

Portsmouth City Council

A MEETING OF THE COUNCIL will be held at the Council Chamber - The Guildhall on Tuesday, 17 March 2015 at 2.00 pm and all members of the council are hereby summoned to attend to consider and resolve upon the following business:-

Agenda

- 1 **Members' Interests**
- 2 **To approve as a correct record the Minutes of** (Pages 1 - 52)
 - the Meeting of the Council held on 10 February 2015.
- 3 **To receive such communications as the Lord Mayor may desire to lay before the Council, including apologies for absence.**
- 4 **Deputations from the Public under Standing Order No 24.**
- 5 **Questions from the Public under Standing Order 25.**
- 6 **Appointments**
- 7 **Urgent Business - To receive and consider any urgent and important business from Members of the Cabinet in accordance with Standing Order No 26.**
- 8 **Treasury Management Policy for 2015/16 (Cabinet Minute 22 refers)** (Pages 53 - 112)

Cabinet recommendations - To receive and consider the attached report and recommendations of the Cabinet held on 5 March 2015 in respect of the above matter.
- 9 **Budget and Performance Management 2014/15 third Quarter (Cabinet Minute 23 refers) (for noting)** (Pages 113 - 152)

Cabinet recommendations - To receive and consider the attached report and recommendations of the Cabinet held on 5 March 2015 in respect of the above matter.
- 10 **Local Transport Plan Phase 3 Implementation Plan 2015/16 (Cabinet Minute 17 refers)** (Pages 153 - 160)

Cabinet recommendations - To receive and consider the attached report and recommendations of the Cabinet held on 5 March 2015 in respect of the above matter.

11 Delivering Replacement Housing Programme Phase 2 (Pages 161 - 166)

Cabinet Member for Housing recommendations - To receive and consider the attached report, together with the recommendations (to follow) of the Cabinet Member for Housing held on 16 March 2015 in respect of the above matter.

12 Pay Policy Statement 2015/16 (Employment Committee minute 6 refers) (Pages 167 - 178)

Employment Committee recommendations - To receive and consider the attached report and recommendations of the Employment Committee held on 6 January 2015, in respect of the above matter, as updated in respect of the statement, under the agreed delegated arrangements to take account of changes resulting from senior management review.

13 Shadow Committee System - Response from Governance and Audit and Standards Committee (Governance & Audit & Standards Committee Minute 17 refers) (Pages 179 - 180)

Governance & Audit & Standards Committee recommendations - To receive and consider the attached recommendations of the Governance & Audit & Standards Committee held on 27 February in respect of the above matter.

14 Health and Wellbeing Board - Change to Constitution (Pages 181 - 188)

Governance & Audit & Standards Committee recommendations - To receive and consider the recommendations of the Governance & Audit & Standards Committee held on 13 March 2015 in respect of the above matter, the report for which is attached (recommendations to follow).

15 Review of Members' Code of Conduct and Committee Arrangements for Assessment, Investigation and Determination of Complaints (Pages 189 - 216)

Governance & Audit & Standards Committee recommendations - To receive and consider the recommendations of the Governance & Audit & Standards Committee held on 13 March 2015 in respect of the above matter, the report for which is attached (recommendations to follow).

16 Notices of Motion

(a) Sewage in Langstone Harbour

Proposed by Councillor Steve Hastings
Seconded by Councillor Stuart Potter

This council requests that the Leader writes to Sir Philip Dilley, the Chairman of the Environment Agency Board of Governors and to The Right Honourable Elizabeth Truss, the current Secretary of State for Environment Food and Rural Affairs to ask why the residents of Portsmouth City have to put up with a continuous flow of sewage into Langstone Harbour which affects the whole of our waterside sports and industries. This raw sewage disposal has shut down our fishing industry due to a health risk on our sea beds. Also what fines, if any,

finances have been levied on Southern Water for this regular discharging of raw sewage.

(b) Stamshaw Junior School becoming an Academy

Proposed by Councillor Leo Madden
Seconded by Councillor Darren Sanders

Council deplores the lack of meaningful consultation over the proposed transfer of Stamshaw Junior School to sponsored academy status.

