve. This is for one-off expenditure and multi-year projects that are designed to modernise and improve service levels and operational efficiency of Southwark's activities. Schemes will include accommodation pressures, shared services, customer service improvements and information services. The use of the reserve is subject to protocols in accordance with the council's MTRS.
 - Regeneration and development reserve. This reserve is to fund one-off expenditure and multi-year projects to facilitate the significant regeneration and development taking place in the borough. Projects include the Elephant & Castle, Canada Water, Southwark Schools for the Future, and land acquisitions associated with these projects. Also funded from this reserve are the office accommodation strategy, the Potters Fields project and the street cleaning pilot.
 - Financial risk reserve. This reserve is set aside against future financial risks that may arise. For example, taxation risk, legislative changes including actions involving the Greater London Authority, major projects, risks as a result of unavoidable changes in accounting practice, risks arising from retention of business rates arrangements.
188. Due to the size, scale and complexity of projects and services across the borough the council is required to maintain a general level of balances to meet future unpredictable expenditure demands. Securing outcomes around key priorities of regeneration, recognising key operational risks attached to the unique size of our housing stock and more generally the levels of deprivation across the borough and associated factors, means that it is essential the council maintains a robust approach to both reserves and balances. Maintaining an adequate level of reserves and balances are therefore key factors in the Strategic Director of Finance and Corporate Services' assessment of the robustness of the budget.
189. The council's general fund reserves and balances at the end of 2012/13 totalled £102.6m, made up of £84.5m earmarked reserves and £18.1m general fund balance. In total this represents some 10.5% of the general fund spend in 2011/12.
190. The earmarked reserves, by their nature, are reserves set aside and earmarked for spending plans. Many of those spending plans were already in progress as at the end of 2012/13, especially around the council's modernisation agenda and

major capital projects. The reserves also include balances that the council cannot freely reallocate, for example Dedicated Schools Grant unspent or PFI credits received in advance to meet future years' costs on the waste PFI scheme; or are balances that the council would not wish to redirect, for example the council's self insurance reserve.

Medium Term Resources Strategy

191. In setting the budget the council needs to be mindful of the continued uncertainty with regards future funding particularly beyond 2014/15. The use of the Financial Risk Reserve in respect of Business Rates risks identified in paragraphs 42 and 43 forms part of the mitigation strategy. The risks identified strengthen the importance of maintaining a robust MTRS within which to plan council business and sustain delivery of essential frontline services.
192. The current MTRS has been updated and a draft is attached as appendix F.

Council Tax Reduction Scheme

193. The Council Tax Reduction Scheme (CTRS) was introduced on 1 April 2013 as a result of the government's decision to abolish council tax benefit, requiring local authorities to adopt and manage local schemes, with a 10% reduction in funding.
194. Following a public consultation, Southwark's CTRS was agreed by council assembly on 28 November 2012, and formal approval to the policy statement was not obtained until Council Assembly on 23 January 2013.
195. The 2013/14 Southwark scheme capped council tax support for working age claimants to 85% of Council Tax benefit entitlement levels and abolished second adult rebate for non-pensioners. Under the scheme pension age claimants continue to receive 100% support as required by legislation. This support is given as a discount against council tax bills. For 2013/14, this equated to some 21,000 band D equivalent dwellings and represented a reduction in council tax of £18.6m.
196. For 2014/15 there is no change proposed to the underlying principles of the current CTRS scheme. As CTRS is a discount on council tax, any variance will result in a positive or negative impact on the amount of council tax receivable rather than having a budget cost implication. For 2014/15 this will be monitored through the collection fund, and any significant variance reported as part of quarterly revenue monitoring.
197. The Department of Work and Pensions will be uprating state benefits from 1 April 2014 and as part of the welfare reform agenda all working age benefits will be restricted to a 1% increase in 2014/15. Historically, when benefit incomes are up rated annually so were the applicable amounts used for the assessment of Housing Benefit and Council Tax Benefit. This will be the case for housing benefit and CTRS in 2014/15.
198. In consideration of these inflationary measures and to ensure therefore that CTRS claimant entitlement is not removed or reduced in 2014/15 a consequential amendment is required to the applicable amounts within our scheme.
199. As there will be no change to the underlying principles of the current CTRS scheme in 2014/15 and the changes to the applicable amounts are as a consequence of a routine uprating, these are therefore consequential financial

amendments and can be agreed under the delegation to the Director of Finance and Corporate Services without requiring further consultation.

200. CTRS for 2014/15 will form part of the taxbase calculation that that will be reported to council assembly in January 2014.

Capital programme

201. The council's capital programme is reported on a quarterly basis to cabinet. The next monitoring report is planned for February 2014, and will include a wider refresh to the capital programme. As reported in paragraphs 56 and 57, if the revenue proposals around the use of New Homes Bonus to support revenue (rather than capital) in 2014/15 are agreed, this will have an impact on the capital programme and will be modelled in that review.

Next steps including scrutiny

202. On 20 January the Overview and Scrutiny Committee are due to meet to consider the draft revenue budget as set out in this report. Any recommendations made will be brought forward to cabinet for their consideration.
203. A full report will be presented to cabinet on 11 February 2014. The budget will be proposed to council assembly on 26 February 2014.
204. A timetable of scheduled meetings leading up to council tax setting is shown below, as detailed on the forward plan.

22 January 2014	Council Assembly	2014/15 Council Tax Base and NNDR, including Council Tax Reduction Scheme
28 January 2014	Cabinet	Policy and Resources Strategy 2014/15 – 2016/17 revenue budget
11 February 2014	Cabinet	Policy and Resources Strategy 2014/15 – 2016/17 revenue budget
26 February 2014	Council Assembly	Policy and Resources Strategy 2014/15 – 2016/17 revenue budget Setting the Council Tax 2014/15

Community impact statement

205. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the 2013/14 budget, each department will undertake an equality analysis on its budget proposals.
206. Undertaking equality analysis will help the council to understand the potential effects that the budget proposals may have on different groups. The analysis will also consider if there may be any unintended consequences and about how these issues can be mitigated. Analysis will also be undertaken to consider any cross-cutting and organisation-wide impacts.

207. The equality analysis undertaken will build on previous analysis including the equality impact assessments carried out as part of 2013/14 budget setting and the equality analysis undertaken on decisions to implement the budget this year. The development of equality analysis will commence now to ensure that it informs decision making at each stage of the budget process.
208. In relation to the CTRS we are continuing to monitor the impact of the scheme on our communities in order to keep under review our public sector equality obligations. The consequential financial amendments to the applicable amounts discussed within this report do not reduce or remove eligibility and the recommendations in this report will ensure that CTRS claimants are not adversely affected by the inflationary changes. The entitlement to CTRS in 2014/15 will remain the same.
209. Further the council has made available within the Southwark Emergency Support Scheme access to a Hardship Fund that can provide financial support for those individuals who meet the stated hardship criteria. This Hardship Fund therefore assists claimants experiencing financial difficulty as a consequence of the introduction of CTRS. In addition the Rightfully Yours service continues to provide a service that seeks to assist in securing maximum entitlement to all welfare benefits, particularly for those claimants from disabled households.
210. In October, Cabinet received a report on the feedback from the budget consultation exercise that took place over the summer of 2013. These budget proposals have considered fully the outcome of this consultation. Illustratively, it should be noted that the budget proposed :
- protects children's and adults services with only £1.9m reduction (less than 1%).
 - protects Environment and Leisure (responsible for Environment and Culture, Libraries & Leisure with a £0.5m reduction (less than 1%)
 - puts £9.4m of commitments and inflation into Children's and Adult Services (4%)
 - puts £1.7m of commitments and inflation into Culture, Libraries and Leisure (2%),
 - makes savings of £3.4m (5.0%) from central support services.
 - makes savings of £6.6m in corporate budgets (11%)
 - focuses on corporate and strategic services rather than direct service provision

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

211. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
212. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:

- Eliminate unlawful discrimination harassment and victimisation
- Advance equality of opportunity between people who share protected characteristics and those who do not
- Foster goods relations between people who share protected characteristics and those who do not.

213. Decision makers must understand the effect of policies practices and decisions on people with protected characteristics.

214. Equality impact assessments are the mechanism by which the council considers these effects. The report at paragraphs 205 to 207 sets out how it is proposed equality impact assessments will be undertaken in relation to the budget proposals.

215. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2013/14 to 2015/16: cabinet 12/02/13 (Item 8)	160 Tooley Street	John Braggins Senior Accountant 020 7525 7489
Link http://moderngov.southwark.gov.uk/ielistdocuments.aspx?CId=302&MId=4251&Ver=4		
Policy and Resources Strategy 2014/15 – Revenue Budget - Initial Financial Remit: Cabinet 26/06/13 (Item 10)	160 Tooley Street	John Braggins Senior Accountant 020 7525 7489
Link http://moderngov.southwark.gov.uk/ielistdocuments.aspx?CId=302&MId=4548&Ver=4		
Policy and Resources Strategy 2014/15 to 2016/17: Scene Setting Report and Revenue Budget Options, including Budget Consultation Outcome: Cabinet 22/10/13 (Item 10)	160 Tooley Street	John Braggins Senior Accountant 020 7525 7489
Link http://moderngov.southwark.gov.uk/ielistdocuments.aspx?CId=302&MId=4551&Ver=4		

APPENDICES

No:	Title
Appendix A	2013/14 and Provisional 2014/15 Specific / Special Grants
Appendix B	Proposed commitments
Appendix C	Proposed efficiencies and improved use of resources
Appendix D	Proposed income generation
Appendix E	Proposed savings impacting on service delivery
Appendix F	Draft MTRS 2014/15-2016/17
Appendix G	Technical information on the Autumn Statement

AUDIT TRAIL

Cabinet member	Cllr Richard Livingstone, Finance Resources and Community Safety	
Lead officer	Duncan Whitfield, Strategic Director of Finance & Corporate Services	
Report author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Dated	13 February 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to constitutional team	13 February 2014	

APPENDIX A**2013/14 and Provisional 2014/15 Specific & Special Grants**

	2013/14	2014/15	Change in	
	Funding	Funding	funding	
	£m	£m	£m	%
Public Health Grant	21.809	22.946	1.137	5.2%
PFI Grant (Schools)	4.414	4.414	0.000	0.0%
Housing and Council Tax Benefit Subsidy Administration grant	3.751	3.751	0.000	0.0%
Education Services Grant	3.642	3.575	(0.067)	(1.8%)
PFI Grant (Waste)	2.776	2.776	0.000	0.0%
Social Fund – Programme	1.363	1.363	0.000	0.0%
Social Fund - Administration	0.288	0.264	(0.024)	(8.3%)
2013/14 Council tax freeze grant ¹	0.929	0.000	(0.929)	(100.0%)
2014/15 Council tax freeze grant	0.000	0.992	0.992	100.0%
Local Reform and Community Voices	0.275	0.284	0.009	3.3%
New Burdens Grants ²	0.258	0.220	(0.038)	(14.7%)
Local Services Support Grant	0.255	0.255	0.000	0.0%
Estimated Free healthy school meals ³	0.000	1.500	1.500	100.0%
Total	39.760	42.340	2.580	6.5%

Note 1 – 2013/14 Council tax freeze grant has been rolled into 2014/15 settlement funding

Note 2 – New Burdens Grants comprise of Council Tax New Burdens (£241.7k 2013/14), Community Right to Challenge (£8.5k 13/14) and Community Right to Bid (£7.8k 2013/14) In 2014/15 Council Tax New Burdens Grant will reduce to £203.3k, the others remain the same.

Note 3 – Formal announcement yet to be made so this is an estimate only

Proposed Commitments**Appendix B**

Department	Description of Commitments	2014/15 £'000
Children's and Adult Services		
Adult Services		
Adults	Increase in number of young people with Learning Disabilities receiving support.	990
<u>Children's Services</u>		
Children's Services	Free Healthy School Meals: full year effect of year 5/6 roll out	900
Education	Special Educational Needs system reforms arising from the Children's and Families Bill	100
Children's Social Care	Increased numbers of destitute families receiving financial assistance	1,400
Children's Social Care	Increased activity in agency foster care placements	500
Children's Social Care	Increased activity in residential home placements	900
Children's Social Care	Review of the current foster carer allowances	400
Children's Social Care	Review of the funding rates for post adoption support	1,000
Children's Social Care	Review of carer rates for friends and family carers	200
Total Children's and Adult Services		6,390

Department	Description of Commitments	2014/15 £'000
Housing and Community Services Community Engagement - VCS Commissioning & Support	Advice Services Contract - requirement to align budget with current contract commitment following non-achievement of savings target over the previous commissioning round. Cost pressure has previously been absorbed through underspends elsewhere within the wider housing general fund, but can no longer be contained.	64
Community Engagement - VCS Commissioning & Support	Leaseholder Advice - Cabinet approved the provision of independent advice service for leaseholders. This falls outside of the existing Advice Service Contract which is over-committed (see above), and requires the base budget to be aligned. Will form integral part of commissioned service contract going forward.	22
Customer Experience - Coroners Service	The Coroners service operates as a consortium between Southwark, Greenwich, Lambeth and Lewisham and is funded in proportion to their populations. Over time the income budget has become overstated as a result of changes in the relative populations of the consortium members requiring re-alignment to accurately reflect income expectations going forward.	54
Total Housing and Community Services		140
Corporate Budgets	Provision for London Living Wage mainly to be embedded within any contracts to be retendered or relet, also addressing any increases for staff which cannot be accommodated in service budgets. Concessionary fares (Freedom Pass) arising from fare increases and number of people eligible.	1,000 881
Total Corporate Budgets		1,881
Total Commitments		8,411

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Efficiency	2014/15 £'000
Children's and Adult Services		
Adults' Social Care - Adults with Learning Disabilities	Redesign of high cost provision, promoting independence, personalisation and choice and control for clients	(900)
Adults' Social Care	Integrated care systems with Health partners. Ensuring prompt discharge from hospital and making maximum use of reablement services	(1,500)
Adults' Social Care - Business Support	Reduction in building maintenance and repair budgets to reflect current building portfolio	(200)
Adults' Social Care - Business Support	Reduction in use of specialist support consultants on completion of personalised budgets transformation programme	(200)
Adults' Social Care	Review of management structures and workforce efficiency including savings of vacant posts	(500)
Adults' Social Care - Adults with Learning Disabilities	Review of personal budgets and support plans	(600)
Adults' Social Care - Quality and Transformation	Decrease in need for transitional funding used to develop the market for personalisation programme and aid the move to this new model	(400)
Adults' Social Care - Adults with Learning Disabilities	Reduce costs through improved commissioning for out of borough placements and re-negotiation of spot contract arrangements	(655)
Adults' Social Care - Adults with Learning Disabilities	New individual support funding arrangements for adults with learning disabilities supported in shared accommodation	(1,175)
Adults' Social Care - Older People Services	Reduced demand on residential and nursing home placements	(500)
Adults' Social Care	Reduced take up of the welfare catering service	(100)
Adults' Social Care	Mental health day services review and redesign, promoting independence and personalisation	(200)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Efficiency	2014/15 £'000
Education - Early Help	Rationalise the organisation of the Children's Centres where management can be shared	(402)
Education	Staffing reduction of existing vacant post	(45)
Education - Youth	Realign staff and time allocation in the Youth & Play Service and reduction in voluntary sector commissioning	(300)
Education - Early Help	Cessation of previous Early Intervention Grant used for one off support/commitments	(300)
Education - Early Help	Utilise Dedicated Schools Grant to fund core early years staff costs for two year olds	(300)
Children's Social Care - CLA	Increased use of Dedicated Schools Grant to contribute to education costs of looked after children residential placements	(150)
SCBI	Staff restructure savings across Strategy, Commissioning and Business Improvement	(300)
SCBI	Reduction in printing costs across the department delivered through target setting and further use of technology	(100)
Children's Social Care (delivered by SCBI)	Review and rationalise Children's disabilities services spend	(150)
Children's Social Care (delivered by SCBI)	Renegotiation of looked after children residential contracts	(150)
SCBI	Utilise public health grant to support Health and Well Being policy and strategy	(55)
Children's Social Care	Planned use of (one-off) reserves to support the Children's Social Care increased activity whilst the impact of management actions to reduce this are embedded during 2014/15	(1,840)
Total Children's and Adult Services		(11,022)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Efficiency	2014/15 £'000
Environment and Leisure		
Public Realm	Volume discount by refinancing highways contract and reclassifying 28 day work. This is linked to capital programme growth	(200)
Public Realm	Insourcing tree maintenance	(75)
Sustainable Services	Renewable Obligation Certificate Scheme - share of department's income from central government's renewables energy finance incentive scheme through operation of SELCHP due to combined heat and power	(200)
Community Safety	Reversal of funding approved in 2012/13 in anticipation of the loss of some of the grants from Mayor's office and central government for community safety programmes. Although there were some reductions in funding, these were not as severe as predicted and can be contained in budget.	(216)
Community Safety	Divisional reorganisation	(260)
CLLL	Contract savings delivered by the leisure management agreement	(291)
CLLL	Savings from introduction of self service in libraries	(100)
Business Support	Reorganise business support costs	(40)
Total Environment and Leisure		(1,382)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Efficiency	2014/15 £'000
Housing and Community Services Community Engagement - Mayors Office	Mayor's car service - the hired vehicle component of the non-staffing budget is currently £70k (c.68%), reducing from £120k per annum when provided in-house and £90k in 2012/13. New contract procurement exercise underway to replace existing ad-hoc arrangements within revised budget allocation.	(13)
Community Engagement - Mayors Office	Reduction in members expenses budget £20k - re-align budget to reflect current activity.	(5)
Community Engagement - Neighbourhoods	Further re-alignment of community council's publicity budgets in order to reflect current activity. 20% reduction in 2013/14 following rationalisation in the number of community council's. Current budget reducing to £20k.	(20)
Community Engagement - VCS Commissioning & Support	Efficiencies achieved through reprocurement of LINK/ Healthwatch contract, awarded to CAS @ £120k per annum against a base budget of £200k. In addition, £87k further grant received for 2013/14 to be carried forward as one-off contingency.	(80)
Community Engagement - VCS Commissioning & Support	Community Action Southwark contract - 5% budget reduction at re-procurement (budget £360k). To be absorbed by CAS through operational efficiencies without impact to front-line delivery.	(18)
Customer Experience - Customer Resolution	Rationalisation of administrative/operational budgets across activity - no service impact. Restructure leading to change in roles and deletion of vacant post - no redundancies.	(48)
Customer Experience - Customer Contact Centre	On-going customer access modernisation programme - transition to automated voice switchboard. Requires redeployment of existing switchboard staff to other vacant posts within the CCC, deletion of posts, no redundancies.	(127)
Customer Experience - Customer Contact Centre	Performance Team restructure following transition to in-house provision. Posts currently vacant, no redundancies.	(90)
Customer Experience - Customer Contact Centre	Service reconfiguration - reduce number of Tier 2 customer services officers. Currently vacant/fixed-term posts, so no redundancies. Change not expected to have any detrimental impact on call handling, but may mean less mentoring support for Tier 1 staff.	(96)
Customer Experience - Divisional Services	General efficiencies identified across the division following transition to in-house provision. No service impact.	(78)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Efficiency	2014/15 £'000
Customer Experience - My Southwark	Re-design of customer enquiry management at My Southwark Service Points will automate customer appointment/enquiry handling and deliver service efficiencies. Phase 1 to be implemented at Walworth Road, leading to a reduction of 5 posts, which may be mitigated through redeployment or voluntary retirement. Phase 2: Peckham to follow pending successful roll-out of phase 1.	(170)
Customer Experience - Homelessness & Housing Options	Service re-configuration - net saving arising from reduction in posts and budget redirection to transition to new operating arrangements. Staffing impact to be contained within new structure, no redundancies.	(124)
Customer Experience - SMART (Fred Francis House)	SMART service being relocated from Fred Francis House to customer contact centre (Queens Road 3). Service rationalisation with Out of Hours delivers service synergies and management efficiencies resulting in deletion of vacant posts, no redundancies.	(78)
Finance & Corporate Services - Operational Services	Operational reviews across a range of housing services: hostels and supported hostel accommodation, mobile alarm response service (SMART) and sheltered housing services require some cost allocation rebasing between GF and HRA in accordance with the statutory provisions of the HRA ring-fence to account for landlord and non-landlord services separately.	(1,038)
Maintenance & Compliance - Private Sector Housing	Adaptations, stairlift and handypersons repairs services - reduction in operational budgets can be accommodated at existing activity levels, but reduction removes flexibility and presents capacity risk if volumes increase.	(14)
Specialist Housing Services - Re-ablement Team	Restructure of support staff providing resettlement advice for clients moving to the private sector. Delete vacant post, no redundancies.	(38)
Specialist Housing Services - Temporary Accommodation	Decline in take-up of rent deposit scheme in preference to other incentives schemes, such as finders fee.	(33)
Specialist Housing Services - Temporary Accommodation	Reduce subscriptions/publications budget - no service impact.	(29)
Specialist Housing Services - Temporary Accommodation	Re-align employee allowance budgets to reflect current activity - no service impact.	(14)
Specialist Housing Services - Temporary Accommodation	Staffing rationalisation - deletion of one procurement post, currently vacant, no redundancies.	(40)
Total Housing and Community Services		(2,153)