Council asks that the Cabinet Member for Children's Services writes to the Education Secretary, saying that any decision to give Stamshaw Junior School sponsored academy status under the auspices of Portswood Primary School is not implemented until there has been full, proper and meaningful consultation with staff, governors and parents on the way forward for the school in the light of the OFSTED inspection.

(c) Moving the Isle of Wight vehicle ferry terminal

Proposed by Councillor Denny
Seconded by Councillor Hastings

Council asks Cabinet to consider encouraging Wightlink to move its vehicle operations from The Camber to the Continental Ferry Port and report back to councillors as soon as possible. Such a move would have benefits in removing a large number of vehicle movements from the city centre and release valuable land at The Camber for commercial re-development such as a five-star hotel. Wightlink would have better facilities for docking, customers would have better road links via the M275 and under-used facilities at the Continental Ferry Port would have increased business.

**(d) Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Hugh Mason**

The City Council has always taken the view that the decision by Ministers in the Ministry of Defence to allow BAe to move naval shipbuilding away from Portsmouth was wrong. The loss of about 1,000 good quality engineering jobs was very bad for the city, and for the country.

Extra jobs coming into Portsmouth from the City Deal, from BAe and from defence investment are all welcome and are to be applauded. The Prime Ministers undertaking to bring shipbuilding back into the dockyard is also very welcome. The basing of the carriers here in Portsmouth should mean that the navalbase is secure for the lifetime of these ships, 40 to 50 years.

In February the Prime Minister announced that two firms will be

moving into the shipbuilding hall in the dockyard. He said this brought shipbuilding back to the city.

Closer examination shows that whilst Magma International may be creating some new jobs in their work on structures for super yachts, the BAe minehunter work moving into the shipbuilding hall is work that is currently being undertaken elsewhere in the dockyard and that there will be no new jobs created, nor new ships built unless orders are placed. No orders have been placed, so the ship building hall will have the potential to build ships, but there are no orders to do so.

The City Council therefore does not believe that the Prime Minister has kept his undertaking to the City to bring shipbuilding back to Portsmouth.

In 1979 when Mrs Thatcher came to power the Royal Navy had 59 frigates and destroyers. They now have just 19. The City Council is also concerned that neither the Prime Minister or the Chancellor were prepared to say that the Royal Navy would be able to replace the current 13 frigates with 13 new Type 26 frigates. It is also concerned that the Chancellor announced that only some of the new frigates would be based in Portsmouth.

The City Council therefore requests that the Leader of the City Council write to the Prime Minister by the end of this current week to ask him when he will make good his undertaking to the city of Portsmouth that shipbuilding will come back to the dockyard in Portsmouth, and to copy that letter and any answer received to all members of the Council.

- (e) Proposed by Councillor Hugh Mason
Seconded by Councillor Ben Dowling

Council notes that Portsmouth has been amongst the top half dozen cities in the UK for job growth over the last decade and appreciates the work which has been done by Council officers as well as by PUSH and the LEP in achieving this growth. The growth in high technology engineering and scientific jobs is especially to be welcomed.

Council recognises that there is still great potential for high technology manufacturing development both within the City and on sites owned by the City in the proximity but that the City faces intense competition for investment in this sector from other areas in the south of the country.

Council therefore requests the Cabinet Member for Planning, Regeneration and Economic Development to establish a cross party working group comprising officers and members to work with stakeholders in the City to develop strategies for promoting investment in the advanced engineering and scientific manufacturing sectors in order to keep this City at the forefront of the national

economy.

(f) Allotments

Proposed by Councillor Lee Hunt
Seconded by Cllr Vernon-Jackson

This Council urges the Cabinet Member for Culture, Leisure and Sport to reconsider her 6th February 2015 allotment charges rise.

**(g) Proposed by Councillor Alistair Thompson
Seconded by Councillor Steve Wemyss**

The City Council is deeply concerned changes in member training do not reflect the findings of the Pascoe report. This report identified serious failings in a former member's behaviour.

As the report's author said "I consider that the prima facie evidence of his unwelcome sexual approaches remains unquestionably a very serious matter in the light of the position which he holds and his knowledge from the beginning of the vulnerability of [the complainant].

"No one in public life should allow themselves to act in such an irresponsible and damaging way."