Proposed Efficiencies and improved use of resources:

Appendix C

Department	Description of Efficiency	2014/15 £'000
Chief Executive Human Resources	Savings arising from the re-letting of the Comensura contract for agency staff (net £180k) and rationalising other contract costs (£21k)	(201)
Organisational Development	Review of structure (£85k) and across the board reduction in training budgets of 10% (£85k) offset by more efficient delivery methods.	(176)
Corporate Strategy	Reduction in staffing and other costs across the division.	(747)
Regeneration	Reduction in project budget in Regeneration North team.	(60)
Planning	Reduction of posts across the division	(87)
Total Chief Executive		(1,271)
Finance and Corporate Services		
	Transformational review of Finance and Corporate Services functions including contract efficiencies, realignment of services, employee self serve and use of technology.	(1,900)
	Revenues & Benefits £320k	
	ISD £810k	
	Professional Finance Services £400k	
	Corporate facilities management £160k	
	Legal Services £210k	
Total Finance and Corporate Services	Deletion of Head of Resources (post never recruited or filled)	(100)
		(2,000)

Department	Description of Efficiency	2014/15 £'000
<p>Corporate</p>	<p>Savings The 2013/14 budget included part year savings from the acquisition of Tooley Street of £1.5m. It was agreed that these savings would be reviewed annually. Further modelling has now been completed, and the internal treasury associated costs of the acquisition are now fully funded for 2014/15, allowing a further £2.0m savings to be realised.</p> <p>Corporate initiatives Current revenue monitoring indicates that the contingency will not be required in full in 2013/14, and it is proposed that for 2014/15, this contingency should be reduced back to its 2010/11 level of £4.0m, a reduction of £1.0m.</p> <p>Given the progress on the Aylesbury regeneration project, that the £1.0m per annum contribution to regeneration and development reserve is no longer required.</p> <p>Estimated government funding for Free Healthy School Meals for children in reception, Year 1 and Year 2</p> <p>Funding for public health is expected to increase by £1.1m in 2014/15 and the council will take the opportunity of bringing public health functions into the council to support health and wellbeing programmes currently undertaken by the council, and apply this funding to activities which support public health elsewhere in the council.</p>	<p>(2,000)</p> <p>(1,000)</p> <p>(1,000)</p> <p>(1,500)</p> <p>(1,100)</p>
<p>Total Corporate</p>		<p>(4,600)</p>
<p>Total efficiencies and improved use of resources</p>		<p>(6,600)</p> <p>(24,428)</p>

Department	Description of Income	2014/15 £'000
Environment and Leisure Public Realm CLLL Sustainable Services	Increase divisional income - without price increases but from greater sales/volume Rental from cafes in Libraries (Canada Water) Increase refuse bin hire charges by 10%	(680) (35) (100)
Total Environment and Leisure		(815)
Chief Executive Planning Planning	Additional income from collection of mayoral CIL Additional planning fee income arising from higher activity	(75) (75)
Total Chief Executive		(150)
Total Income Generation		(965)

Department	Description of Savings	2014/15 £'000
Children's and Adult Services Education - Early Help	Rationalise Bookstart initiative so that literacy opportunities are maintained through the Children's Centres but the administrative process of BookStart is deleted	(210)
Strategy, Commissioning and Business Improvement (SCBI)	Reducing staffing costs (equivalent to four posts)	(200)
Total Children's and Adult Services		(410)
Environment and Leisure Business Support	Centralise departmental procurement support	(60)
Total Environment and Leisure		(60)
Housing and Community Services Community Engagement - Civic Engagement & Community Cohesion	Review of civic office staffing requirement, currently 2.8 fte's - reduce by 0.8 fte. Reduces operational capacity to support civic events programme. Possible redundancy situation, which may be mitigated through redeployment or voluntary retirement.	(25)
Community Engagement - Civic Engagement & Community Cohesion	Civic ceremonies (budget £36k) - reduce by £2k (5.7%). Reduces operational capacity to stage civic events.	(2)
Community Engagement - VCS Commissioning & Support	Reduction in central co-ordination costs of VCS grants programme. At 5% level represents a 50% reduction in central administration/co-ordination costs, eg. printing etc, relating to grant applications.	(14)
Total savings impacting on service delivery		(41)
		(511)

DRAFT
Medium Term
Resources Strategy
2014/15 – 2016/17

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Foreword



Southwark's strength is its people. With our immense diversity comes an array of amazing talents and vast depths of untapped potential. The council's vision is for a "fairer future for all" in Southwark.

Having made some difficult budget decisions in the context of reduced financial resources over at least the medium term, effective planning and resource management will be crucial to meeting our collective goals.

The purpose of the Medium Term Resources Strategy (MTRS) is to enable the council to make best use of financial, human, technological and other resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders.

The scale of the resource challenge in the coming years cannot be understated. Effective and efficient management of resources through a robust MTRS will be pivotal to meeting that challenge and delivering our Council Plan.

The core principles of fairness and support to the most vulnerable were fundamental to the setting of the budget. These principles will continue to guide the MTRS and our management of resources over the coming years.

Cllr Richard Livingstone

Cabinet Member for Finance, Resources and Community Safety

INTRODUCTION AND BACKGROUND

Council services that support all major policy objectives and priorities as set out in the Council Plan are delivered using any number of a range of different resources. This document sets out the council's resources strategies in relation to financial management and control, workforce, asset management, the voluntary and community sector, contracts and procurement and technology.

The key resources are:

Financial

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Retention of Business Rates</i> ▪ <i>Government and other grants</i> ▪ <i>Council tax</i> ▪ <i>Fees and charges</i> ▪ <i>Capital finance</i> ▪ <i>Housing finance</i> ▪ <i>Financial control and anti-fraud</i> 	<ul style="list-style-type: none"> ▪ <i>Value for money</i> ▪ <i>Statutory & Regulatory duties (s151)</i>

Workforce

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Employees</i> ▪ <i>New recruits</i> 	<ul style="list-style-type: none"> ▪ <i>Recruitment and retention</i> ▪ <i>Learning and development</i> ▪ <i>Rewards and remuneration</i> ▪ <i>Mobile ways of working</i>

Assets

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Administrative buildings</i> ▪ <i>Office accommodation</i> ▪ <i>Operational buildings</i> ▪ <i>Housing stock</i> ▪ <i>Commercial portfolio</i> 	<ul style="list-style-type: none"> ▪ <i>Facilities management</i> ▪ <i>Health and safety and Equality Act compliance</i>

Voluntary & Community Sector

Focus	Enablers

<ul style="list-style-type: none"> ▪ <i>Partnership</i> 	<ul style="list-style-type: none"> ▪ <i>Grants</i> ▪ <i>VCS compact</i>
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Contracts and Procurement

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Procurement</i> ▪ <i>Commissioning</i> ▪ <i>Supplier relationship and contract management</i> 	<ul style="list-style-type: none"> ▪ <i>Service design</i> ▪ <i>Market considerations</i> ▪ <i>Competencies and compliance</i>

Technology

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Business applications</i> ▪ <i>IT infrastructure</i> ▪ <i>Desktop</i> ▪ <i>Network</i> 	<ul style="list-style-type: none"> ▪ <i>Service design</i> ▪ <i>partnership working</i> ▪ <i>training</i>

Facilities Management

Focus	Enablers
<ul style="list-style-type: none"> ▪ <i>Administrative buildings</i> ▪ <i>Office accommodation</i> ▪ <i>Operational buildings</i> 	<ul style="list-style-type: none"> ▪ <i>Facilities management</i> ▪ <i>Health and safety and Equality Act compliance</i>

Depending upon the design of each service, all or some of these resources may be utilised to deliver agreed outcomes. Because the extent of resources is limited, principally by financial constraints, the council sets out clear priorities in order to distribute available resources effectively.

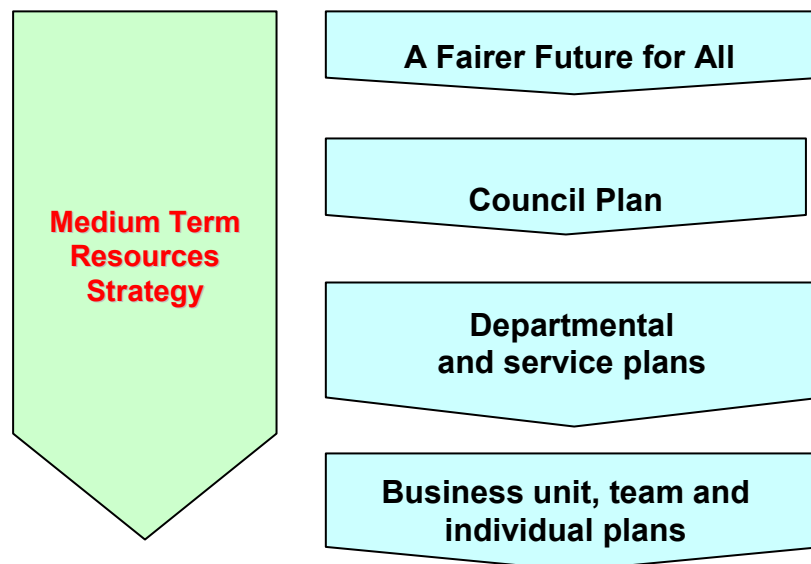
The MTRS provides a framework of underlying principles by which resources may be allocated across the council and other relevant considerations that need to be taken into account.

Each key resource is managed centrally within the council and has a specific strategy in place. Each strategy is designed not only to enable best practice but also to allow for innovation and most importantly to deliver the key outcomes for frontline services across the council. These strategies are set out within this document.

The MTRS has been embedded in the council's strategic planning processes since 2008. While the strategy was developed initially in response to the government's first three year grant settlement, it has become an essential management tool in directing council resources. It has adapted and will continue to adapt over time to changes in council policy and other relevant factors. Most importantly the MTRS provides a key reference point for the Council Plan.

IMPLEMENTATION

The MTRS and Council Plan form important components of the council's "business management framework". The business management framework provides a "golden thread" linking the council's overarching strategy and plans such as the Council Plan to the performance of departments and individual members of staff within the council. This ensures that there is collective responsibility across the council for achieving the outcomes of the MTRS. The MTRS is kept under regular review, including an annual refresh, to ensure it remains relevant to delivering the Council Plan and local priorities.



FINANCIAL MANAGEMENT AND CONTROL STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer: Jennifer Seeley

Context

The Financial Management and Control Strategy sets out the financial principles of the Council and the remit within which it plans its business. The strategy is set in the context of a number of key themes, each structured to support all major policy objectives and priorities as set out in the Council Plan. As the council faces a sustained period of reducing resources, the key considerations influencing key principles of the strategy are:

- Retention of Business Rates
- Government and other grants
- Council tax
- Fees and charges
- Capital finance
- Housing finance
- Financial control and anti-fraud
- Value for money
- Statutory and regulatory duties (S151)

Key Outcomes

Over the period of the MTRS we will achieve the following:

- Unqualified accounts each year.
- A balanced three year budget agreed annually.
- A robust ten year capital programme.
- A five year housing investment programme, secured and maintained.
- Maximisation of the collection income due to the council.
- Maintenance of appropriate levels of general and earmarked balances and contingencies to protect council services and assist in mitigating future risks.
- Maximisation of returns from council investments, within a prudent framework.
- Minimisation of the impact of fraud and corruption on council business.

Key Principles

The principles which underpin how finance resources will be allocated are set out below.

Budget setting

- To prioritise commitments made and updated by the cabinet and the vision to create a fairer future for all by promoting social and economic equality in an economically vibrant borough.
- To protect front-line services and support the most vulnerable people.
- To provide value for money, value for council tax payers and to contribute towards delivering the vision of creating a fairer future for all in Southwark.
- To explore alternative ways of providing a service, talking to partner organisations, the voluntary sector, the trade unions, the business community and other local authorities (links to *contracts and procurement* below).
- To be transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision as soon as possible, and explore with them other ways to provide the service, conducting equalities analysis for all budget proposals.
- To provide a clear and comprehensive explanation for why any service should be cut, reduced or no longer provided by the council, and this explanation should be capable of being subject to robust challenge.
- To take a three year approach and have regard to innovative ways of providing services and maintaining employment in the borough.

Financial Management

- To spend only within budgeted limits whilst sustaining and achieving performance improvement in line with strategic policies and priorities.
- To rigorously review all proposed unavoidable commitments and ensure that all possible avenues for delivery, including alternative funding, have been explored, and that the costs have been kept to the minimum required to meet statutory and contractual requirements.
- To only fund new service growth from additional, identified departmental savings.
- To underpin all council resource allocation decisions with financial reality and health checks.
- To return all windfall benefits not planned within base budgets to central resources for corporate allocation in line with strategic priorities.

Value for money and the management of performance

- To ensure that value for money is sustained and impact of spending reductions on service performance and quality is mitigated as far as effectively possible.
- To monitor and benchmark service performance relative to costs against other councils, nationally and locally.
- To ensure there is an appropriate test of value, efficiency and quality in commissioning arrangements.
- To maximise returns on cash investments while maintaining capital preservation and liquidity.
- To target sustained upper quartile performance for pension fund investments.

Reserves, balances and central contingency

- To present balanced budgets year on year without recourse to reserves and balances except for specific earmarked projects.
- To maintain a central contingency at a sufficient level to cover demand pressures that are volatile, difficult to predict or unforeseen and cannot be reliably quantified at the time the budget is set.
- To maintain reserves and balances at a level sufficient to manage the potential risks and opportunities of the council.
- To target an increase in general fund balances to £20m, over the course of medium term, in line with similar local authorities in London.
- To maintain appropriate earmarked reserves to mitigate risk and smooth cost pressures arising from major council projects and priorities, not least regeneration and development, modernisation and service improvement.
- To use the New Homes Bonus to incentivise house building by returning the benefits of growth to the community, generally through capital projects.
- To allocate to reserves any money received from relevant short-term funding streams, to meet the implementation costs of major projects.

Savings and efficiencies

- To maintain a robust programme of efficiencies and other savings that minimise the impact on the delivery of local priorities.
- To invest to save on the basis of sound and robust business cases.
- To continually review the extent and costs of discretionary services or activity being provided in the context of service priorities and resources available, and explore alternative ways of providing a discretionary service or activity prior to proposing any cut or reduction.

Income and investments

- To maintain the Southwark element of any council tax increases within consumer price index inflation levels over a medium term planning horizon.
- To maximise billings and improve council tax collection rates and non-domestic rates (NNDR) collection rates eliminating unnecessary waste identified within processes.
- To maximise external funding opportunities whilst ensuring the continuance of and further investment in key priorities.
- To achieve an effective and prioritised forward strategy when specific external funding streams cease.
- To maximise the council's income generation by seeking income streams in line with council policies and priorities.
- To increase discretionary fees and charges to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients.
- To increase all fees and charges capped by statute to the maximum level the cap allows.
- To make appropriate representations to government to ensure the council receives the fairest possible level of grant to support Southwark's population and communities.
- To act to reduce arrears overall, with particular emphasis on council tax, rent and NNDR, and seek prompt payment or payment in advance so as to improve the council's overall cash flow position.

Treasury Management

- To optimise investment income returns within the principles of "security, liquidity then yield", in line with the risk appetite and counterparty selection as set out in the Treasury Strategy report as approved by Council Assembly each year.
- To manage debt from borrowing in line with the principles of the Prudential Code and within the setting of Prudential Indicators as approved by Council Assembly each year.
- To use prudential borrowing only where business cases are agreed in accordance with the principles of the overall treasury strategy.
- To seek to reduce the cost of borrowing through debt repayment or debt refinancing where it is economically viable and affordable within the budget framework to do so.

- To set aside funds from the revenue budget to meet the cost of the repayment of debt in accordance with statutory provisions or under the requirements of the Prudential Code as implemented.
- To secure increased funding levels of the pensions fund over time to achieve 100% funding within the period recommended by actuaries.

Capital Programming and strategic projects

- To incorporate major strategic projects in the mainstream capital programme.
- To exploit opportunities afforded through the regeneration programme, including setting a target for capital receipts from regeneration projects to support the council's future capital programme.
- To profile capital schemes realistically over their lifetime and apply full whole life costing principles to all major capital projects including investment and disposal decisions.
- To establish over the medium term sufficient lifecycle maintenance provision for the council's fixed assets where the assets are essential for service delivery and it is cost effective to maintain them in line with the council's asset management plans.
- To review uncommitted budgets within the existing approved capital programme annually and reprioritise as necessary.
- To identify, review and select the most appropriate procurement strategies and partnerships arrangements (where appropriate) for all major capital projects.
- To maximise and accelerate the programme of capital receipts ensuring best consideration and due regard to service provision, in line with the asset management strategy.
- To maximise use of planning gains and associated benefits in accordance with agreements and strategic priorities, by prioritising the use of external grants and planning gains ahead of corporate receipts.
- To pool corporately all capital receipts without any specific earmarking unless so directed by the cabinet.
- To build and maintain a capital contingency reserve (£5m) to fund urgent and unavoidable works, including health and safety and DDA works.

Housing finance

- To ensure the adoption of a balanced Housing Revenue Account (HRA) budget throughout the budget planning horizon.

- To support the provision of landlord services to residents, including planning for balance levels adequate to support the continuing provision of these services.
- To set rents at a level consistent with income assumptions within the 30-year HRA self-financing business plan
- To calculate service charges for tenants and leaseholders to match relevant costs for particular levels of service provision.
- To maintain a business plan for the HRA consistent with self-financing requirements.
- To support the delivery of the housing investment programme within the context of self-financing.

Governance and partnerships

- To regularly review the financial standing orders, financial regulations and contract standing orders to ensure their robustness and continued suitability in order to safeguard the council's assets, maximise its resources and ensure value for money.
- To ensure effective governance arrangements for all partnership agreements are in place particularly where there is a shared use of resources.
- To maintain a risk register for joint risks of all partnerships.
- To optimise the opportunities for efficiencies afforded by improved partnership working and shared services.

Financial control and anti-fraud

- To review controls, systems and processes and ensure proposals for improvement following fraud loss are robust.
- To promote efficiencies to tackle fraud through collaborative working, including local and regional partnerships.
- To share information and good practice with key stakeholders, within statutory guidelines in the interest of preventing and detecting fraud. This will include continuing to undertake statutory data matching across all relevant service areas.
- To ensure a systematic and comprehensive approach to fraud prevention across all service provision.
- To promote ethical behaviour and raise fraud awareness.
- To promote a zero tolerance approach towards fraud which ensures dishonesty is dealt with firmly and consistently.
- To constantly keep under review key fraud risks so that fraud exposure is minimised.
- To enhance the effectiveness of the anti-fraud service through maximising and reinvesting losses recovered.

- To successfully manage operational demand through times of change.
- To conduct professional investigations in line with the changing statutory environment and requirements.
- To minimise fraud risk across all service provision through the effective provision of advice and support.
- To ensure continued fitness for purpose, through regular and rigorous review, of policies, procedures and working practices in relation to the prevention and detection of fraud.

WORKFORCE STRATEGY

WORKFORCE STRATEGY

Lead Department: Chief Executive's

Strategic Director: Eleanor Kelly

Lead Officer: Bernard Nawrat

Context

The Council is operating in an environment which will require a significant reduction in posts arising from the general fund savings programme. In implementing these savings the Council will look first at existing vacant posts, agency / temporary staff cover, as well as natural wastage. The Council has tried and tested policy and procedures to manage workforce change and there will be greater emphasis on the redeployment process, supporting staff and in mitigating redundancies.

Key Outcomes

Over the period of the MTRS we will achieve the following:

- The Council remains an employer of choice.
- Staff are equipped with skills to manage the organisation through a period of significant change.
- A talented and diverse workforce is retained and developed.
- Efficiencies and service improvements are achieved through embedding flexible working practices throughout the organisation.

Key Principles

There are some underlying principles that the Council will aim to maintain through this period of significant change whilst trying to meet financial challenges through collective means. These principles are:

- **Recruitment & Retention**
Ensure that Southwark is an employer of choice that attracts, develops, motivates and retains staff of sufficient numbers and talent to deliver our fairer future promises.
- **Resource management**
Ensure we use every penny as if it were our own through striving to do things better.

- **Reward, recognition & support.**

Deliver a total reward package which is fair, seen as fair & robust to external scrutiny.

- **Employee development & career opportunities**

Develop people's skills & knowledge so that they enjoy productive careers & deliver innovative high performing services and excellent customer care.

- **Employee engagement & communication**

Enable employees to trust the organisation and be committed to its goals. They must be empowered to believe their views count and will be acted upon.

- **Identifying & developing leaders**

Employ and build leaders who can demonstrate the courage, energy and capability to deliver organisational goals and work in partnership with others.

ASSET MANAGEMENT PLAN

Lead Department: Chief Executive's

Strategic Director: Eleanor Kelly

Lead Officer/s: Steve Platts / Matthew Jackson

Context

Built around the objective of delivering corporate priorities from available resources as efficiently as possible, the refreshed Asset Management Plan (AMP) establishes a framework for rationalisation across the council's £3 billion corporate asset base and for achieving sustainability in the retained portfolio.

The overriding objective of the AMP is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. In turn the estate will contribute to improving operational and service delivery outcomes.

Much of course has changed in the public sector resources environment over the last few years. Therefore the AMP seeks to fully address the pressures of escalating property holding costs, and mounting financial constraints on the public sector purse. The council's estate and those across the public sector (including those of our operating partners) will emerge very significantly altered and our overall vision is to plan for a smaller, sustainable corporate estate.

Key Outcomes

Over the period of the MTRS we will achieve a property estate that:

- Is treated as a corporate resource and is managed corporately;
- Supports the delivery of the council plan;
- Is well maintained and fit for purpose (i.e. delivering services);
- Is fully utilised;
- Is suitably located and accessible;
- Is cost effective and represents a value for money return on the council's investment.

Key Principles

The principles which underpin how the council's assets are managed are set out below.

Corporate & Operational

- To achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes i.e. (sustainable; efficient; value for money).
- To ensure strategic planning of the estate is fully integrated into the council's business planning processes.
- To proactively mitigate the affects of the market downturn whilst reconciling this with the strategic objectives of the council.
- To consolidate property management arrangements at strategic and operational levels.
- To manage our estate in accordance with our obligations as a landlord and with regard to all relevant health and safety / statutory compliance requirements;
- To constantly review and monitor the operational estate to achieve portfolio objectives, including the maximisation of opportunities and efficiencies from the council's occupation of 160 Tooley Street and Queen's Road offices.
- To successfully manage operational demand for corporate accommodation arising from extensive restructuring across the organisation and the ongoing drive towards modernise.
- To provide flexible solutions to operational requirements to allow for changing future demands in the operational estate (including through exit strategies).
- To respond to changing demand for property services from all parts of the organisation; balancing those demands against the resources available.
- To promote collaborative/partnership working to provide efficiencies, either through occupational, operational or procurement arrangements.
- To promote high environmental sustainability in both existing buildings and in procurement of new assets in order to minimise costs in use and emissions.

Arrangements for Asset Management

- To ensure the provision of effective, professional property advice in support of departmental strategic objectives;
- To raise the profile of asset management planning corporately and operationally across the authority and reinforce the role of the Corporate Property Officer;
- To renew and reinforce structures for asset management planning at a corporate

level;

- To ensure property strategies in support of corporate objectives are properly resourced and programmed;
- To review and refine systems, data, and performance management arrangements in order to fulfil the growing client expectations;
- To safeguard the Council's legal position with regard to its land holdings by completing a comprehensive review and registration of title programmes.

Regeneration

- To contribute to key regeneration projects through acquisition and disposal activity, rent and lease renewal strategies, and use of compulsory purchase order powers where appropriate.

Investment Assets

- To challenge reasons for holding investment property and monitor investment returns and performance;
- To manage rent reviews and lease renewals to maximise revenue income;
- To take appropriate action to minimise the arrears of rent;
- To proactively manage the investment portfolio to ensure compliance with lease terms and protect/enhance value.

The Voluntary & Community Sector Estate

- To review the strategy in 2014 for managing voluntary and community sector assets owned by the council, building on the previous strategy framework of 2009, and 2010 Corporate Asset Management Plan.

Surplus Properties and Disposal

- To deliver challenging capital receipt targets whilst maintaining best consideration principles and balancing revenue requirements.

VOLUNTARY AND COMMUNITY SECTOR STRATEGY

Lead Department: Housing and Community Services

Strategic Director: Gerri Scott

Lead Officer/s: Stephen Douglass

Context

The voluntary and community sector (VCS) has an essential role to play in Southwark. In the coming years the role of VCS organisations will be increasingly important to ensure that our most vulnerable residents are not left behind. To do this in the current financial climate the council and the VCS will together have to change and modernise the way we work and draw upon the expertise and experience that exists across all our partners.

The council has a history of promoting greater engagement by the community however the resource environment is now much tighter than in recent years. The community must now be encouraged to seek opportunities for widening this engagement and meeting the challenge that sits alongside the loss of financial resources. The fundamental principle is about change that has collaboration at its heart. We will work to build on the strong relationship we have developed with the VCS to shape the services our residents use and help tackle the problems facing the local community.

Work will continue on the key principles of relationship between the council and VCS to ensure that they are fit for purpose and robust. Keeping the principles under review will assist in the delivery of activities involving partnership working between the council and the VCS.

Key Outcomes

Over the period of the MTRS we will work in partnership with the VCS to achieve:

- A modernised relationship between the council and the VCS that supports the delivery of efficient public services.
- A self-sustaining sector that enables local organisations to find new ways of accessing funding, resources, and support.

- Modern and streamlined commissioning processes that reduce transactional costs for the council and the VCS, provide value for money and clear outcomes for our communities.

Key Principles

The principles which underpin the council's approach to the VCS is set out below;

- To work with partners to reconfigure and redesign public services to meet the needs of the most vulnerable in future.
- To work with the VCS to develop public services which are efficient and effective.
- To reduce the burdens on the council and the sector that are imposed through commissioning relationships by removing unnecessary barriers and streamlining commissioning processes so as to minimise transaction costs.
- To further promote the social benefits that come from having a strong relationship with the VCS community.
- To reduce cost by working in more efficient ways with the sector to support a programme of VCS modernisation.
- To ensure that the impact of the cuts on frontline service provision is minimised by helping to develop a strong independent VCS ready to face the challenges of the future.
- To promote and encourage the sharing of VCS back office costs and collaboration and merger where it is appropriate and best to do so.
- To better understand the overall funding landscape of the VCS sector and how council funding helps to lever funds from other sources.
- To work with the VCS to maximise resources and support from a wide range of sources in order to ensure the sustainability of the sector enabling local organisations to find new ways of accessing funding, resources, and support.
- To support the VCS in developing the most effective and the best value for money services. Finding better ways of measuring outcomes for our residents so that we know what is being achieved not just what is being done.
- To ensure that the VCS is supported in the development of business plans, fundraising strategies and future funding bids that leads to self-sustaining financial and other key resource outcomes. We will also work with our VCS partners to develop volunteering and local philanthropy.
- To actively encourage the development of initiatives that will support third sector organisations to engage with the personalisation agenda.

- To encourage and support, where possible and viable, new models of service provision, innovation, resource activity that also more effectively and efficiently realise savings over the medium term planning period.
- To take an approach that strengthens the resilience of the sector by finding new or better ways of supporting our local VCS that go beyond the financial. This may for example include how we use our property portfolio to supports the VCS to achieve self-sustainability and take advantage of regeneration and development opportunities to find new ways of improving and providing community spaces that are efficient and fit for purpose.

CONTRACTS AND PROCUREMENT STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer: Jennifer Seeley

Context

The aim of the Contracts and Procurement Strategy is to ensure that the council takes the right steps when:

- Identifying service needs and options for the ways in which these may be best delivered.
- Procurement of these services where contracting is the preferred option.
- Management and monitoring and commissioning of contracts that have been awarded.

Where contracting with external suppliers is the preferred vehicle for providing services, this must be successful in meeting defined service objectives, meet the commitments of the Council Plan and achieve value for money.

Procurement, contract management and commissioning remains a critical element of the council's efficiency programme and budget plan, alongside issues of people, property and process. All cost reductions and efficiencies must be considered in the context of the need to maintain the most appropriate service levels, protection of the council's statutory and regulatory functions and the needs for customer satisfaction. The Finance and Corporate Services department will therefore continue to support managers across the council to secure products and services that provide value for money.

Key Outcomes

Over the period of the MTRS we will achieve the following through procurement, commissioning and contract management:

- Maintain a clear and unambiguous understanding of current and future service needs.
- Provide contracts that deliver quality services at an affordable cost.
- Sustain a joint passion with our contractors for customer service and satisfaction.

- Commit to contracts that achieve a right first time approach to service delivery.
- Continually improve through collaboration and partnership working with contractors.
- Facilitate and promote innovation through procurement, contract management and commissioning.
- Procure and manage contracts in a way that is fair to local businesses and to their employees.
- In real and recognised terms, be known as a good organisation to do business with.

Key Principles

In achieving these outcomes, the council's contracts and procurement function will continually refer to following key principles:

Value for Money

- To recognise the balance between price and quality and the relative importance of both.
- To get best value from contracted services through :
 - Challenge of procurement arrangements and seeking opportunities to reduce price, improve quality and maximise efficiency.
 - Delivery of service solutions that are future proof.
 - Understanding distinction between essential and non essential service needs and the impacts on cost.
 - Decisions supported by comprehensive and robust data.
 - Whole life analysis of options and assessment of risks.
- To improve contract management by continuously improving and learning from experience of 'relationship management'.
- To achieve continuous improvement from all areas of procurement expenditure by ensuring that all procurement activity is undertaken by informed managers supported by professional procurement staff.
- To increase the utilisation of e-procurement facilities to deliver process and procurement savings.
- To continue joint procurement of services with other councils where such arrangements deliver value for money and improved services.

Good Governance, Effective Process and Competencies

- To ensure all procurement practices are legal, ethical and transparent, conforming to procurement legislation and regulation and robust enough to meet the challenge of external scrutiny.
- To ensure that the council's governance arrangements are appropriate to meet the principles of openness and accountability.
- To maintain a model where service directors are accountable for the delivery of service definition, procurement, commissioning and contract monitoring.
- To provide specialist support, advice and leadership as appropriate.
- To have clear, unambiguous and sufficiently flexible operational arrangements that respond to service needs, reduce red tape and protect statutory and regulatory responsibilities of the council.
- To promote a climate of corporate compliance supported by appropriate staff competencies in procurement, contract management and commissioning.
- To promote commitment of suppliers to the prevention, detection of fraud and corruption in their processes.

Support and Advice

- To provide high quality guidance, support, documentation and awareness sessions for service managers and their staff engaged in procurement processes.
- To ensure all procurement process projects follow standard project and risk management procedures appropriate for the size and complexity of the procurement.
- To reduce the costs of procurement process and the time it takes by taking a planned and co-ordinated approach that is efficient, effective and streamlined and avoids duplication and waste.
- To ensure existing contracts, frameworks and internal and external procurement vehicles such as the Local Education Partnership are utilised to reduce procurement costs.

Social Considerations

- To demonstrate improvement in the equality of opportunity and the promotion of good relationships between people within a diverse community in all procurement activity.
- To ensure that all procurement considers the environment and where appropriate includes evaluation models that take into account the council's sustainability objectives.

- To develop socially responsible specifications and to seek to realise social, environmental and community benefits through procurement.
- To create a basis for assessing social, environmental and community benefits within the process for evaluating contracts where it is both affordable and legal to do so, taking into account the Public Services (Social Value) Act 2012.

Market Considerations

- To work with current suppliers and contractors to explore opportunities for bringing benefits to the local community and employment, including application of the London Living Wage.
- To operate a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, (including small firms, social enterprises, minority businesses, and voluntary and community sector groups), and wherever possible encourage local sourcing and local employment.
- To promote the concept of the London Living Wage not only within Council contracts but also with those businesses and employers working in Southwark.
- To build good relations with suppliers and making Southwark an organisation of preferred choice for companies of all types.
- To ensure that good communications exist with suppliers before, during and after procurement processes.
- To be 'open and transparent' treating all potential suppliers both 'fairly' and equally during tender processes
- To make available contract and tender applications on the council website.

Contracts fit for purpose

- To secure an open and honest approach to relationship management.
- To ensure good communication exist with contractors and that respective roles and responsibilities are clear.
- To share objectives for service outcomes.
- To continually develop contracts through formal and informal management of relationships, including variations to reflect changing need and innovation.

TECHNOLOGY STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer/s: Richard Heap / Ian Morrisey / Matthew Hunt

Context

This strategy is in a transitional phase. Options are being considered for the future support and management of the IT service, especially that which is presently provided through existing contracts in the context of new and emerging technologies, **such as cloud computing**.

Exploiting the opportunities provided by technology remains integral to the council's drive to deliver essential high quality, universal services that get it right first time and reduce waste and duplication.

The effective use of technology – along with change management, process redesign and training - is fundamental to achieving service wide improvement in a time of resource restraint. Southwark is committed to exploring the use of technology to the advantage of its citizens, wherever the resulting business benefits are justified by the investments required, and wherever the organisation needs to deliver service excellence.

The Technology Strategy will be revised as the council transforms specifically in response to reductions in funding across all services and to changes in functions, activities and delivery models that this will create. Significant investment however will be required in technology to ensure that key business applications are responsive to service needs, and to enable and facilitate better service delivery at an affordable cost.

Key Outcomes

Over the period of the MTRS we will achieve the following:

- Services kept operational
- Improve supplier relationships
- Improve supplier performance
- Enhance customer relationship and involvement

Key Principles

The principles which underpin the council's strategy around technology will continue to be reviewed and currently include:

- To keep information services operational.
- To realise the potential of existing systems through the effective implementation of changes to the infrastructure;
- To improve the delivery and cost of services through the effective use of technology;
- To have the technology which enables the sharing of data and information so that sound decisions can be made and processes can be streamlined;
- To enable residents increased access to services within the borough by improved on-line and interactive provision;
- To maximise output from contracted outsource providers;
- To improve supplier relationships and improve stakeholder management in IS delivery.

Facilities Management

- To maintain a sustainable corporate estate and preserve its inherent investment and utility value. This will be delivered through comprehensive facilities management arrangements and a planned preventative maintenance programme;
- To put in place a full condition survey programme for the operational estate;
- To improve stock condition and minimise backlog maintenance;
- To ensure statutory compliance and minimise facilities exposure to risk;
- To rationalise and repackage facilities management contracts to achieve management efficiencies, economies of scale and mitigation of corporate landlord compliance risk;
- To consolidate facilities management budgets providing total cost of occupancy to support strategic asset management;
- To undertake informed outsourcing based on fixed price repairs and maintenance bringing significant cost certainty and increasing transfer of risk to the supply side;
- To continue the delivery of the corporate compliance programme, working toward best practice allowing effective and transparent management of risk.

FACILITIES MANAGEMENT STRATEGY

Lead Department: Finance & Corporate Services

Strategic Director: Duncan Whitfield

Lead Officer: Matthew Hunt

Context

Through its established Asset Management Plan and ongoing modernisation programme the Council is working to deliver a corporate, operational portfolio that is appropriate, fit for purpose and affordable. This process is well underway with a significant disposal programme in train.

Key to this is the development and ongoing, effective management of healthy, safe and compliant buildings that provide both a good, efficient working environment for staff and modern facilities for the delivery of services to Southwark residents.

The Council's Facilities Management (FM) strategy is to progress towards a consolidated approach to FM for its operational estate both in terms of management and the provision of contracted services. It is moving from multiple, single provider service contracts to a small number of newly procured, appropriately specified service arrangements.

This approach to procurement will provide the platform to bring together all FM arrangements for the operational estate, and to develop those with partners to deliver further efficiencies through economies of scale

All new and refreshed office accommodation will operate under the Council's fully adopted Modern Ways of Working (MWoW) principles, with the adoption of these principles where practical in the remaining estate.

The FM Strategy will be reviewed as the council and its operational estate transforms specifically in response to reductions in funding across all services and to the resultant changes in operational property requirements.

Key Outcomes

Over the period of the MTRS we will achieve the following:

- A reducing operational estate
- Increased and co-ordinated management of FM related budgets
- A rationalised FM supplier base
- Innovative and improving FM services at reducing cost.
- Improved supplier relationships
- Continuously improving supplier performance
- Delivery of customer focussed services
- Comprehensive management information for the operational estate

Key Principles

The principles which underpin the FM strategy will continue to be reviewed and currently include:

- To maintain a sustainable corporate estate and preserve its inherent investment and utility value delivered through comprehensive FM arrangements and a co-ordinated planned preventative maintenance programme;
- To put in place and manage comprehensive condition data and associated building related management information;
- To improve stock condition through a targeted capital preventative planned maintenance programme;
- To ensure statutory building related compliance and effectively manage any residual risk;
- To implement corporate standards across all FM services to bring consistent, affordable and appropriate service levels to the working environment;
- To rationalise and repackage FM contracts through informed procurement to achieve management efficiencies and economies of scale bringing increasing cost certainty and transfer of risk to the supply side;
- To implement best practice contract management to deliver services that meet the evolving needs of the council;
- To continue the consolidation of FM budgets providing total cost of occupancy to support strategic asset management and ensure the best use of the council's resources.

APPENDIX G

Technical Information on the Autumn Statement

London Councils response on New Homes Bonus Proposals

1. On 9 December 2013, London Councils released a statement with regard to the £70m withheld from London authorities:
 - New Homes Bonus is granted to councils in recognition of the pressures they and their communities face when new housing is built in their borough. For example, the cost of more people using locally delivered services, such as adult care or libraries, or investment in infrastructure. The Autumn Statement announced that, from 2015, London boroughs will face a cut of £70 million in the New Homes Bonus. It also announced that outside of London the New Homes Bonus will not be given to Local Enterprise Panel (LEPs), as had been originally proposed, but would instead continue to go to the councils who deliver local services. The government has, however, decided that in London the New Homes Bonus will be given to the London Local Enterprise Panel, chaired by the Mayor of London.
 - The Chair of London Councils, Mayor Jules Pipe, said: “All Londoners should be outraged by this move. If the New Homes Bonus is essential for councils in Leeds and Manchester to fund the pressures of growth, why should Londoners be any different? This must be reversed. The very fact that it has been proposed raises fundamental questions about the governance of the growth agenda in London and the government’s commitment to it.”

Economic growth

2. The latest economic forecasts suggest that the economy will move from a deficit to surplus in 2017, the table below shows the recovery profile.

	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19
Public sector current receipts (a)	37.8	37.7	37.8	37.9	38.1	38.1	38.3
Total managed expenditure b	42.9	43.7	42.7	41.9	40.7	39.5	38.4
Of which							
Public sector current expenditure (c)	41.9	40.8	39.6	38.9	37.8	36.6	35.6
Public sector net investment (d)	(0.4)	1.5	1.6	1.5	1.5	1.5	1.5
Depreciation(e)	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Deficit							
Public sector net borrowing (b-a)	5.1	6.0	4.9	4.0	2.6	1.3	0.1
Surplus on current budget (a-c-e)	(5.5)	(4.5)	(3.3)	(2.5)	(1.1)	0.2	1.4

Future inflation

3. Based on the latest economic forecasts, the ONS have produced their latest inflation forecasts. These are shown below with previous forecasts for comparison.
4. The Treasury’s 2% CPI inflation target is not expected to be achieved until 2016.