This behaviour had been reported to the Council on numerous occasions and yet some members and officers failed to take action to support the complainant, a vulnerable adult, indeed at least one member even said that the vulnerable adult was "just trying to get some money". In her victim impact statement the lady criticised these comments along with others from serving members of the Liberal Democrat Group, saying she believed some member had sort to "publically discredit both myself and my motives for bringing an action...".

The City Council is committed to making sure that this problem or similar incidents can never occur again.

The City Council therefore instructs the Monitoring Officer to take a report to a future G&A&S Committee. This report should update all members on the changes put in place following this incident, identify suitable external safeguarding vulnerable adult and children training courses, cost and how to funding new member attendance on these.

Furthermore the City Council requests the G&A&S Committee to examine whether members of the Council can be barred any committee, or position that might bring them into contact with vulnerable people until they have undertaken this training.

Finally the Council believes that if this is possible, this should be

applied to those current members of the Liberal Democrat Group who commented on this particular case and contributed to the distress and upset of this vulnerable adult.

(h) Proposed Councillor Alistair Thompson
Seconded by Councillor Steve Wemyss

The City Council is deeply concerned at the growth of legal highs or New Psychoactive Substances, (NPS). According to a recent study up to one in 12 young people, over 670,000 15-24 year olds have already tried a legal high and this number is predicted to increase.

New Psychoactive Substances are responsible for a growing number of deaths and hospital admittances as the number of NPS flooding the market rises.

It has been reported 6,486 people were treated in 2011/12 for abusing these drugs, an increase of 39 per cent since 2005/06. 43 young people died nationally in 2010 an eight-fold increase on the previous year. By 2012 the number of deaths had risen to 97, with more than 60 young people losing their lives.

Given the rapid increase in the number of associated problems caused by the proliferation of NPS, the City Council instructs the City Solicitor to prepare a report on the introduction and enforceability of Public Space Protection Order (PSPO) as in Lincoln.

The report would detail any associated costs and how this order would prevent the ingestion of NPS in all public spaces, in particular, all open spaces, on the street or on any Council owned property.

(i) Fares on buses in Portsmouth

Proposed by Councillor Michael Andrewes
Seconded by Councillor Matthew Winnington

Council welcomes:

The money obtained from national government by the previous council administration to improve public transport infrastructure in Portsmouth and the My Travel Portsmouth project

Council notes:

The current annual rate of inflation is 0.3% and that the cost of diesel has fallen by over 10% since January 2014 and that as a result the Chief Secretary to the Treasury has written to the five major bus companies saying that they should reduce their fares.

That bus companies are reporting large profits.

However despite this First Bus have increased their individual fares,

increasing some by approximately 6%, more than 20 times the rate of inflation and some season ticket prices including the three month season ticket by over 3%, more than 10 times the rate of inflation.

Council resolves:

To request that the Chief Executive writes to First Bus expressing the council's disappointment over the increase in its fares and that he also writes to both First Bus and Stagecoach urging them to reduce fares.

To ask that Scrutiny Management Panel holds a meeting on bus fares as soon as possible and ideally in March and invites representatives of First Bus, Stagecoach and bus passengers to that meeting.

To ask the Cabinet to work with the bus companies towards promoting and extending innovative ticketing solutions such as Solent Go card, mobile phone ticketing and improving and promoting bus travel generally

(j) Retaliatory Evictions

Proposed by Councillor Michael Andrewes
Seconded by Councillor Leo Madden

The council notes

The large number of Portsmouth residents who rent in the private sector

The need to protect residents who rent in the private sector from "retaliatory evictions" where they have asked for a legitimate repair and their landlord then evicts them.

That the vast majority of private landlords are responsible and the council has a long and constructive history of working with them for their and their tenants' benefit.

The increasingly widespread practice of "retaliatory evictions" or eviction when the tenant has asked for a legitimate repair to be made.

The council welcomes

The amendments put in to the Deregulation Bill by the Government to prevent retaliatory evictions, following the private members' bill by Sarah Teather, MP

The council resolves

To support the amendments on retaliatory evictions

Ask the Chief Executive to write to Portsmouth MPs asking them to support the amendments in the last parliamentary stages

To ask the Cabinet to a. highlight and publicise the changes in a future issue of Flagship and b. ask the Council's officers to work with tenants and landlords to practically implement the changes and improvements to tenants' rights on retaliatory evictions and other changes when they become law.