CPI Inflation (Target 2.0%)	2012	2013	2014	2015	2016	2017
CPI – Dec 2013	2.8%	2.6%	2.3%	2.1%	2.0%	2.0%
CPI – Mar 2013	2.8%	2.8%	2.4%	2.1%	2.0%	2.0%

CPI Inflation (Target 2.0%)	2012	2013	2014	2015	2016	2017
CPI - Dec 2012	2.8%	2.5%	2.2%	2.0%	2.0%	-
CPI – Mar 2012	2.8%	1.9%	1.9%	2.0%	2.0%	-

RPI – Dec 2013	3.2%	3.1%	2.9%	3.3%	3.6%	3.7%
RPI – Mar 2013	3.2%	3.2%	2.8%	3.2%	3.6%	3.9%
RPI – Dec 2012	3.2%	3.0%	2.6%	3.1%	3.4%	-
RPI – Mar 2012	3.2%	2.3%	2.5%	3.6%	4.0%	-

Provisional Finance Settlement

Settlement Funding Assessments (previously start up funding) and damping

- On 18 December 2013, the government announced the provisional settlement for 2014/15 and illustrative figures for 2015/16. These figures give Southwark's Settlement Funding Assessment (SFA) at £227.4m. This is some £0.9m higher than the indicative allocation issued in July as part of the consultation, and included in the report to October cabinet. However 2013/14 council tax freeze grant has been rolled into SFA in 2014/15, so the two figures are comparable and will not materially effect the current 2014/15 budget position.
- Overall Southwark's SFA has been reduced by £26.9m (10.6%), this compares with Inner London £259.6m (10.7%), and £504.4m for all London authorities (10.4%). At a national level the reduction is £2,473.9 (9.4%).

		Southwark	Inner London	London	England
Adjusted 2013/14	£m	254.3	2,415.6	4,859.2	26,256.4
2014/15 Funding	£m	227.4	2,156.0	4,354.8	23,782.5
Change	£m	(26.9)	(259.6)	(504.4)	(2,473.9)
Change	£m	(10.6)	(10.7)	(10.4)	(9.4)
2015/16 funding	£m	194.0	1,835.5	3,727.1	20,650.8
Change	£m	(33.4)	(320.5)	(627.7)	(3,131.7)
Change	%	(14.7)	(14.9)	(14.4)	(13.2)

- For Southwark, the government's calculation of settlement funding comprises of the following:

	Adjusted 2013/14 Funding	2014/15 funding	Change		2015/16 Funding	Change	
	£m	£m	£m	%	£m	£m	%
Upper - tier funding	161.416	144.294	(17.122)	(10.6%)	120.996	(23.298)	(0.161)
Lower - tier funding	62.728	53.773	(8.955)	(14.3%)	45.000	(8.773)	(0.163)
Formula Funding	224.144	198.067	(26.077)	(11.6%)	165.996	(32.071)	(0.162)
Add Grants rolled in 2011/12 Council Tax Freeze grant	2.257	2.247	(0.010)	(0.4%)	2.247	0.000	0.000

	Adjusted 2013/14 Funding	2014/15 funding	Change		2015/16 Funding	Change	
	£m	£m	£m	%	£m	£m	%
Early Intervention	14.416	13.298	(1.118)	(7.8%)	12.162	(1.136)	(0.085)
Homelessness Prevention	1.541	1.518	(0.023)	(1.5%)	1.518	0.000	0.000
Lead Local Flood Authority	0.183	0.180	(0.003)	(1.6%)	0.180	0.000	0.000
Learning Disability and Health Reform	10.831	10.933	0.102	0.9%	10.930	(0.003)	0.000
2013/14 Council Tax freeze grant	0.929	0.929	0.000	0.0%	0.929	0.000	0.000
Returned holdback	0.000	0.272	0.272	-	0.000	(0.272)	(1.000)
Settlement Funding Assessment	254.301	227.444	-26.857	(10.6%)	193.962	(33.482)	(14.7%)

8. For 2014/15, Southwark have the second highest settlement funding reduction (12th highest % decrease. The cash reductions range between £27.1m for Tower Hamlets (11.1%) to £4.7m for Richmond-upon Thames (9.2%).
9. For 2015/16, Southwark have the highest settlement funding reduction (11th highest % decrease. The cash reductions range between £33.4m for Southwark (14.7%) to £4,9m for Richmond-upon-Thames (10.6%).

Revenue spending power

10. As part of the 2014/15 finance settlement the government announced for all councils' reductions in their spending power when compared to the previous year. According to DCLG analysis, Southwark have incurred a £17.7m reduction (4.8%). This compares with a reduction for Inner London of £179.5m (4.8%) and £327.7m (3.9%) for all London boroughs. At a national level the reduction is £1,668.7m (3.1%).
11. The Governments announcement gives the national funding reduction at 2.9%, (1.8% in 2015/16) this is because it excludes the GLA. The national figures above include GLA, so to provide a like for like comparison between previous years.
12. For 2014/15, Southwark have the third highest spending power reduction (11th highest % decrease. The spending power reductions range between £18.7m for Lambeth (5.0%) to £1.2m for Richmond-upon Thames (0.7%).
13. For 2015/16, Southwark have the second highest spending power reduction (5th highest % decrease. The cash reductions range between £19.7m for Newham (6.1%) to £3.3m for Bromley (1.4%).
14. The table below shows the reductions in spending power for Southwark, London and England since 2011/12, it can be seen that over the five year period Southwark and London have borne a disproportionate share of the reductions.

		Southwark	Inner London	London	England
2011/12	£m	33.7	303.3	514.8	2,578.50
	%	8.4	7.8	5.9	4.7
2012/13	£m	16.9	175.1	325.3	1,742.90
	%	4.6	4.9	4.0	3.3

		Southwark	Inner London	London	England
2013/14	£m	21.4	206.4	398.7	1,966.80
	%	5.9	5.9	4.9	3.8
2014/15	£m	17.7	179.5	327.7	1,668.6
	%	4.8	4.8	3.9	3.1
2015/16	£m	18.8	172.0	267.6	1,053.3
	%	5.3	4.9	3.3	2.0

15. The 2015/16 spending power reductions are further disguised by the inclusion of the £3.5bn Better Care Fund designed to enable local places to integrate care that is currently commissioned by the NHS and local authorities. This is a pooled budget that will fund both NHS and local services, depending on local needs, it is possible that only a small amount of this could go to local government.
16. The table below shows the reduction in spending power if this is excluded.

		Southwark	Inner London	London	England
2015/16	£m	29.0	284.4	571.8	2,868.7
	%	8.4	8.3%	7.2%	5.7%

17. A DCLG explanatory note said it was right to include this money in the spending power calculation because “it is for local authorities and NHS to agree locally how the funding will be spent through Health and Wellbeing Boards”, Simon Parker, director of the think tank New Local Government Network, said “It’s surely either in the NHS ring-fence or it isn’t”.
18. These reductions for Southwark follow on from the loss of £33.7m (8.4%) in 2011/12 and £16.7m (4.6%) in 2012/13. For all years, the assessment is in cash terms and takes no account of inflation, albeit that pay awards have been frozen through most of the period. The real terms analysis of these reductions in spending power would clearly worsen the overall loss.

Retained Business Rates

19. For the transition to the business rates retention system, the government have calculated for each local authority a baseline funding level. For Southwark this is £103.193m for 2014/15, and £106.041m for 2015/16.
20. 40% of Southwark’s baseline amount is passed on to the GLA, leaving £59.071m, see below.

	2014/15 £m	2015/16 £
Net forecast rate yield	196.970	202.344
Less: amount to be paid to central government (50%)	(98.452)	(101.172)
Business rate baseline	98.452	101.172
Less amount to be passed on to the GLA (40% of business rates baseline, 20% of net rate yield)	(39.381)	(40.469)
RBR income for Southwark Council (30%)	59.071	60.703

21. This figure is deducted from the baseline funding to determine the top-up or tariff, Southwark will receive a top-up of £44.122m in 2014/15 and £45.339 in 2015/16
22. The 2014/15 baseline funding of £103.193m is then deducted from the start up funding £227.4443m to determine the amount of revenue support grant, for Southwark this will be £124.251m in 2014/15, the total of each of the above element of the retained business rates system matches the start up funding as can be seen below. For 2014/15 the government have capped the increase to 2% for the uplift of the baseline funding amount.

		2014/15 £m	2015/16 £m
Retained Business Rates (RBR)	Variable	59.071	60.703
RBR top up from government	Fixed	44.122	45.339
Baseline funding level		103.193	106.042
Revenue Support Grant (RSG)	Fixed	124.251	87.920
Total Funding		227.444	193.962

23. Actual retained business rates income for 2014/15 will be dependent on the assessed rateable values, effect of appeals and collection rates. An NNDR1 return to estimate this was submitted by the council to DCLG. The net rate yield from the NNDR1 report is then adjusted to take account of the central government (50%) and Greater London Authority (GLA) share (20%):
24. As for any new scheme of this material significance, there is much uncertainty over the operation of the business rate retention scheme. This presents significant risk to the council but also some opportunity in the event of an increase in business rate yield that surpasses government targets. Any uncollected business rates, or unfavourable variation from government estimates of rateable values, will impact directly on council resource available and therefore on resources available to fund and to provide services.
25. Although the business rates retention scheme will include a safety net at 7.5% to protect local authorities from significant reductions in business rates, this means that shortfalls from 0-7.5% will not be protected and will have to be borne by the local authority. It would be possible for a local authority to lose just below 7.5% for a number of years and never receive any safety net payment. In addition, the council has to estimate for the impact of appeals, of which there are 1,400 outstanding at present.
26. The strategic director of finance and corporate services and acting as S151 Officer has earmarked part of the Financial Risk Reserve to help protect the council from the risks and variations inherent in the new funding system and especially risks underlying business rate retention.

Council Tax Comparisons – 2007/08 to 2013/14

Local authority	Band D Council Tax for the authority £	Increase in Council Tax for the Authority %	Band D Council Tax For the authority including GLA precept £	Increase in Council Tax for the Authority including GLA precept %
2013/14				
England	N/A	N/A	1,455.60	0.8
Greater London	999.31	0.1	1,301.80	(0.2)
Southwark	912.14	0.0	1,215.14	(0.3)
2012/13				
England	N/A	N/A	1,444.13	0.3
Greater London	997.99	(0.1)	1,304.36	(0.3)
Southwark	912.14	0.0	1,218.86	(0.3)
2011/12				
England	N/A	N/A	1,439.33	0.0
Greater London	999.06	0.0	1,308.43	0.0
Southwark	912.14	0.0	1,221.96	0.0
2010/11				
England	N/A	N/A	1,439.22	1.8
Greater London	999.23	0.0	1,308.62	0.0
Southwark	912.14	0.0	1,221.96	0.0
2009/10				
England	N/A	N/A	1,413.84	3.0
Greater London	998.86	1.7	1,308.23	1.3
Southwark	912.14	0.0	1,221.96	0.0
2008/09				
England	N/A	N/A	1,373.08	3.9
Greater London	982.29	2.9	1,291.66	2.7
Southwark	912.14	4.0	1,221.96	3.5
2007/08				
England	N/A	N/A	1,321.32	4.2
Greater London	954.76	3.1	1,258.19	3.6
Southwark	877.06	3.9	1,180.94	4.3

DETAILED SERVICE BUDGET OBJECTIVE AND SUBJECTIVE ANALYSIS

Department	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Children's and Adult Services	206,522	3,099	6,390	-12,932	203,079
Chief Executive	19,581	235	0	-1,421	18,395
Environment and Leisure	72,785	1,535	0	-2,257	72,063
Finance and Corporate services	46,269	523	0	-2,000	44,792
Housing and Community Services	37,513	179	1,021	-2,194	36,519
Total net service expenditure	382,670	5,571	7,411	-20,804	374,848

Subjective analysis	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Employees	172,583	1,674	0	-4,297	169,960
Premises	24,678	285	0	-399	24,564
Transport	11,487	95	0	-13	11,569
Supplies and services	78,538	669	0	-1,674	77,533
Third party payments	344,777	2,487	5,488	-6,378	346,374
Transfer payments	249,091	361	1,869	-600	250,721
Support services	45,724	0	0	-1,840	43,884
Capital financing costs	28,351	0	0	0	28,351
Total Expenditure	955,229	5,571	7,357	-15,201	952,956
Government grants	-450,782	0	0	-1,905	-452,687
Other grants	-13,930	0	54	-1,575	-15,451
Fees and Charges	-51,274	0	0	-985	-52,259
Miscellaneous income	-2,750	0	0	0	-2,750
Total Income	-518,736	0	54	-4,465	-523,147
Net Expenditure before recharges	436,493	5,571	7,411	-19,666	429,809
Recharge to HRA	-18,334	0	0	-1,038	-19,372
Other recharge income	-35,489	0	0	-100	-35,589
Total net expenditure	382,670	5,571	7,411	-20,804	374,848

Children's and Adult Services

Division / Service	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Education Services	20,520	255	100	-1,347	19,528
Commissioning & Business Improvement	29,478	80	900	-2,865	27,593
Specialist Services	49,248	927	4,400	-2,290	52,285
Central Costs	15,280	0	0		15,280
Core Funding	114,526	1,262	5,400	-6,502	114,686
Education Services	30,914	0	0	0	30,914
Commissioning & Bus Improvement	36	0	0	0	36
Specialist Services	878	0	0	0	878
Central Budgets	1,977	0	0	0	1,977
Schools and External Funding - DSG	-33,805	0	0	0	-33,805
DSG Funding	0	0	0	0	0
Children's Services	114,526	1,262	5,400	-6,502	114,686
Physical Disabilities & Occupational Therapy Service	10,541	230	0	0	10,771
Learning Disabilities	36,939	700	990	-3,407	35,222
Provider Services Non-Pool	3,358	33	0	0	3,391
National Assistance Act (NRPF)	1,852	0	0	0	1,852
Older People Service	29,275	693	0	-773	29,195
Mental Health	9,552	161	0	-200	9,513
Quality and transformation	2,036	13	0	-150	1,899
Business Strategy and Performance	-1,557	7	0	-1,900	-3,450
Adult Services	91,996	1,837	990	-6,430	88,393
Total Net Expenditure	206,522	3,099	6,390	-12,932	203,079

Children's and Adult Services

Subjective analysis	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Employees	60,443	561	0	-1,245	59,759
Premises	1,733	20	0	-200	1,553
Transport	4,577	95	0	0	4,672
Supplies and services	15,674	0	0	-300	15,374
Third party payments	317,807	2,062	5,400	-5,542	319,727
Transfer payments	13,614	361	990	-600	14,365
Support services	19,188	0	0	-1,840	17,348
Capital financing costs	7,047	0	0	0	7,047
Total Expenditure	440,083	3,099	6,390	-9,727	439,845
Government grants	-210,885	0	0	-1,705	-212,590
Other grants	-10,764	0	0	-1,500	-12,264
Fees and Charges	-9,327	0	0	0	-9,327
Miscellaneous income	-1,140	0	0	0	-1,140
Total Income	-232,116	0	0	-3,205	-235,321
Net Expenditure before recharges	207,967	3,099	6,390	-12,932	204,524
Recharge to HRA		0	0	0	0
Other recharge income	-1,445	0	0		-1,445
Total net expenditure	206,522	3,099	6,390	-12,932	203,079

Chief Executive

Division / Service	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Regeneration	4,985	50	0	-60	4,975
Planning & Transport	2,451	49	0	-237	2,263
Human Resources	4,590	56	0	-377	4,269
Corporate Strategy	7,555	50	0	-747	6,858
Public Health	0	30	0	0	30
Total net expenditure	19,581	235	0	-1,421	18,395

Subjective analysis	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Employees	22,075	223	0	-1,203	21,095
Premises	1,276	7	0	0	1,283
Transport	147	0	0	0	147
Supplies and services	7,263	5	0	-23	7,245
Third party payments	739	0	0	0	739
Transfer payments	0	0	0	0	0
Support services	3,161	0	0	0	3,161
Capital financing costs	941	0	0	0	941
Total Expenditure	35,602	235	0	-1,226	34,611
Government grants	-1,918	0	0	0	-1,918
Other grants	-2,201	0	0	-75	-2,276
Fees and Charges	-6,601	0	0	-120	-6,721
Miscellaneous income	-164	0	0	0	-164
Total Income	-10,884	0	0	-195	-11,079
Net Expenditure before recharges	24,718	235	0	-1,421	23,532
Recharge to HRA	-301	0	0	0	-301
Other recharge income	-4,836	0	0	0	-4,836
Total net expenditure	19,581	235	0	-1,421	18,395

Environment and Leisure

Division / Service	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Public Realm Division	18,980	418	0	-955	18,443
Community Safety Division	10,163	109	0	-476	9,796
Business Support Services	813	7	0	-100	720
Sustainable Services	29,462	869	0	-300	30,031
Culture, Learning, Libraries and Leisure	13,367	132	0	-426	13,073
Total net expenditure	72,785	1,535	0	-2,257	72,063

Subjective analysis	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Employees	44,426	441	0	-320	44,547
Premises	7,029	139	0	0	7,168
Transport	6,412	0	0	0	6,412
Supplies and services	31,076	530	0	-140	31,466
Third party payments	21,244	425	0	-782	20,887
Transfer payments	0	0	0	0	0
Support services	12,089	0	0	0	12,089
Capital financing costs	12,416	0	0	0	12,416
Total Expenditure	134,692	1,535	0	-1,242	134,985
Government grants	-11,887	0	0	-200	-12,087
Other grants	0	0	0	0	0
Fees and Charges	-21,154	0	0	-715	-21,869
Miscellaneous income	-1,309	0	0	0	-1,309
Total Income	-34,350	0	0	-915	-35,265
Net Expenditure before recharges	100,342	1,535	0	-2,157	99,720
Recharge to HRA	-17,253	0	0	0	-17,253
Other recharge income	-10,304	0	0	-100	-10,404
Total net expenditure	72,785	1,535	0	-2,257	72,063

Finance and Corporate Services

Division / Service	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Director's office	1,811	4	0	-100	1,715
Financial and information governance	1,519	7	0	0	1,526
Deputy finance director	7,311	72	0	-400	6,983
Information Services	9,693	153	0	-810	9,036
Corporate facilities management	11,805	133	0	-160	11,778
Revenues and benefits	12,774	107	0	-320	12,561
Legal services	1,356	47	0	-210	1,193
Total net expenditure	46,269	523	0	-2,000	44,792

Subjective analysis	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Employees	28,401	280	0	-734	27,947
Premises	13,504	109	0	-189	13,424
Transport	184	0	0	0	184
Supplies and services	12,068	134	0	-873	11,329
Third party payments	3,052	0	0	-54	2,998
Transfer payments	223,613	0	0	0	223,613
Support services	8,789	0	0	0	8,789
Capital financing costs	7,826	0	0	0	7,826
Total Expenditure	297,437	523	0	-1,850	296,110
Government grants	-226,092	0	0	0	-226,092
Other grants	0	0	0	0	0
Fees and Charges	-7,352	0	0	-150	-7,502
Miscellaneous income	-130	0	0	0	-130
Total Income	-233,574	0	0	-150	-233,724
Net Expenditure before recharges	63,863	523	0	-2,000	62,386
Recharge to HRA	0	0	0	0	0
Other recharge income	-17,594	0	0	0	-17,594
Total net expenditure	46,269	523	0	-2,000	44,792

Housing and Community Services

Division / Service	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Community Engagement (HGF)	4,673	11	86	-177	4,593
Maintenance & compliance (HGF)	218	5	0	-10	213
Specialist housing services (HGF)	3,117	27	0	-540	2,604
Customer experience (HGF)	27,098	133	935	-845	27,321
Operations (HGF)	135	3	0	-4	134
Support Services (HGF)	2,272	0	0	-618	1,654
Total net expenditure	37,513	179	1,021	-2,194	36,519

Subjective analysis	2013/14 Budget	Inflation	Commitments	Savings	2014/15 Total Budget
	£'000	£'000	£'000	£'000	£'000
Employees	17,238	169	0	-795	16,612
Premises	1,136	10	0	-10	1,136
Transport	167	0	0	-13	154
Supplies and services	12,457	0	0	-338	12,119
Third party payments	1,935	0	88	0	2,023
Transfer payments	11,864	0	879	0	12,743
Support services	2,497	0	0	0	2,497
Capital financing costs	121	0	0	0	121
Total Expenditure	47,415	179	967	-1,156	47,405
Government grants	0	0	0	0	0
Other grants	-965	0	54	0	-911
Fees and Charges	-6,840	0	0	0	-6,840
Miscellaneous income	-7	0	0	0	-7
Total Income	-7,812	0	54	0	-7,758
Net Expenditure before recharges	39,603	179	1,021	-1,156	39,647
Recharge to HRA	-780	0	0	-1,038	-1,818
Other recharge income	-1,310	0	0	0	-1,310
Total net expenditure	37,513	179	1,021	-2,194	36,519

Item No: 3.1	Classification: Open	Date: 26 February 2014	Meeting Name: Council Assembly
Report title:		Setting The Council Tax 2014/15	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

1. That council assembly notes the Greater London Authority precept of £299.00 at Band D.
2. That the council tax for band D properties in Southwark be set at £1,211.14.
3. That no discount be applied to properties in the former parish of St Mary Newington.
4. That no discount be applied to properties in the former parish of St Saviours.
5. That the council tax for band D properties in Southwark be set for:

	Band D council tax £	Discount £	Net band D for the area £
the former parish of St Mary Newington	1,211.14	0	1,211.14
the former parish of St. Saviours	1,211.14	0	1,211.14
the remainder of the Borough	1,211.14	0	1,211.14

6. That the formal resolution for council taxes in 2014/15 (shown in Appendix A) be approved.
7. That the existing local war disability and war widows schemes for housing benefit be continued in 2014/15.

BACKGROUND INFORMATION

8. Under the Local Government Finance Act 1992, the council is required to determine the level of council taxes in the borough for 2014/15. This must be completed before 11 March 2014.
9. The 2011 Localism Act requires a “council tax requirement” to be reported.
10. At the time of writing, the Greater London Authority (GLA) intends to agree its precept on 14 February 2014. This report is based on the GLA draft budget proposals. Any changes to this will reported to Council Assembly at this meeting.

KEY ISSUES FOR CONSIDERATION

The council tax for Southwark services

11. The budget requirement for Southwark is £308,230,778, as shown in the Policy and Resources 2014/15-2016/17 report attached as Appendix A.
12. Southwark's council tax requirement for 2014/15 is calculated as follows

	£
Budget requirement	308,230,778
Less retained business rates	(61,572,787)
Less business rates top-up	(44,121,566)
Less revenue support grant	(124,281,125)
Less estimated 2012/13 collection fund surplus	(1,327,000)
Council tax requirement	<u>76,928,300</u>

13. The council tax requirement of £76,928,300 when divided by the 2014/15 taxbase for Southwark of 84,338.26, agreed by council assembly on 22 January 2014, gives a band D council tax requirement for Southwark services only of £912.14 for 2014/15. This is a nil increase to the 2013/14 council tax.
14. The council's total requirement, however has to include the amount required by the preceptor - the council has no control over the level of this precept.

Preceptors requirements

15. The Greater London Authority (GLA) intends to announce its precept on 14 February 2014. The estimated amount required from Southwark is £25.217m - a demand on the band D council tax of £299.00, which is a 1.3% reduction on the 2012/13 precept.
16. The Mayor has committed to raise up to £625m from London council taxpayers as a contribution to the public sector funding package for the 2012 Olympic Games and Paralympic Games over the period 2006-07 to 2016-17. The present forecast is that £625m will be raised by a Band D amount of £20 for 10 years and approximately £9 in year 11 in 2016-17 – after allowing for the use of GLA resources to ensure the sums paid are unaffected by the impact of the localisation of council tax support from 2013-14 onwards.

Council tax for Southwark in 2014/15

17. The council tax for a band D property is shown in the table below. Full details of council taxes levels for all property bands are shown in Appendix A.

Authority	Band D tax 2013/14 £	Band D tax 2014/15 £	change %
Southwark Council Tax	912.14	912.14	(0.00)
GLA Precept	303.00	299.00	(1.32)
Total Band D council tax	1,215.14	1,211.14	(0.33)

Differential council taxes

18. Under the council tax legislation, surpluses on special funds can be used to reduce the level of council taxes. This occurs in two areas of the borough.

The Former Parish of St. Mary Newington – Walworth Common Estate (subject to approval)

19. Due to the continuing low interest rates, there will be no balance available on this account at 31 March 2014 to reduce the level of council tax for this area. Therefore for 2014/15 council tax will be the standard £1,211.14 for a band D property in this area.

The Former Parish of St. Saviours – Borough Market

20. There has been no surplus declared by Borough Market, consequently there will be no balance available on this account at 31 March 2014 to reduce the level of council tax for this area. Therefore for 2014/15 council tax will be the standard £1,211.14 for a band D property in this area.

Housing benefit – local scheme

21. For the purpose of calculating housing benefits, local authorities are allowed discretion in disregarding war disability pension and war widows' pensions above the fixed disregard required by law (currently £10.00).
22. The council's local schemes, like most schemes in London, currently disregards the whole of these pensions for the calculation of benefits. Benefit expenditure under the local schemes does not qualify for subsidy. There are currently some 24 people receiving the disregard at an estimated cost of £38,757. Benefit expenditure under the local scheme for 2014/15 attracts subsidy at 75% capped at 0.2% of the total benefit cost to the authority. Therefore an amount of £9,689 has been allowed for in the 2014/15 budgets.
23. It is considered that the withdrawal of the local scheme focused on this small number of people would cause undue hardship. It is however for council assembly to decide the level of pension that should be disregarded. This could range from the statutory relief of £10.00 to the total level of pensions. The level of pensions for 2014/15 will be £132.70 for standard war widows' pensions and £176.95 for war disablement pensions. Each year the council has to decide formally whether to continue with the existing scheme or to make changes to it. Council assembly is recommended to agree the continuation of the local scheme.

Community impact statement

24. The community impact implications of both the budget requirement and the increase in council tax levels are addressed in the Policy and Resources Strategy 2014/15-2016/17 – revenue budget (The Budget and Policy Framework) – elsewhere on this agenda.

Consultation

25. The council consults with relevant stakeholders with regards the wider policy and resources strategy process. The council has complied with the requirements of

Section 65 of the Local Government Finance Act 1992 by consulting with business rate payers on spending plans for the forthcoming year.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

26. Council assembly is being asked to agree the formal resolution setting the council tax for 2014/15 and approve the local scheme for housing benefit and council tax benefit in 2014/15 that must be approved annually. Local Government Finance Act 1992 section 30 (the LGFA 1992) requires that the Council Assembly sets an amount of council tax for each financial year and for each category of dwellings in its area. The amount is calculated by taking the aggregate of the calculations made by the authority under Sections 31A, 31B and 34 to 36 of the LGFA 1992 together with the precept issued to the authority by the Greater London Authority. Preceptors must issue their precepts before March 1 preceding the financial year to which they relate.
27. Once the authority has set the amount of council tax relating to the different geographical areas of the borough (under Section 30 LGFA 1992), the amounts for each valuation band are then calculated according to the ratios set out in Section 5 of the LGFA 1992. That council tax requirement (required by Sections 31A, 31B and 34 to 36 of the LGFA 1992) is also to be agreed by Council Assembly.
28. Section 25 of the Local Government Act 2003 requires the chief finance officer (Finance Director) to report to the authority when it is making the calculations required by sections 31A, 31B and 34 to 36 of the LGFA 1992 on (a) the robustness of the estimates made for the purposes of the calculations, and (b) the adequacy of the proposed financial reserves. That information is set out in the Policy and Resources Strategy 2014/15 – 2016/17 – revenue budget included elsewhere on this agenda.. The authority is required to have regard to the chief finance officer's report when making the calculations.

Restrictions on voting under Section 106 of the Local Government Finance Act 1992

29. Section 106 of the Local Government Finance Act applies at any time to a member of an authority, if at that time the member is due to pay council tax payments which have remained unpaid for at least two months.
30. The payments to which the section applies are any type of either sole or joint and several liability for council tax, and any failure to pay any agreed sum of council tax. Therefore members are advised that this section is likely to apply to them if they are currently two months in arrears of any amounts of council tax, even if they have made any special contractual arrangement with the council to pay off the arrears.
31. If this section applies to any member, he/she at the relevant meeting and as soon as practicable after its commencement, must disclose the fact that the section applies and not vote on any question with respect to this matter.
32. The relevant meetings are those at which any of the following are the subject of consideration, namely:

- (a) “any calculation required by chapter 111, 1V, V of part 1 of the 1992 Act”.

The only calculations likely to be made by this authority are those under chapter 111 of part 1 of the act, (chapter 1V relates to precepting and chapter V limitations on council tax (i.e. capping)

The chapter 111 calculations include the calculation of the budget requirement, basic amount of tax, the additional requirements because of the special trust funds, the calculation of the tax for the different valuation bands and the basic amount of council tax to be set under Section 30.

- (b) “Any recommendation, resolution or other decision which might affect the making of any such calculation”

This is an extremely wide wording and would extend well beyond merely setting the budget. It applies to virtually any matter where the financial implications directly or indirectly might affect the calculations concerning the council tax. It would therefore apply to decisions concerning the level or extent of services as well as the expenditure, receipt or forgoing of any money.

- (c) “the exercise of any function under Schedules 2-4 of the 1988 and 1992 Act”

The functions under either the 1988 or 1992 Acts concern the administration and the enforcement of community charge and council tax respectively.

33. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for a member to vote when prohibited from doing so or to fail to make the necessary disclosure. There is a statutory defence, with the onus of proof on the member, to prove that he did not know that the section applied to him or her at the time of the meeting or that the matter in question was the subject of consideration at the meeting. Prosecutions shall not be instituted except by or on behalf of the Director of Public Prosecutions.

Housing and council tax benefits – local schemes

34. Council assembly is also being asked to agree the continuation of the disregard of war disablement pensions and war widows’ pensions for benefit purposes.
35. By virtue of Section 139 of the Social Security Administration Act 1992 (as amended by the council tax legislation (the Local Government Finance Act 1992) the authority may modify any part of the housing tax benefit scheme administered by the authority (although the original scheme is determined by the Secretary of State),
- (i) So as to provide for disregarding, in determining a person’s income the whole or part of any war disability pension or war widows’ pension payable to that person or to his partner or to a person whom he is polygamously married.

- (ii) Any such modifications may be adopted by resolution of the authority, and the authority may also by resolution revoke or vary such resolution to such an extent as it may be prescribed.

36. The council is required to make this decision annually.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax Base for 2014/15 report http://modern.gov.southwark.gov.uk/documents/b7058/Supplemental%20Agenda%20No.4%20-%20updated%20council%20tax%20base%20report%20Wednesday%2022-Jan-2014%2019.00%20Council%20Ass.pdf?T=9	160 Tooley Street London SE1P 5LX	Norman Lockie 020 7525 0928
Policy and Resources Strategy 2014/15-2016/17 – revenue budget http://modern.gov.southwark.gov.uk/documents/q4554/Public%20reports%20pack%20Tuesday%2028-Jan-2014%2016.00%20Cabinet.pdf?T=10	160 Tooley Street London SE1P 5LX	John Braggins 020 7525 7489
The Mayor's budget for 2014/15 http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2014-15	Greater London Authority City Hall The Queen's Walk More London London SE1 2AA	enquiries 020 7983 4100 minicom 020 7983 4458

APPENDICES

No.	Title
Appendix A	2014/15 Formal resolution
Appendix B	2014/15 Council tax - changes from 2013/14

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Dated	13 February 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	13 February 2014	

APPENDIX A

2014/15 SOUTHWARK FORMAL RESOLUTION

- 1 That it be noted that at its meeting on 22nd January 2014 the Council calculated the following amounts for the year (2014/2015) in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992.
- (a) 84,338.26 being the amount calculated by the Council in accordance with regulation 3 of the Local Authorities (Calculation of the Council Tax Base) Regulations 1992, as its Council Tax Base for the year.
- (b) Part of the Council's Area
- | | |
|---|-----------|
| Former Parish of St. Mary Newington
(special expense area) | 10,690.01 |
| Former Parish of St.Saviours
(special expense area) | 1,075.43 |
- Being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax Base for the year for dwellings in that parts of the area to which one or more special items relate.
- 2 To calculate that the Council Tax requirement for the Council's own purposes for 2014/15 is
- £76,928,300
- 3 That, the following amounts now be calculated by the Council for the year (2014/2015) in accordance with Sections 31 to 36 of the Local Government Finance Act 1992.
- (a) £995,946,683
being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act;
- (b) -£919,018,383
being the aggregate of the amounts, which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act;
- (c) £76,928,300
being the amount by which the aggregate of 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 31A (4) of the Act, as its council tax requirement for the year;
- (d) £0 credit- Parish of St Mary Newington
£0 credit - Parish of St. Saviours
- being the amount of net income which the Council estimates for these special expense areas (item (g) below)
- (e) £76,928,300
being the amount by which the budget requirement at 2(c) above is now replaced (after adding the items 2(d) above);

- (f) £912.14
being the amount at 2(e) divided by the amount at 1(a) above, calculated by the Council, in accordance with Section 33(1) of the Act as the basic amount of its Council Tax for the year;
- (g) £0
being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (h) £912.14
being the amount at 2(f) above less the result given by dividing the amount at 2(g) above by the amount at 1(a) above, calculated in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for the dwellings in those parts of its area to which no special item relates

(i) Part of the Council's area

St. Mary Newington	£912.14
St. Saviours	£912.14
(Special Expense Areas)	

being the amounts given by adding to the amount at 2(h) above the amounts of the special items or items relating to dwellings in those parts of the Council's area mentioned above divided by the amounts at 1(b) above, calculated by the Council in accordance with section 34(3) of the Act, as the basic amounts of its Council tax for the year for dwellings in those parts of its area to which one or more special items relate.

(j) Parts of the Council's Area

Band	Parish of St. Mary Newington	Parish of St Saviours	All Other Parts of the Council's Area
	£	£	£
A	608.09	608.09	608.09
B	709.44	709.44	709.44
C	810.79	810.79	810.79
D	912.14	912.14	912.14
E	1,114.84	1,114.84	1,114.84
F	1,317.54	1,317.54	1,317.54
G	1,520.23	1,520.23	1,520.23
H	1,824.28	1,824.28	1,824.28

being the amounts given by multiplying the amounts at 2(h) and 2(i) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 3 That it be noted for the year (2014/2015) the Greater London Authority stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

BAND	GLA £
A	199.33
B	232.56
C	265.78
D	299.00
E	365.44
F	431.89
G	498.33
H	598.00

- 4 That having calculated the aggregate in each case of the amounts at 2(j) and 3 above, the Council, in accordance with section 30(2) of the Local Government finance Act 1992, hereby sets the following as the amounts of Council Tax for the year (2014/2015) for each of the categories of dwellings shown below:

Band	Former Parish of St. Mary Newington £	Former Parish of St Saviours £	All Other Parts of the Council's Area £
A	807.42	807.42	807.42
B	942.00	942.00	942.00
C	1,076.57	1,076.57	1,076.57
D	1,211.14	1,211.14	1,211.14
E	1,480.28	1,480.28	1,480.28
F	1,749.43	1,749.43	1,749.43
G	2,018.56	2,018.56	2,018.56
H	2,422.28	2,422.28	2,422.28

2014/2015 COUNCIL TAX - CHANGES FROM 2013/2014

INCLUDING PRECEPTORS

BAND	VALUATION £	DWELLINGS IN BAND NO.	DWELLINGS IN BAND %	ONE ADULT HOUSEHOLD				TWO OR MORE ADULT HOUSEHOLD			
				COUNCIL TAX 2013/2014 £	COUNCIL TAX 2014/2015 £	CHANGE £	CHANGE %	COUNCIL TAX 2013/2014 £	COUNCIL TAX 2014/2015 £	CHANGE £	CHANGE %
A	Under 40,000	11,706	8.9	607.57	605.57	-2.00	-0.3	810.09	807.42	-2.67	-0.3
B	40,001 to 52,000	37,744	28.8	708.83	706.50	-2.33	-0.3	945.11	942.00	-3.11	-0.3
C	52,001 to 68,000	33,866	25.8	810.09	807.43	-2.66	-0.3	1,080.12	1,076.57	-3.55	-0.3
D	68,001 to 88,000	22,130	16.9	911.36	908.36	-3.00	-0.3	1,215.14	1,211.14	-4.00	-0.3
E	88,001 to 120,000	14,904	11.4	1,113.88	1,110.21	-3.67	-0.3	1,485.17	1,480.28	-4.89	-0.3
F	120,001 to 160,000	6,070	4.6	1,316.41	1,312.07	-4.34	-0.3	1,755.21	1,749.43	-5.78	-0.3
G	160,001 to 320,000	4,071	3.1	1,518.92	1,513.92	-5.00	-0.3	2,025.23	2,018.56	-6.67	-0.3
H	Over 320,000	593	0.5	1,822.71	1,816.71	-6.00	-0.3	2,430.28	2,422.28	-8.00	-0.3
TOTAL		131,084	100.0								

2014/15 COUNCIL TAX - CHANGES FROM 2013/2014

EXCLUDING PRECEPTORS

BAND	VALUATION £	DWELLINGS IN BAND NO.	DWELLINGS IN BAND %	ONE ADULT HOUSEHOLD				TWO OR MORE ADULT HOUSEHOLD			
				COUNCIL TAX 2013/2014 £	COUNCIL TAX 2014/2015 £	CHANGE £	CHANGE %	COUNCIL TAX 2013/2014 £	COUNCIL TAX 2014/2015 £	CHANGE £	CHANGE %
A	Under 40,000	11,706	8.9	456.07	456.07	0.00	0.0	608.09	608.09	0.00	0.0
B	40,001 to 52,000	37,744	28.8	532.08	532.08	0.00	0.0	709.44	709.44	0.00	0.0
C	52,001 to 68,000	33,866	25.8	608.09	608.09	0.00	0.0	810.79	810.79	0.00	0.0
D	68,001 to 88,000	22,130	16.9	684.11	684.11	0.00	0.0	912.14	912.14	0.00	0.0
E	88,001 to 120,000	14,904	11.4	836.13	836.13	0.00	0.0	1,114.84	1,114.84	0.00	0.0
F	120,001 to 160,000	6,070	4.6	988.16	988.16	0.00	0.0	1,317.54	1,317.54	0.00	0.0
G	160,001 to 320,000	4,071	3.1	1,140.17	1,140.17	0.00	0.0	1,520.23	1,520.23	0.00	0.0
H	Over 320,000	593	0.5	1,368.21	1,368.21	0.00	0.0	1,824.28	1,824.28	0.00	0.0
TOTAL		131,084	100.0								

Item No: 3.2	Classification: Open	Date: 26 February 2014	Meeting Name: Council Assembly
Report title:		Treasury Management Strategy 2014/15 Including: Annual Investment Strategy, Prudential Indicators, and Minimum Revenue Provision Statement	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

That council assembly:

1. Notes the treasury management strategy 2014/15 to be managed by the strategic director of finance and corporate services under financial delegation.
2. Notes the treasury management policy set out in paragraph 9 of this report
3. Agrees the annual investment strategy 2014/15 set out in paragraphs 13 to 23 of this report, with capital preservation a key objective, in line with government guidance on investments.
4. Agrees prudential indicators covering capital finance and treasury management for the years 2014/15 to 2016/17 referred to in paragraph 34 of this report and set out in Appendix B.
5. Agrees the minimum revenue provision statement, setting aside prudent sums to reduce debt, referred to in paragraphs 35 and 36 of this report and set out in Appendix C.

BACKGROUND INFORMATION

6. Each year the council assembly should agree a treasury management strategy to manage investments and debt. The strategy is supported by a series of prudential indicators and a policy on the minimum revenue provision (MRP) to repay debt arising from past capital expenditure. The requirement for these arise from the Local Government Act 2003, government guidance on investments and MRP, and supporting codes (Prudential Code for Capital Finance in Local Authorities, Treasury Management in the Public Services Code of Practice and Guidance) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
7. Under financial delegation, the strategic director of finance and corporate services is responsible for all executive and operational decisions on treasury management. This treasury management strategy, together with supporting prudential indicators and policies will ensure that he can carry out his responsibilities effectively.
8. As well as this annual strategy report, council assembly also receives a mid-year report and an annual outturn report. Quarterly updates are presented to

cabinet, and the audit and governance committee reviews and scrutinises treasury policies and strategy.