(k) Animal Welfare

Proposed by Councillor Michael Andrewes
Seconded by Councillor Lynne Stagg

The City Council notes:

That Portsmouth residents are concerned about high standards of animal welfare and expects the council to do all that it can to promote, safeguard and encourage these high standards

The model compassionate charter on animal welfare for councils promoted by Animal Aid

The City Council resolves to ask the Licensing Committee and Cabinet where appropriate to

uphold the welfare of animals and to introduce policies that safeguard their rights generally in its work and specifically by adopting an updated animal welfare charter.

Publish the charter on its website and in a forthcoming issue of Flagship and to review the charter every two years in the light of new legislation and work on animal welfare.

Publish a report to council on what steps it has taken to implement the charter with a summary published in Flagship and on its website every two years.

Portsmouth City Council resolves to ask the Licensing Committee and Cabinet where appropriate to adopt the following animal welfare charter:

1. To oppose vivisection by ensuring that chemicals used on Portsmouth City Council premises have not been tested on animals through clauses in future tenders for cleaning services and to support moves to ban all experimental procedures concerned with cosmetics and the use of animals for other purposes where non-animal methodologies exist
2. To ban circuses on Portsmouth City Council owned land that feature animals other than horses, ponies, guard dogs or

domesticated animals

3. To discourage the use of animals as prizes on land owned by Portsmouth City Council
4. To work with partners in the city, such as the RSPCA and local vets, to encourage responsible pet ownership via measures including:
 - a. Promoting the neutering of households pets.
 - b. Encouraging practices such as micro-chipping, worming, de-fleeing, regular vaccinations, nail clipping and dental hygiene.
 - c. Educating residents about responsible ownership of exotic animals and the challenges they pose.
 - d. Supporting community action events held by the RSPCA and other animal welfare organisations
 - e. Supporting educational campaigns to promote responsible dog ownership and knowledge of the bylaws and Central Government legislation;
5. To condemn the production, sale and consumption of foie gras.
6. Support the ban on the sale of wild animal skins
7. Ensure the sale of animals or livestock on PCC land is strictly prohibited; permit the show or display of animals on PCC land only with prior written consent (Animals maybe subject to inspection by PCC appointed vets or animal welfare organisations) and ensure compliance with animal gatherings legislation where animals are brought together for a show or exhibition on PCC land.
8. To work to ensure any Mayoral and ceremonial robes do not contain real fur.
9. To use only humane methods of pest control for managing populations of birds and small mammals and ensure all pest control treatments by the City Council are carried out humanely by trained and experienced personnel
10. To work with partners to promote information initiatives designed to educate residents about humane methods of pest control at home.
11. To promote the safe disposal of everyday items that pose a danger to animals, including plastic bags, balloons, tin cans, glass bottles and elastic bands

(I) The cost of democracy - Proposed move to Whole Council Elections once every four years.

Proposed by Councillor Rob New
Seconded by Councillor Lee Mason

This council recognises the unprecedented budgetary pressures faced by local government. It acknowledges the need to make savings across all areas of expenditure, including from the political administration of the council.

Council is also concerned that annual elections are expensive to administer and can encourage political short termism, whereby difficult but necessary decisions are put off for fear of the electoral consequences. It notes however that the electoral cycle can only be changed by a two thirds majority vote following a period of public consultation and that conducting such consultation would involve a cost.

Consequently, the Council requests that Democratic Services write to every member of the council to ask whether or not they would be in favour of a change to all out elections to establish whether the requisite two thirds of members of the council would support this change. The views of Members in the new municipal year will also be sought

Having regard to the Member consultation, the Governance and Audit and Standards Committee be asked to consider and report back to Council on the necessary actions and process that needs to be followed, including the proposed public consultation arrangements, with a view to replacing the current system of councillor elections by thirds (elections being held three years in every four) to whole-Council elections (all council seats to be up for election once every four years), and for such changes to come into operation as soon as practicable.