KEY ISSUES FOR CONSIDERATION

Treasury management policy

9. The council's treasury management policy, which was adopted by council assembly in 2010 is as follows:

Treasury management is the management of the council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities shall be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and recognise that effective treasury management shall provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

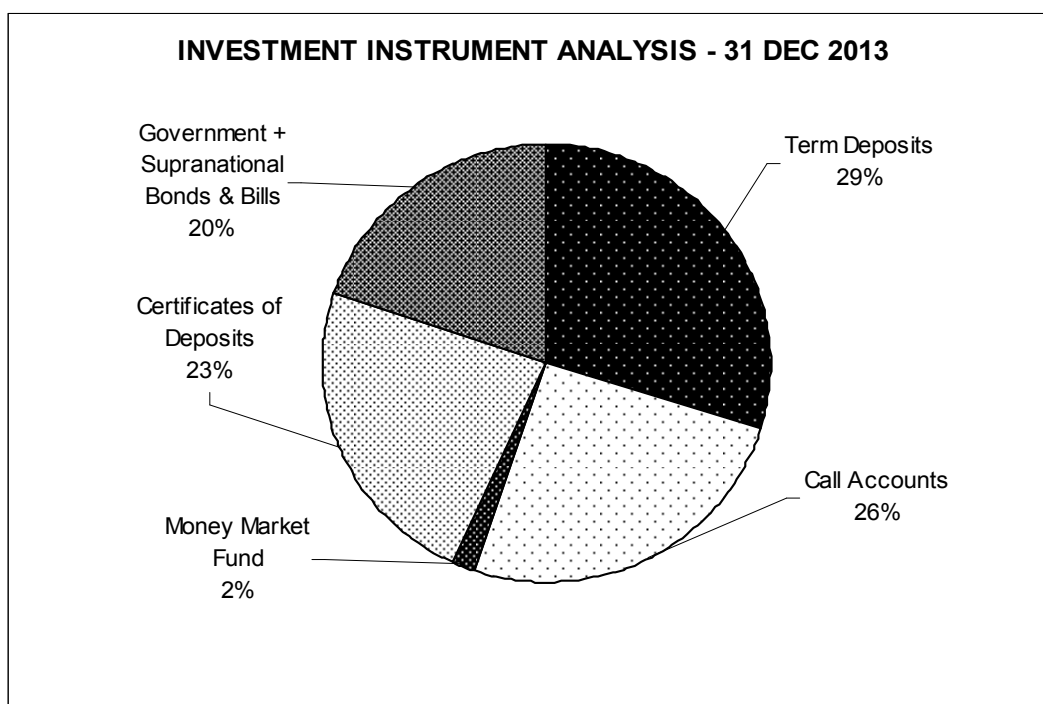
10. The policy has been prepared in accordance with CIPFA's Treasury Management Code. Officers have reviewed the statement and are satisfied that it remains relevant and appropriate and that no amendments are required.

Investment Position and Strategy

Investment position

11. As at 31 December 2013, the cash balance held in investments was £233m and over the course of the nine months to December 2013 averaged £242m. The cash is invested prudently until it is needed in spending and the investment objectives are to preserve principal, provide liquidity and secure a reasonable return.
12. Investments are managed by an in-house operation and two fund managers (AllianceBernstein and Aberdeen Investment Managers). The in-house operation focuses on meeting day to day cash demands, while the fund managers invest in marketable short term money market instruments and high rated bonds within a risk controlled framework in accordance with the investment objectives. The investment position at 31 December 2013 is set out in the tables below.

INVESTMENT COUNTERPARTY AND RATINGS - 31 DEC 2013									
EXPOSURE	FUND				Fitch Ratings				
	Aberdeen	Alliance Bernstein	In- House	Total	Long	Short	Sup- port	Sovereign	Sovereign Rating
COUNTERPARTY	£m	£m	£m	£m					
Nordea Bank Finland	3.5	-	-	3.5	AA-	F1+	1	Finland	AAA
Credit Indust Et Comrci	3.5	-	-	3.5	A+	F1	1	France	AA+
Socgen	-	1.0	-	1.0	A	F1	1	France	AA+
BNP Paribas	3.5	2.0	-	5.5	A+	F1	1	France	AA+
Deutsche Bank	-	3.0	-	3.0	A+	F1+	1	Germany	AAA
Global Treas Funds-Mmf	-	-	4.0	4.0		AAA		Global	
Rabobank	-	2.0	-	2.0	AA-	F1+	1	Netherlands	AAA
Ing Bank	3.4	2.0	10.0	15.4	A+	F1+	1	Netherlands	AAA
Abn Amro Bank	3.5	2.0	-	5.5	A+	F1+	1	Netherlands	AAA
Dnb Bank	3.5	-	-	3.5	A+	F1	1	Norway	AAA
European Inv Bank	7.0	6.5	-	13.5	AAA	F1+		Supranational	AAA
Int Bank Reconst Devt	3.5	6.3	-	9.8	AAA	F1+		Supranational	AAA
Svenska	3.3	-	15.1	18.4	AA-	F1+	1	Sweden	AAA
Skandinaviska	3.5	1.0	-	4.5	A+	F1	1	Sweden	AAA
Credit Suisse	3.5	2.1	-	5.6	A	F1	1	Switzerland	AAA
Nationwide Bsoc	3.3	-	10.0	13.3	A	F1	1	UK	AA+
Rbs/Natwest	-	-	62.9	62.9	A	F1	1	UK	AA+
Uk Treasury	-	22.4	-	22.4	AA+	F1+		UK	AA+
Barclays Bank	5.0	-	15.1	20.1	A	F1	1	UK	AA+
Lloyds Bank	-	-	15.1	15.1	A	F1	1	UK	AA+
Bny Mellon	0.5	0.1	-	0.6	AA-	F1+	1	US	AAA
Total £M	50.5	50.4	132.2	233.1					



Investment maturity profile and long term rating - 31 December 2013				
Year Band	A+ to A	AA+ to AA-	AAA	Total
	£m	£m	£m	£m
Up to 1 year	159.0	39.7	9.9	208.6
1-2 years			8.6	8.6
2-5 years		7.1	8.8	15.9
Total	159.0	46.8	27.3	233.1

Investment strategy

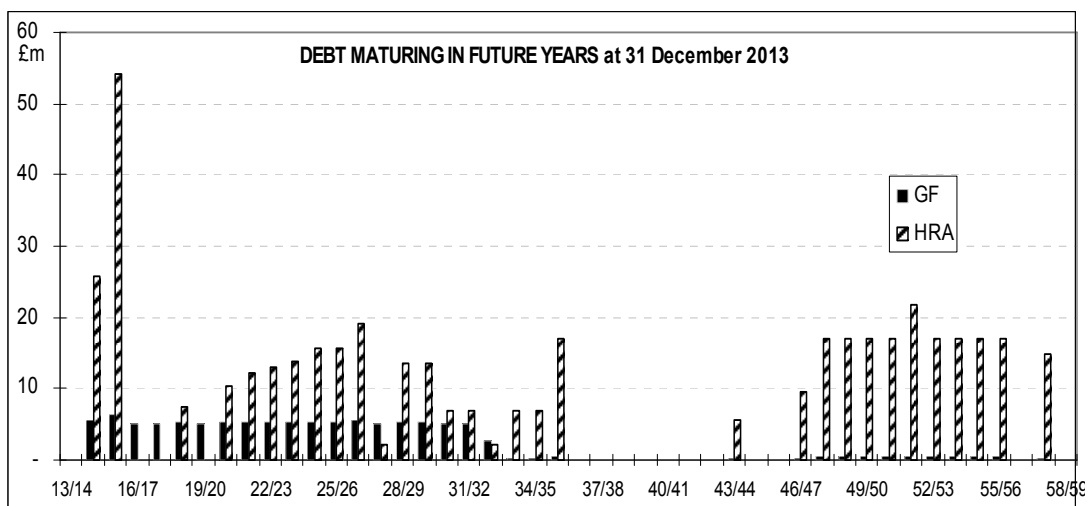
13. The council's investment objectives are to preserve principal, provide liquidity and secure a reasonable return. The current low risk approach will continue into 2014/15 and the investment strategy reflecting this draws on investment guidelines produced by the Department of Communities and Local Government (DCLG), which require security and liquidity to have priority. Technical details supporting the strategy are set out in Appendix A to this report.
14. The council holds cash in the normal course of its business and any cash not immediately used in spend should be invested until needed. Investments should be managed prudently and fall within two categories: specified investments and non-specified investments, as set out in government guidance. Specified investments are investments up to one year, as detailed below, with high liquidity and credit quality. Non-specified investments, as set out below, are investments that exceed one year and so potentially more responsive to liquidity, credit and market factors.
15. Prudent exposure to non-specified investments can help raise the level and sources of investment returns over the long term and may be considered, having regard to prevailing credit and market conditions. Investment exposure shall be diversified and be managed with due care and attention.
16. All investments should be denominated in GBP sterling, comply with credit standards and investment limits. Exposure to share capital that is treated as capital expenditure is outside the scope of this strategy.
17. The strategic director of finance and corporate services is responsible for this strategy and its management. Fund managers may be appointed to assist in advising or executing elements of the strategy. As at February 2014 the council's fund managers are: AllianceBernstein Ltd and Aberdeen Asset Managers Ltd.
18. Investment returns remain low, reflecting a prolonged period of very low policy rates (base rates) and ultra-loose monetary policies still in place to support the financial markets and stimulate growth both in the UK and abroad. Base rates in the UK have been at 0.50% since 2009 and the part year investment return for the first three quarters of 2013/14 was 0.40%.
19. In the interest of capital preservation, deposits are placed in large high rated banks or building societies, highly likely to be supported, in the unlikely event it were needed. Cash is also placed in short term money market instruments and bonds issued by the UK government or supranational banks supported by UK and other sovereigns.
20. Limits are placed on investment term in the interest of prudence. Exposure to longer investments remains low in view of continued market volatility and liquidity is assured by holding funds in call accounts, short term money market instruments and marketable bonds.
21. Following consideration by the audit and governance committee at its meeting on 12 November 2013, the credit characteristics of the strategy have been strengthened further with the inclusion of high rated covered bonds and quasi-sovereigns.

22. A covered bond is a form of secured lending, with dual recourse and in the unlikely event that a major high rated bank failed to meet its obligation, the covered bond holder (the council) has a priority claim over a regulated pool of assets (often in the form of mortgages) for added security. Unlike mortgage backed securities which were at the centre of the financial crisis and issued by stand alone special purpose vehicles, covered bonds are obligations of the issuing bank, which has a high rating in its own right and likely to be supported if needed. The inclusion of high rated covered bonds would raise credit quality, diversify exposure further, and help improve yield over the long term.
23. Quasi-sovereigns support a range of public policies and investments and include bodies in the UK and abroad. The entities are rated the same as or close to the rating of the sovereign in which they operate, reflecting the interest the state has in the entity and the high likelihood of support if it were needed. Network rail is an example of a quasi-UK sovereign. It owns UK rail infrastructure and its debt is guaranteed by the government. Exposure to quasi-sovereigns will strengthen credit quality, diversify exposure further and help improve yield.

Debt management position and strategy

Debt management position

24. The balance of loans outstanding at the end of December 2013 to fund past capital spend was £555m. All debt is from the Public Works Loans Board (PWLB) at fixed rates and following housing revenue account (HRA) self-financing reforms in 2012 was disaggregated between the HRA and the general fund. At 31 December 2013, the HRA loan balance stands £451m, unchanged since the introduction of self-financing. The remaining balance £104m falls on the general fund. So far this year £5m in general fund debt has been paid off from the minimum revenue provision set aside to repay debt. Sums due to mature in the future are set out in the chart below.



25. The average rate of interest on outstanding HRA debt is currently 6.56% reflecting the high historical rates when the loans were taken to finance spend. The general fund's average rate is lower at 3.57%, following refinancing carried out in 2012.

Debt management strategy

26. Despite the rates, debts remain affordable and risks arising contained. The level of historical debt is being pared down annually by the minimum revenue provisions in the case of the general fund and the HRA, under self financing, is also able to make provisions towards debt repayment. Furthermore, as re-financing rates are well below historical levels, maturing loans can be replaced with lower coupon loans, reducing financing costs further.
27. Debt management is also supported by prudential indicators, which include two statutory debt caps; the authorised limit on debt (determined by the council each year) and the limit on HRA indebtedness (determined by the government). The council is within both limits.
28. No new loans in 2014/15 are envisaged to fund the current programme. However, the general fund has some £5.7m due for repayment in 2014/15 and, as with 2013/14, can be met from the minimum revenue provision.
29. The HRA also has some £25.8m maturing in 2014/15 and capacity to set aside sums for debt repayment. The £25.8m maturing debt is being paid off in the final quarter of 2013/14 and will give flexibility to apply HRA set aside from 2013/14 onwards. A further £54.3m in HRA loans are due to mature in 2015/16 and these will be replaced with new loans repayable in instalments or paid off, depending on HRA requirements and financing conditions. The repayments may be funded out of existing HRA set aside capacity out of revenues, balances or reserves.
30. The principal source of long term funding is the PWLB where loans can be at fixed or variable rates that fluctuate with short term rates. Short term funds may also be available from wholesale markets. There is also a push by the Local Government Association (LGA) to develop a municipal bond agency as an alternative to the PWLB but an operational agency is still some way off, and is discussed further at paragraph 31.
31. As well as funding from loans, capital spend has also been funded from internal borrowing, as it is cheaper than external loans. The balance funded internally stands at £190m at December 2013 and, as with external loans, it too is paid off by setting aside a minimum revenue provision. The internal borrowing was raised following the acquisition of the council headquarters at 160 Tooley Street and can be replaced with external loans should it prove attractive to do so in the future.

Municipal Bond Agency

32. The Local Government Association's (LGA) case for a municipal bond agency was first proposed
33. in 2012 and at the time it was envisaged that the agency would be able to lend to councils at rates below those offered by the PWLB. However since then, the PWLB has lowered the margin that it requires over gilts from 1.00% to 0.80% for all councils under its certainty rate tier and to 0.60% for councils outside London borrowing for certain capital schemes developed with their Local Enterprise Partnerships. The LGA has recognised that PWLB changes raised competitive challenges to the original business case and is now working to draw up a new business case.

Prudential indicators

34. Local authority borrowing, investment and capital finance activity is supported by the Prudential Code for Capital Finance and the Treasury Management in the Public Services Code of Practice and Guidance published by the Chartered Institute of Public Finance and Accountancy and backed by the Local Government Act 2003. The codes introduced a series of indicators and limits, which the council assembly should determine annually. The indicators needing approval relate to 2014/15 to 2016/17 and are set out at appendix B. The indicators are of a technical nature and include a self imposed authorised limit on debt which the council assembly must determine each year. Approval will ensure that the council meets its obligations under the 2003 Act and that the strategic director of finance and corporate services can carry out his financial responsibilities in this area. The indicators do not affect existing budgets. The indicators will be updated over the course of 2014/15 to reflect activity.

Minimum revenue provision statement

35. The council is required under statutory guidance to produce an annual statement on minimum sums to be set aside from revenue to reduce debt and long term liabilities taken to fund capital spend.
36. The minimum revenue provision statement recommended for approval by council assembly is set out at Appendix C. The statement will apply from 2013/14 and updates the existing statement for sums set aside in respect of capital spend anticipated to be funded from capital receipts, but which is temporarily funded from borrowing, and set aside in respect of HRA financing liabilities, which for the first time under self-financing is now affordable within HRA's own resources.

SUPPLEMENTAL ADVICE FROM OTHER OFFICERS

Director of Legal Services

37. The constitution determines that agreeing the treasury management strategy is a function of the council assembly and that review and scrutiny of strategies and policies is the responsibility of the audit and governance committee.
38. Financial standing orders require the strategic director of finance and corporate services to set out the treasury management strategy for consideration and decision by council assembly, and report on activity on a quarterly basis to cabinet and at mid and year-end to council assembly. Furthermore all executive and operational decisions are delegated to the strategic director of finance and corporate services.
39. The Local Government Act 2003 and supporting regulations require local authorities to determine annual borrowing limits and have regard to the Prudential Code for Capital Finance, and the Treasury Management in the Public Services Code of Practice and Guidance, published by the Chartered Institute of Public Finance and Accountancy, when considering borrowing and investment strategies, determining or changing borrowing limits or prudential indicators.
40. Section 15(1) of the 2003 Act requires a local authority "to have regard (a) to such guidance as the Secretary of State may issue". This guidance is

found in the Department of Communities and Local Government Guidance on Local Authority Investments updated March 2010 and there is statutory guidance on the Minimum Revenue Provision (MRP) produced under amendments made to section 21(1A) of the 2003 Act by section 238(2) of the Local Government and the Public Involvement in Health Act 2007.

41. Members are advised to give approval to the recommendations contained in paragraphs 1 to 5 of this report, ensuring continuing compliance with Government guidance and CIPFA's codes.

BACKGROUND DOCUMENTS

Background Papers	Held at	Contact
None		

APPENDICES

No.	Title
Appendix A	Technical details in respect of the annual investment management strategy 2014/15
Appendix B	Prudential indicators - recommended for approval
Appendix C	Annual minimum revenue provision statement

AUDIT TRAIL

Lead Officer	Jennifer Seeley, Deputy Finance Director	
Report Author	Carl Rushbridge, Departmental Finance Manager, Central and Corporate Services	
Version	Final	
Version Date	11 February 2014	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	N/a	N/a
Cabinet Member	Yes	Yes
Final Report Sent to Constitutional Team		13 February 2014

TECHNICAL DETAILS IN RESPECT OF THE ANNUAL INVESTMENT MANAGEMENT STRATEGY 2014/15

BACKGROUND

1. The guidance on local government investments produced by the Department of Communities and Local Government, updated in March 2010, requires local authorities to produce an annual investment strategy. The guidance promotes prudent management of investments with security and liquidity as priorities, while not ignoring yield.
2. Investments held as part of the council's pension fund are managed under a separate regulatory framework and are outside the scope of this strategy.
3. The strategy is to be published on the council's website.

INVESTMENT OBJECTIVES

4. The council's investment objectives are to preserve principal, provide liquidity and secure a reasonable return.
5. The council holds cash in the normal course of its business and any cash not immediately used in spend should be invested until needed. Investments should be managed prudently and fall within two categories: specified investments and non-specified investments, as set out in government guidance. Specified investments are investments up to one year, as detailed below, with high liquidity and credit quality. Non-specified investments, as set out below, are investments that exceed one year and so potentially more responsive to liquidity, credit and market factors.
6. Prudent exposure to non-specified investments can help raise the level and sources of investment returns over the long term and may be considered, having regard to prevailing credit and market conditions. Investment exposure shall be diversified and be managed with due care and attention.
7. All investments should be denominated in GBP sterling, comply with credit standards and investment limits. Exposure to share capital that is treated as capital expenditure is outside the scope of this strategy.
8. The strategic director of finance and corporate services is responsible for this strategy and its management. Fund managers may be appointed to assist in advising or executing elements of the strategy. As at February 2014 the council's fund managers are: AllianceBernstein Ltd and Aberdeen Asset Managers Ltd.

SPECIFIED INVESTMENTS

9. Specified investments shall consist of investments with a remaining term of up to one year in the following categories. Actual exposure shall be subject to investment limits and managed prudently, having regard to prevailing credit and market conditions.

Specified investments - in sterling, meeting credit standards and with remaining life not longer than 1 year	
A	Term deposits, accounts, commercial paper, senior unsubordinated notes bills, bonds (including covered bonds) issued or guaranteed by the UK government, supranational banks, foreign governments, quasi-sovereigns or UK local authorities.
B	Term deposits, accounts, certificates of deposits, commercial paper, senior unsubordinated notes, bonds (including covered bond) issued or guaranteed by banks or UK building societies with no interest or principal conditionality.
C	Money market funds AAA/Aaa/AAA (Fitch/Moody's/S&P) rated with stable or variable net asset values.

NON-SPECIFIED INVESTMENTS

10. Non-specified investments shall consist of investments with a remaining term exceeding one year in the following categories of investments. Actual exposure shall be subject to investment limits and be managed prudently, having regard to prevailing credit and market conditions.

Non-specified Investments - in sterling, meeting credit standards and with remaining life longer than 1 year	
A	Bonds (including covered bonds) issued or guaranteed by the UK Government, supranational banks, foreign governments or quasi-sovereigns
B	Term deposits, certificates of deposits, senior unsubordinated notes, bonds (including covered bond) issued by banks or UK building societies, with no interest or principal conditionality.

CREDIT STANDARDS

11. Credit risk, the risk that an entity with whom investments are held fails to meet its obligations to investors, shall be contained and credit ratings consulted.
12. The minimum credit ratings required are set out in the tables and paragraphs below. Rating definitions are set out below. While these ratings indicate a low risk of default and are well above the minimum regarded as investment grade, they may not always keep up with developments in turbulent markets (and do not in any case represent investment recommendations). Therefore, in managing exposure, attention should also be paid to capital strength and developments in the financial and credit markets.

A) Sovereign rating (*)

Minimum long term sovereign rating from one of the three rating agencies		
Fitch Ratings	Moody's Investor Services	Standard & Poor's
AA-	Aa3	AA-

(*) Sovereign rating refers to the country the bank's principal parent or key regional subsidiary is operating within.

B) Support rating

Support rating for banks and UK building societies	
Rating agency	Minimum support rating
Fitch Ratings	2

C) Short and long term rating - in addition to sovereign and support rating

Issuer or issue rating, minimum from one of the three rating agencies		
Rating Agency	Minimum short term rating	Minimum long term rating
Fitch Ratings	F1	A
Moody's Investor Services	P-1	A2
Standard & Poor's	A-1	A

D) Money market fund rating

Money market fund rating (*)	
Rating agency	Minimum fund credit rating
Fitch Ratings	AAA
Moody's Investor Services	Aaa
Standard & Poor's	AAA

(*)The minimum value of a money market fund in which investment may be placed is £1,000m or £200m where a fund's holdings consist only of UK government issued or guaranteed debt.

E) Supranational banks, foreign sovereigns and quasi-sovereigns

Issuer or issue rating, minimum from one of the three rating agencies	
Rating agency	Minimum long term rating
Fitch Ratings	AAA
Moody's Investor Services	Aaa
Standard & Poor's	AAA

F) Covered bonds

Issue rating, minimum from one of the three rating agencies, subject to issuer meeting minimum sovereign, support and issuer rating	
Rating Agency	Minimum Rating
Fitch Ratings	AAA
Moody's Investor Services	Aaa
Standard & Poor's	AAA

13. Credit requirements shall not apply to investments issued or guaranteed by the UK Government, nationalised entities or UK local authorities. Local authorities are not usually rated, but the Local Government Act 2003 provides sanctions in the event that an authority fails to meet its liabilities to lenders.
14. Ratings shall be reviewed frequently and at least monthly. In the event of significant adverse rating changes, investments may be recalled prior to maturity where it would be prudent to do so.
15. The strategic director of finance and corporate services shall have discretion to vary minimum rating and limits in response to market developments and operational requirements where prudent to protect the council's interests.

INVESTMENT LIMITS

16. Investment exposure shall be subject to the following limits.

Investment limits, subject to overall constraints and minimum ratings		
	Issuer/Institution	Upper limits
A	UK government	100% of all investments up to 1 year, 50% of all investments between 1 and 10 years
B	Major supranational banks: European Investment Bank, European Bank for Reconstruction and Development, International Bank for Reconstruction and Development (the World Bank)	£40m per issuer and up to 10 years
C	Other supranational banks	£5m per issuer and up to 5 years
D	Foreign governments	£5m per issuer and up to 5 years
E	Quasi-sovereigns	£5m per issuer and up to 3 years
F	Banks with minimum long term rating AA-/AA3/AA- and short term rating F1+/P1/A-1+	£40m up to 1 year £20m up to 3 years
G	Banks with minimum long term rating A/A2/A and short term rating F1/P1/A-1	£40m up to 1 year
H	UK local authorities	£40m up to 1 year
I	Money market funds	£50m per fund
J	Royal Bank of Scotland & National Westminster Bank	£75m
K	Bank of New York Mellon (custodian to the council's fund managers)	£75m
L	Overall upper limit on specified investments: 100% of all investments with a minimum sum of £60m	
M	Overall upper limit on non-specified investments with the UK government, supranational banks, foreign governments or quasi-sovereigns: 50% of investments	

N	Overall upper limit on non-specified investments with banks or building societies (including covered bond): 20% of all investments
O	Overall maximum average maturity of investments: 3 years

RATING DEFINITIONS

17. Ratings are research based opinions of rating companies (Fitch Ratings, Moody's and Standard & Poor's) on the ability of an entity or security to meet financial commitments such as interest, preferred dividends and repayment of principal in accordance with their terms. Ratings do not constitute recommendations to buy, sell or hold any security, nor do they comment on the adequacy of market price, or the suitability of any security for a particular investor.

18. Fitch Long Term Rating

AAA	Highest credit quality. AAA ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events
AA	Very high credit quality. AA ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. A ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

19. The Fitch Short Term Rating is a short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream, and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' obligation rating category.

F1	Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments
F3	Fair short-term credit quality.

20. Fitch Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so.

21. Moody's Long Term Rating

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.

22. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa.

23. Moody's short-term ratings are opinions of the ability of issuers to honour short-term financial obligations.

P-1	Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
P-2	Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

24. Standard and Poor's (S&P) Long Term Rating

AAA	An obligation rated AAA has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
AA	An obligation rated AA differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
A	An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

25. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

26. Standard and Poor's (S&P) Short Term Rating

A-1	A short-term obligation rated A-1 is rated in the highest category by S&P. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
A-2	A short-term obligation rated A-2 is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

PRUDENTIAL INDICATORS

BACKGROUND

- Capital finance, borrowing and investment arrangements are supported by a series of prudential indicators, drawn from the Prudential Code on Capital Finance for Local Authorities and the Treasury Management in the Public Services Code of Practice plus Guidance, published by CIPFA and updated in November 2011. The Local Government Act 2003 requires that councils have regard to these codes.

PRUDENTIAL INDICATORS

- The indicators are grouped into three broad areas: affordability and prudence, capital finance and treasury management. The 2012/13 indicators are shown as actuals, the latest projections are in the 2013/14 column and future estimates or limits are under the 2014/15 to 2016/17 columns. The indicators recommended for approval are the ones for 2014/15 to 2016/17. The indicators are of a technical nature and include a self imposed authorised limit on debt which the council assembly must determine each year. Approval will enable the strategic director of finance and corporate services to comply with the requirements of the 2003 Act and carry out his financial responsibilities in this area. Existing budgets take account of capital finance and treasury activities and the indicators themselves have no effect on those budgets.

INDICATORS ON AFFORDABILITY AND PRUDENCE

Indicator one: estimates of the ratio of financing costs to net revenue stream

- The financing ratio is a technical measure of the cost of financing capital expenditure (including PFI and leases) net of cash income as a proportion of the net revenue stream. The estimated financing ratio from 2014/15 to 2016/17 for both the housing revenue account (HRA) and the General Fund recommended for approval are set out below. The HRA financing ratio is expected to decline from 2014/15 as existing high coupon maturing debt is replaced with new lower rate debt and the revenue stream, represented by rent income, rises. The General Fund ratio in 2013/14 includes the full year effects of 2012/13 capital financing and from 2014/15 the financing cost associated with the PFI funded Sacred Heart School. The General Fund ratio also reflects cuts in revenue grants from the government which affect the net revenue stream. The factors behind the variation in both the HRA and the General Fund financing ratio are reflected in existing budgets.

Financing Ratios	2012/13 Actual	2013/14 Projection	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
HRA	15.0%	15.0%	15.0%	14.0%	13.0%
GF	6.0%	7.0%	8.0%	9.0%	9.0%

Indicator two: estimates of the incremental impact of capital investment on the council tax and housing rents

4. This is a measure of the effect of capital spend proposals on the council tax and housing revenue account (HRA) rents. No increase in either is sought as a result of the programme and spend is managed within anticipated resources. The indicator on the incremental impact of capital expenditure on council tax and HRA rents recommended for approval are set out below.

Notional Rent or Council Tax Increases	2013/14	2014/15	2015/16	2016/17
Weekly housing rent increase as a result of capital programme	Nil	Nil	Nil	Nil
Council tax band D increase as a result of capital programme	Nil	Nil	Nil	Nil

INDICATORS ON CAPITAL FINANCE

Indicator three: debt and capital financing requirement

5. This indicator compares actual debt to the capital financing requirement (CFR), consisting of funding for capital plus long term liabilities (like PFI and leases). Debt should not exceed the CFR over the medium term, but may do so over the short-term in the interest of prudent financing of capital expenditure and management of debt. Under this indicator the actual debt at 31 December 2013 stands at £555m and is below the projected closing CFR for 2013/14 (£840m) and for 2014/15 (£847m).

Indicator four: estimates of capital expenditure

6. The estimated capital expenditure for 2014/15 to 2016/17, drawing on latest monitoring, recommended for approval are set out below. Estimates will be updated over the course of 2014/15 to reflect spend profile. The 2013/14 HRA projection includes spend on the district heating network, supplying low carbon heating and hot water to housing estates.

Capital Expenditure	2012/13 Actual £m	2013/14 Projection £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
HRA	86	122	192	104	75
GF	262	74	147	28	39
Total	348	196	339	132	114

Indicator five: actual and estimates of capital financing requirements.

7. The capital financing requirement (CFR) reflects balances in borrowing and long term liabilities (PFI and leases) taken on to fund past or new capital spend. The General Fund CFR also reflects sums set-aside to reduce debt and liabilities. The HRA CFR will also reflect sums set-aside for debt repayment as they are made. Estimates of the CFR for 2014/15 to 2016/17 recommended for approval are set out below.

CFR At year end	2012/13 Actual £m	2013/14 Projection £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
HRA	451	456	455	455	455
General Fund	397	384	392	378	365
Total	848	840	847	833	820

INDICATORS ON TREASURY MANAGEMENT

Indicator six: HRA limit on indebtedness

8. The HRA limit on indebtedness is the limit imposed by the government on HRA debt under self-financing. The indebtedness limit from 2012/13 indicated in the self-financing determination issued in February 2012 is £577m. The actual HRA debt and long term liabilities at 31 December 2013 stands £455m.

Indicator seven: actual debt- the authorised limit and operational boundary

9. The authorised limit and operational boundary accommodate existing debts and long term liabilities (leases and PFI) outstanding on any one day. The average level of borrowing in any one year is usually close to the capital financing requirement before PFI and leases but may be higher or lower on any one day depending on cash flow needs and timing of borrowing.
10. As well as accommodating existing debts and liabilities, the operational boundary includes flexibility to refinance debt or replace internal borrowing with external loans where prudent. The authorised limit is a higher limit with additional capacity to prudently raise debt temporarily should it be necessary within a risk controlled framework to protect the council's interests. Actual activity is subject to developments in funding markets and is carried out within existing financial delegation. The authorised limit and the operational boundary for 2014/15 to 2016/17 recommended for approval are set out below. The authorised limit is the total limit on borrowing and long term liabilities that local authorities have to determine under the Local Government Act 2003 and is some 10% above the CFR

Operational Boundary and Authorised Limits for External debt	2012/13 Actual Max	2013/14 Latest Proj Max.	2013/14 Limit £m	2014/15 Limit £m	2015/16 Limit £m	2016/17 Limit £m
Operational Boundary for Debt						
Borrowing	562	560	815	765	760	750
Other long term liabilities	107	98	115	125	120	115
Total Operational (*)	669	658	930	890	880	865
Authorised Limit for Debt -						
Borrowing	562	560	850	805	795	785
Other long term liabilities	107	98	120	130	125	120
Total Authorised (*)	669	658	970	935	920	905

Note * - As before, the strategic director of finance and corporate services shall have discretion to allow activity to go outside the operational boundary and vary the mix between long term liabilities and debt should it be prudent

and justified. Activity must nevertheless remain within the overall authorised limit.

Indicator eight: gross and net debt

11. This is an indicator about the upper limit on net debt (i.e. gross debt less investments) as a percentage of gross debt. The net debt is currently lower than the gross as revenue balances, provisions and working capital are held in investments. To ensure the funds are available when they are needed, the upper limit on net debt as a percentage of gross debt is 100%.

	2012/13 Max	2013/14 Max to Dec 2013	2013/14 Limit	2014/15 Limit	2015/16 Limit	2016/17 Limit
Upper Limit on Net Debt as a % of Gross Debt	68%	68%	100%	100%	100%	100%

Indicator nine: adoption of the cipfa code of practice on treasury management in the public services

12. This indicator concerns the adoption of the Treasury Management in the Public Services Code of Practice issued by CIPFA. The council adopted the 2009 code at its meeting in February 2010. The 2011 code is an update and basic principles remain unchanged.

Indicator ten: interest rate exposures – fixed Indicator eleven: interest rate exposures – variable and Indicator twelve: maturities

13. The fixed and variable rate limits draw on the authorised debt limit and the maturity limit accommodates existing debt. The 2014/15 to 2016/17 limits recommended for approval are set out below. The limits contain flexibility to carry out refinancing, including replacing internal borrowing and maturing debt with external fixed or variable rate borrowing, where prudent. The upper range on the maturity profile has been lowered and better reflects the attractiveness shorter maturity debt over very long maturity debt. Actual activity is subject to developments in funding markets and is only carried out within a risk controlled framework and existing financial delegation.

LIMITS ON FIXED AND VARIABLE RATES	2012/13 Maximum Actual £m	2013/14 Max to Dec 2013 £m	2013/14 Limit £m	2014/15 Limit £m	2015/16 Limit £m	2016/17 Limit £m
Upper limit for fixed interest rate exposure	562	560	850	805	795	785
Upper limit for variable rate exposure	0	0	215	200	200	195

Maturity structure of fixed rate borrowing at start of year	2013/14 Actual at start of year	2013/14 Lower Limit	2013/14 Upper Limit	2014/15 Lower Limit	2014/15 Upper Limit
Under 12 months	1%	0%	30%	0%	20%
12 months and within 24 months	6%	0%	30%	0%	20%
24 months and within 5 years	13%	0%	60%	0%	30%
5 years and within 10 years	12%	0%	80%	0%	40%
10 years and within 20 years	28%	0%	100%	0%	40%
20 years and within 30 years	6%	0%	100%	0%	40%
30 years and within 40 years	22%	0%	100%	0%	40%
40 years and within 50 years	12%	0%	100%	0%	40%

Indicator thirteen: total principal sums invested for periods longer than 364 days

14. Exposure to investments with a maturity beyond one year raises investment options and potential returns. However, as returns can be vulnerable to unexpected market volatility, limits are placed on such exposure. The 2014/15 upper limit on exposure beyond one year recommended for approval is shown below. Actual exposure will be subject to market developments and capital preservation will, as required under the annual investment strategy, remain a priority.

Upper limit on investments greater than 364 days	2012/13 Actual	2013/14 Latest Position	2013/14 Limit	2014/15 Limit
Upper limit / Actual	Actual max exposure 15% of investments greater than 364 days Overall maximum average maturity 7 months Longest investment 5 years	15% of investments greater than 364 days Overall maximum average maturity 7 months Longest investment 5 yrs	Up to 50% of investments greater than 364 days Overall average maturity 3 years, but any one investment may be longer as referred to in the Annual Investment Strategy	Up to 50% of investments greater than 364 days Overall average maturity 3 years, but any one investment may be longer as referred to in the Annual Investment Strategy

ANNUAL MINIMUM REVENUE PROVISION STATEMENT

BACKGROUND

1. Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Local authorities are required to charge a minimum revenue provision (MRP) annually to its revenue account in respect of capital financing obligations arising in that year or in any prior year. Capital financing obligations represent debt or long term liabilities taken to fund capital expenditure.
2. Amendments to section 21(1(A)) of the Local Government Act 2003 and the statutory guidance on the minimum revenue provision made thereunder, recommend that councils produce a policy on making prudent MRP each year.
3. The MRP policy recommend for approval by council assembly is set out below. The policy is similar to the one approved by council assembly in February 2013, but now includes a provision to defer MRP in respect of capital spend anticipated to be funded from capital receipts (paragraph 8). It also now include a reference to reserves as the HRA is for the first time under self-financing able to reduce its capital financing obligations.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT

4. This statement covers the minimum revenue provision (MRP) that the council shall set set-aside from revenue to reduce borrowing and long term liabilities arising from capital expenditure. Additional sums to reduce the balance on capital financing obligations are also set out herein.
5. In calculating the MRP, the council shall draw on advice and options cited in the guidance on MRP issued by the Secretary of State. This statement is effective from 2013/14 onwards and replaces previous statements for the year. Any changes to this statement require council assembly approval.

General Fund Supported Capital Expenditure or Capital Expenditure incurred before 1 April 2008.

6. In relation to capital expenditure for which support forms part of the calculation of revenue grant by the government or any capital expenditure incurred before 1 April 2008, the MRP shall be calculated in accordance with the Local Authorities (Capital Finance and Accounting) Regulations 2003 as if they had not been revoked. In arriving at that calculation, the capital financing requirement shall be adjusted as described in the guidance.

General Fund Self- Financed Capital Expenditure from 1 April 2008.

7. Where the capital expenditure is incurred from 1 April 2008 and on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset in accordance with "Option 3: Asset Life Method" of the guidance.

8. The determination as to which scheme is funded from borrowing and which from other sources shall be made by the strategic director of finance and corporate services and where an asset is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply. Nor shall MRP shall apply where spend is anticipated to be funded from capital receipts due in the future but is in the meantime funded from borrowing, subject to a maximum of three years or the year the receipt is actually received, if sooner.
9. The asset life method shall also be applied to borrowing to meet expenditure from 1 April 2008 which is treated as capital expenditure by virtue of either a direction under section 16(2) of the 2003 Act or regulation 25(1) of the 2003 Regulations. The estimated asset life for MRP purposes shall be determined in accordance with advice contained in the guidance and in other cases by of the strategic director of finance and corporate services. When borrowing to construct an asset, the asset life may be treated as commencing in the year the asset first becomes operational and postpone MRP until that year, subject to the approval of the strategic director of finance and corporate services.
10. In the case of finance leases, on balance sheet private finance initiative contracts or other credit arrangements, MRP shall be the sum that writes down the balance sheet liability.
11. Where capital expenditure involves repayable loans or grants to third parties no MRP is required as the loan or grant is repayable.
12. Where capital expenditure involves a variety of different types of works and assets, the period over which the overall expenditure is judged to have benefit over shall be considered as the life for MRP purposes. Expenditure arising from or related or incidental to major elements of a capital project may be treated as having the same asset life for MRP purposes as the major element itself.
13. The strategic director of finance and corporate services is responsible for implementing the Annual Minimum Revenue Provision Statement and has managerial, operational and financial discretion necessary to ensure that MRP is calculated in accordance with regulatory and financial requirements and resolve any practical interpretation issues.
14. The strategic director of finance and corporate services may also make additional revenue provisions, over and above those set out above, and set aside capital receipts, balances or reserves to reduce debt liabilities should it be prudent to discharge capital expenditure that has been temporarily funded from borrowing under paragraph 8, above, or for the proper management of the financial affairs of the HRA or the General Fund.

Item No. 3.3	Classification: Open	Date: 26 February 2014	Meeting Name: Council Assembly
Report title:		Council Assembly Dates and Calendar	
Ward(s) or groups affected:		All	
From:		Proper Constitutional Officer	

RECOMMENDATIONS

Council assembly dates

1. That council assembly agrees to the following dates for meetings of council assembly and that these dates be fixed in the council calendar for the municipal year 2014/15:

Dates of council assembly meetings 2014/15

Council Assembly Meetings 2014/15	Type of Meeting
Saturday 7 June 2014	Annual Meeting (Mayor Making) <i>Note: To be held jointly with Civic Association's Civic Awards Ceremony.</i>
Wednesday 11 June 2014	Annual Meeting (Constitutional Meeting)
Wednesday 16 July 2014	Ordinary Meeting
Wednesday 22 October 2014	Ordinary Meeting
Wednesday 26 November 2014	Ordinary Meeting
Wednesday 21 January 2015	Ordinary/Council Tax Base and NDR Meeting
Wednesday 25 February 2015	Budget and Council Tax Setting
Wednesday 25 March 2015	Ordinary Meeting
Wednesday 20 May 2015	Annual Meeting

Council calendar

2. That the calendar of council meetings for the 2014/15 municipal year ahead as shown at Appendix 1 be noted.

BACKGROUND INFORMATION

3. Council assembly procedure rules require that meetings shall take place on such dates as agreed by council assembly.
4. In past years council assembly at the annual meeting considered a report from the proper constitutional officer on constitutional matters for the municipal year including the draft calendar of meetings for the coming year. In line with the practice adopted last year the calendar is now presented earlier to give members greater notice of forthcoming council assembly dates.

KEY ISSUES FOR CONSIDERATION

Council assembly dates

5. A schedule of council assembly meetings for the 2014/15 municipal year has been prepared and is shown in recommendation 1. The proposed dates are based on the meetings established by the annual meeting on 22 May 2013. The next council assembly is 26 March 2014. This was agreed by council assembly on 23 January 2013.
6. For 2014, it is proposed that the annual meeting be held across two dates. The mayor making part of the meeting will take place on Saturday 7 June 2014 in a combined event with the Civic Associations' civic award ceremony. The constitutional annual meeting will be held on Wednesday 11 June 2014. No constitutional changes are necessary for the meeting to be held in this way, however a report will be taken to the constitutional steering panel to review whether any other changes to the procedure rules are necessary.
7. Council assembly is asked to formally agree these dates, in accordance with the relevant constitutional provision.

Council calendar

8. A calendar of council meetings for the 2014/15 municipal year ahead has been prepared and is shown at Appendix 1.
9. The calendar includes the dates for school holidays, party conferences and other committed dates. Due to business demands of the service, certain meetings will meet more frequently e.g. cabinet, overview and scrutiny committee and planning committee. Cabinet procedure rule 2.1 requires that the cabinet should meet at least ten times per year; therefore cabinet meetings are scheduled in line with this requirement. Scrutiny sub-committees are included in the draft calendar, pending their establishment by the overview and scrutiny committee.
10. In respect of meetings other than council assembly, this calendar is subject to amendments, additions and cancellations. The calendar is regularly updated throughout the year and is published on the council's website.

Community impact statement

11. This decision has been judged to have no impact on local people and communities.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Constitution http://www.southwark.gov.uk/info/10058/about_southwark_council/375/councils_constitution	Constitutional Team 160 Tooley Street, London SE1 2QH	Lesley John 020 7525 7225

APPENDICES

Appendix	Title
Appendix 1	Council Calendar 2014/15

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Kenny Uzodike, Assistant Constitutional Officer	
Version	Final	
Dated	13 February 2014	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	No	No
Strategic Director of Finance and Corporate Services	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	13 February 2014	

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Mar-14	Sat	1	
	Sun	2	
	Mon	3	Standards Committee 1900
	Tue	4	Planning Committee 1900
	Wed	5	Constitutional Steering Panel 1830
			Health, Adult Social Care, Communities & Citizenship Scrutiny Sub-Committee 1900
	Thur	6	
	Fri	7	
	Sat	8	
	Sun	9	
	Mon	10	Overview & Scrutiny Committee 1900
	Tue	11	Education, Children's Services & Leisure Scrutiny Sub-Committee 1900
			Planning Sub-Committee A 1900
	Wed	12	Licensing Committee 1900
	Thur	13	
	Fri	14	
	Sat	15	
	Sun	16	
	Mon	17	Group Meetings 1600
	Tue	18	Cabinet
			Bermondsey and Rotherhithe Community Council 1900
	Wed	19	Dulwich Community Council 1900
	Thur	20	
	Fri	21	
	Sat	22	
	Sun	23	
	Mon	24	Housing, Environment, Transport & Community Safety Scrutiny Sub-Committee 1900
	Tue	25	Planning Committee 1900
	Wed	26	Council Assembly (Ordinary Meeting) 1900
	Thur	27	
	Fri	28	
	Sat	29	
	Sun	30	
	Mon	31	Overview & Scrutiny Committee 1900
Apr-14	Tue	1	Planning Sub-Committee B 1900

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014		1900
		Camberwell Community Council		
Wed	2	Borough and Bankside and Walworth Community Council Peckham and Nunhead Community Council		1900
Thur	3			
Fri	4			
Sat	5		SCHOOL HOLIDAYS	
Sun	6			
Mon	7			
Tue	8			
Wed	9			
Thur	10			
Fri	11			
Sat	12			
Sun	13			
Mon	14	PRE-ELECTION PERIOD COMMENCES		
Tue	15			1900
Wed	16			
Thur	17			
Fri	18	Bank Holiday	GOOD FRIDAY	
Sat	19			
Sun	20		EASTER SUNDAY EASTER MONDAY	
Mon	21	Bank Holiday		1900
Tue	22			
Wed	23			
Thur	24			
Fri	25			
Sat	26			
Sun	27			
Mon	28			
Tue	29	Planning Committee		
Wed	30	Planning Sub-Committee A		
May-14	1			
Fri	2			
Sat	3			
Sun	4			
Mon	5	Bank Holiday		
Tue	6			

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Wed	7		
Thur	8		
Fri	9		
Sat	10		
Sun	11		
Mon	12		
Tue	13		
Wed	14		
Thur	15		
Fri	16		
Sat	17		
Sun	18		
Mon	19		
Tue	20		
Wed	21		
Thur	22	EUROPEAN PARLIAMENTARY/LOCAL ELECTIONS	
Fri	23		
Sat	24		
Sun	25		
Mon	26	Bank Holiday	
Tue	27	Constitutional Steering Panel	
Wed	28		
Thur	29		
Fri	30		
Sat	31		
Jun-14	Sun 1		
Mon	2	Group Meetings	
Tue	3		
Wed	4		
Thur	5		
Fri	6		
Sat	7	Council Assembly (Annual Meeting - Mayor Making held jointly with the Civic Association's Civic Awards Ceremony)	Venue: Southwark Cathedral
Sun	8		
Mon	9	Group Meetings	

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Tue	10		
Wed	11	Council Assembly (Annual Meeting - Constitutional Business) Overview & Scrutiny Committee	Venue: Tooley Street * - Note: To be held at rise of annual meeting to establish sub-committees and appoint chairs and vice-chairs 1900 2000*
		Planning Committee	* - Note: To be held at rise of annual meeting to establish any sub-committees and appoint chairs and vice-chairs 2000*
Thur	12		
Fri	13		
Sat	14		
Sun	15		
Mon	16	Overview and Scrutiny Committee	1900
Tue	17		
Wed	18		
Thur	19		
Fri	20		
Sat	21		
Sun	22		
Mon	23	Planning Sub-Committee A	
Tue	24	Cabinet Constitutional Steering Panel	1600 1830
Wed	25	Community Council Chairs and Vice-Chairs	1900
Thur	26		
Fri	27		
Sat	28		
Sun	29		
Mon	30	Audit and Governance Committee Scrutiny Sub-Committee 1	1900
Jul-14	Tue 1	Planning Committee Health and Wellbeing Board	1900 1000
Wed	2	Scrutiny Sub-Committee 2	1900

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
	Thur	3	
	Fri	4	
	Sat	5	
	Sun	6	
	Mon	7	Peckham and Nunhead Community Council 1900
	Tue	8	Scrutiny Sub-Committee 3 LGA ANNUAL MEETING/CONFERENCE
	Wed	9	LGA ANNUAL MEETING/CONFERENCE
	Thur	10	LGA ANNUAL MEETING/CONFERENCE
	Fri	11	
	Sat	12	
	Sun	13	
	Mon	14	Overview and Scrutiny Committee 1900
	Tue	15	Planning Committee 1900
	Wed	16	Council Assembly 1900
	Thur	17	
	Fri	18	
	Sat	19	
	Sun	20	
	Mon	21	Corporate Parenting 1400
			Dulwich Community Council 1900
			Bermondsey and Rotherhithe Community Council 1900

DRAFT COUNCIL CALENDAR 2014/15

DATED: 13 FEBRUARY 2014

Tue	22	Cabinet Planning Sub-Committee B						1600 1900
Wed	23	Camberwell Community Council Borough, Bankside and Walworth Community Council						1900 1900
Thur	24							
Fri	25							
Sat	26							
Sun	27							
Mon	28							
Tue	29							
Wed	30							
Thur	31							
Aug-14	Fri	1						
	Sat	2						
	Sun	3						
	Mon	4						
	Tue	5						
	Wed	6						
	Thur	7						
	Fri	8						
	Sat	9						
	Sun	10						
	Mon	11						
	Tue	12						
	Wed	13						
	Thur	14						
	Fri	15						
	Sat	16						
	Sun	17						

SCHOOL HOLIDAYS

DRAFT COUNCIL CALENDAR 2014/15

DATED: 13 FEBRUARY 2014

Mon	18			
Tue	19			
Wed	20			
Thur	21			
Fri	22			
Sat	23			
Sun	24			
Mon	25			
Tue	26		BANK HOLIDAY	
Wed	27			
Thur	28			
Fri	29			
Sat	30			
Sun	31			
Sep-14	Mon	1		1900
				1830
	Tue	2	Planning Committee Health and Wellbeing Board	1900
				1000
	Wed	3	Scrutiny Sub-Committee 1	1900
				1900
	Thur	4		
	Fri	5		
	Sat	6		
	Sun	7		
	Mon	8	Overview and Scrutiny Committee Licensing Committee	1900
				1900
	Tue	9	Scrutiny Sub-Committee 2 Planning Sub-Committee A	1600
				1900
	Wed	10	Camberwell Community Council Dulwich Community Council	1900
				1900
	Thur	11		
	Fri	12		
	Sat	13		
	Sun	14		

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Mon	15	Group Meetings	
Tue	16	Cabinet Audit and Governance Committee	1600 1900
Wed	17	Bermondsey and Rotherhithe Community Council	1900
Thur	18		
Fri	19		
Sat	20		
Sun	21		
Mon	22		
Tue	23		
Wed	24		
Thur	25		
Fri	26		
Sat	27		
Sun	28		
Mon	29	Borough, Bankside and Walworth Community Council Peckham and Nunhead Community Council	1900 1900
Tue	30	Planning Sub-Committee B	1900
Oct-14	Wed	1	
Thur	2		
Fri	3		
Sat	4		
Sun	5		
Mon	6		
Tue	7	Planning Committee	1900
Wed	8	Scrutiny Sub-Committee 3 Licensing Committee	1900 1900
Thur	9		
Fri	10		
Sat	11		
Sun	12		
Mon	13	Group Meetings	1900
Tue	14	Overview & Scrutiny Committee	1900
Wed	15	Planning Sub-Committee B Scrutiny Sub-Committee 1	1900

Labour Party Conference

Conservative Party Conference

Liberal Democrats Party Conference

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Thur	16		
Fri	17		
Sat	18		
Sun	19		
Mon	20	Community Councils Chairs and Vice-Chairs	1900
			1900
Tue	21	Cabinet	1600
		Scrutiny Sub-Committee 2	
Wed	22	Council Assembly	1900
			1900
Thur	23		
Fri	24		
Sat	25		
Sun	26		
Mon	27		
Tue	28		
Wed	29		
Thur	30		
Fri	31		
Nov-13	Sat		
	1		
Sun	2		
Mon	3	Corporate Parenting Committee	1400
		Licensing Committee	1900
Tue	4	Planning Committee	1900
Wed	5	Constitutional Steering Panel	1830
		Standards Committee	1900
Thur	6		
Fri	7		
Sat	8		
Sun	9		
Mon	10	Overview & Scrutiny Committee	1900
		Peckham and Nunhead Community Council	1900
Tue	11	Audit and Governance Committee	1900
		Scrutiny Sub-Committee 3	

HALF TERM

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Wed	12	Planning Sub-Committee A	1900
Thur	13		
Fri	14		
Sat	15		
Sun	16		
Mon	17	Group Meetings	
Tue	18	Cabinet	1900
Wed	19	Borough, Bankside and Walworth Community Council	1900
		Camberwell Community Council	1900
Thur	20		
Fri	21		
Sat	22		
Sun	23		
Mon	24	Scrutiny Sub-Committee 1	1900
Tue	25	Scrutiny Sub-Committee 2	1900
Wed	26	Council Assembly	1900
Thur	27		
Fri	28		
Sat	29		
Sun	30		
Dec-14	Mon	1	1900
	Tue	2	1900
	Wed	3	1900
		Overview & Scrutiny Committee	
		Planning Committee	
		Bermondsey and Rotherhithe Community Council	
		Dulwich Community Council	
	Thur	4	
	Fri	5	
	Sat	6	
	Sun	7	
	Mon	8	1900
		Scrutiny Sub-Committee 3	1900
	Tue	9	1600
		Cabinet	
		Planning Sub-Committee B	1900
	Wed	10	1900
	Thur	11	
	Fri	12	
	Sat	13	
	Sun	14	
		Community Councils Chairs and Vice Chairs	

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Mon	15	Licensing Committee	
Tue	16	Planning Committee	1900
Wed	17		
Thur	18		
Fri	19		
Sat	20		
Sun	21		
Mon	22		
Tue	23		
Wed	24		
Thur	25		
Fri	26		
Sat	27		
Sun	28		
Mon	29		
Tue	30		
Wed	31		
Jan-15	1		
Thur	2		
Fri	3		
Sat	4		
Sun	5		
Mon	6		
Tue	7	Constitutional Steering Panel	1830
Wed	8		
Thur	9		
Fri	10		
Sat	11		
Sun	12	Group Meetings	
Mon	13	Planning Committee	1900
Tue	14	Scrutiny Sub-Committee 1	1900
Wed	15		1900
Thur	16		
Fri	17		
Sat	18		
Sun	19	Overview and Scrutiny Committee	1900
Mon	20	Planning Sub-Committee A	1900
Tue	21	Council Assembly	1900

SCHOOL HOLIDAYS

CHRISTMAS EVE

CHRISTMAS DAY (BANK HOLIDAY)

BOXING DAY (BANK HOLIDAY)

NEW YEAR'S DAY (BANK HOLIDAY)

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Thur	22		
Fri	23		
Sat	24		
Sun	25		
Mon	26	Scrutiny Sub-Committee 2	1900
Tue	27	Cabinet	1600
		Scrutiny Sub-Committee 3	1900
Wed	28	Bermondsey and Rotherhithe Community Council	1900
		Dulwich Community Council	1900
Thur	29		
Fri	30		
Sat	31		
Feb-15	Sun 1		
Mon	2	Overview & Scrutiny Committee	1900
Tue	3	Planning Committee	1900
Wed	4	Borough, Bankside and Walworth Community Council	1900
		Camberwell Community Council	1900
Thur	5		
Fri	6		
Sat	7		
Sun	8		
Mon	9	Group Meetings	
Tue	10	Cabinet	1600
		Planning Sub-Committee B	1900
Wed	11	Constitutional Steering Panel	1830
		Peckham and Nunhead Community Council	1900
Thur	12		
Fri	13		
Sat	14		
Sun	15		
Mon	16	Group Meetings (Alternate date)	
Tue	17		
Wed	18		
Thur	19		
Fri	20		
Sat	21		
Sun	22		
Mon	23	Audit & Governance Committee	1900
		Scrutiny Sub-Committee 1	1900

DRAFT COUNCIL CALENDAR 2014/15		DATED: 13 FEBRUARY 2014	
Tue	24	Corporate Parenting Committee	1400
		Scrutiny Sub-Committee 2	1900
Wed	25	Council Assembly (Budget Setting)	1900
Thur	26		
Fri	27		
Sat	28		
Mar-15	Sun 1		
Mon	2	Standards Committee	1900
Tue	3	Planning Committee	1900
Wed	4	Constitutional Steering Panel	1830
		Scrutiny Sub-Committee 3	1900
Thur	5		
Fri	6		
Sat	7		
Sun	8		
Mon	9	Overview & Scrutiny Committee	1900
Tue	10	Planning Sub-Committee A	1900
Wed	11	Licensing Committee	1900
Thur	12		
Fri	13		
Sat	14		
Sun	15		
Mon	16	Group Meetings	
Tue	17	Cabinet	1600
		Community Councils chairs and vice chairs	1900
Wed	18		
Thur	19		
Fri	20		
Sat	21		
Sun	22		
Mon	23		
Tue	24	Planning Committee	1900
Wed	25	Council Assembly (Ordinary Meeting)	1900
Thur	26		
Fri	27		
Sat	28		
Sun	29		

DRAFT COUNCIL CALENDAR 2014/15

DATED: 13 FEBRUARY 2014

Mon	30			SCHOOL HOLIDAYS	
Tue	31				1900
Apr-15 Wed	1				1900
					1900
Thur	2				1900
Fri	3	Bank Holiday		GOOD FRIDAY	
Sat	4				
Sun	5				
Mon	6	Bank Holiday		EASTER SUNDAY EASTER MONDAY	
Tue	7				
Wed	8				
Thur	9				
Fri	10				
Sat	11				
Sun	12				
Mon	13	Planning Sub-Committee B			1900
Tue	14	Cabinet			1600
		Scrutiny Sub-Committee 1			1900
Wed	15	Peckham and Nunhead Community Council			1900
		Borough, Bankside and Walworth Community Council			1900
Thur	16				
Fri	17				
Sat	18				
Sun	19				
Mon	20				
Tue	21	Planning Committee			1900
		Scrutiny Sub-Committee 2			1900
Wed	22	Bermondsey and Rotherhithe Community Council			1900
		Dulwich Community Council			1900
Thur	23				
Fri	24				
Sat	25				
Sun	26				

DRAFT COUNCIL CALENDAR 2014/15			DATED: 13 FEBRUARY 2014		
Mon	27	Overview & Scrutiny Committee			1900
Tue	28	Planning Sub-Committee A Camberwell Community Council			1900 1900
Wed	29	Audit and Governance Committee Scrutiny Sub-Committee 3			1900 1900
Thur	30				
May-15	1				
Fri	2				
Sat	3				
Sun	4	Bank Holiday			
Mon	5	Planning Committee			1900
Tue	6				
Wed	7				
Thur	8				
Fri	9				
Sat	10				
Sun	11				
Mon	12	Cabinet Planning Sub-Committee B			1600 1900
Tue	13				
Wed	14				
Thur	15				
Fri	16				
Sat	17				
Sun	18	Group meeting			
Mon	19				
Tue	20	Council Assembly (Annual Meeting)			1900

**COUNCIL ASSEMBLY AGENDA DISTRIBUTION LIST (OPEN) (FULL LIST)
MUNICIPAL YEAR 2013/14**

NOTE: Original held by Constitutional Team; all amendments/queries to
Lesley John Tel: 020 7525 7228

ONE COPY TO ALL UNLESS OTHERWISE STATED	Copies	To	Copies
All Councillors	1 each	Officers	4
Group Offices	2	Doreen Forrester-Brown	1
Aine Gallagher, Labour Group Office	1	Robin Campbell	1
William Summers, Liberal Democrat Group Office	1	Ian Millichap	1
		Sonia Sutton	1
Press	2	Constitutional Team	25
Southwark News	1	(Copies to Lesley John, 2 nd Floor, Hub 4, Tooley Street)	
South London Press	1		
Corporate Management Team	5	Trade Unions	9
Eleanor Kelly	1	Roy Fielding, GMB	
Deborah Collins	1	Henry Mott, Unite	1
Romi Bowen	1	Sue Plain, Unison	1
Duncan Whitfield	1	Tony O'Brien, UCATT	1
Gerri Scott	1	Michael Davern, NUT	1
		James Lewis, NASUWT	1
		Pat Reeves, ATL	1
		Miss Sylvia Morris, NAHT	1
		Irene Bishop, ASCL	1
		Local M.P.	1
		Simon Hughes M.P.	
		Others	2
		Ann-Marie Connolly	1
		Elizabeth Olive, Audit Commission, Ground Floor, Tooley Street	1
		Total:	113