17 Questions from Members under Standing Order No 17. (Pages 217 - 222)

18 Start time of the Annual Council meeting

Following discussion with the Lord Mayor, Deputy Lord Mayor, Leader of the Council and other Group Leaders, approval is sought to the start time of the Annual Council meeting on 19 May 2015, being brought forward to 10am with Standing Order 7 - Time of meetings being waived to enable this.

David Williams
Chief Executive

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

Full Council meetings are digitally recorded, audio only.

Civic Offices
Guildhall Square
PORTSMOUTH
9 March 2015

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MINUTES OF A MEETING OF THE COUNCIL held at the Guildhall
Portsmouth on Tuesday, 10 February 2015 at 2.00 pm

Council Members Present

The Right Worshipful The Lord Mayor
Councillor Steven Wylie (in the Chair)

Councillors

Margaret Adair

Michael Andrewes
Simon Boshier
Alicia Denny
Ben Dowling
Ken Ellcome
John Ferrett
Ken Ferrett
Margaret Foster
David Fuller
Colin Galloway
Aiden Gray
Terry Hall
Stephen Hastings
Hannah Hockaday
David Horne
Lee Hunt
Frank Jonas
Donna Jones

Leo Madden

Hugh Mason
Lee Mason
Robert New
Stuart Potter
Darren Sanders
Phil Smith
Lynn Stagg
Les Stevens
Sandra Stockdale
Luke Stubbs
Julie Swan
Linda Symes
Gerald Vernon-Jackson
Steve Wemyss
Matthew Winnington
Rob Wood
Neill Young

12. Declarations of Interests under Standing Order 13(2)(b)

There were no declarations of members' interests.

13. Minutes of the Ordinary Meeting of the Council held on 20 January 2015

It was

Proposed by Councillor Donna Jones

Seconded by Councillor Gerald Vernon-Jackson

That the minutes of the meeting held on 20 January 2015 be approved as a correct record and this was agreed.

RESOLVED that the minutes of the meeting of the council held on 20 January 2015 be confirmed and signed as a correct record.

14. Communications including apologies for absence

Apologies for absence were received from Councillor Will Purvis, Councillor Paul Godier, Councillor Eleanor Scott and Councillor Alistair Thompson.

The Lord Mayor thanked all those who had sent gifts and cards of congratulations following the birth of his second son, Dylan Wylie.

The Lord Mayor advised that he had written to the family of Major Willis (a member of the Overlord Embroidery Liaison Committee) who had passed away earlier this year, to express his condolences.

15. Deputations from the Public under Standing Order No 24

The City Solicitor reminded the person making a deputation today that if he did not wish to be filmed, photographed or recorded when making his deputation he should indicate, in order that all present who may be intending to film, photograph or record proceedings could accede to his wishes.

The City Solicitor advised that the deputation request had been received in respect of agenda item 7 - the Capital Programme 2014/15 to 2019/20 from Mr Steve Bonner, vice-chair of Portsmouth Pensioners' Association.

Mr Bonner made his deputation speaking against aspects of the capital programme. The Lord Mayor thanked him for his deputation.

16. Appointments

The Lord Mayor advised that he had been notified of the following appointments as circulated in the chamber.

Councillor Terry Hall to replace Councillor Gerald Vernon-Jackson on the Planning Committee.

Councillor Julie Swan to replace Councillor Stuart Potter on the Licensing Committee.

Councillor Steve Hastings to replace Councillor Colin Galloway on the Governance & Audit & Standards Committee.

Councillor Colin Galloway to replace Councillor Steve Hastings as the UKIP opposition spokesperson for the Children & Education portfolio.

These were agreed.

17. Urgent Business

There was no urgent business.

18. Recommendations from Cabinet from its meeting held on 5 February 2015

Minute 10 - Capital Programme 2014/15 to 2019/20

Minute 11 - Portsmouth City Council Budget and Council Tax 2015/16 and Medium Term Budget Forecast

The Lord Mayor explained that further to the letter of 2 February 2015 previously sent to members, it was proposed that the capital programme and the budget and council tax setting items be taken and debated together on the basis that each item impacts on the other and on the understanding that the capital programme would be voted on first followed by the budget and tax setting item.

It was

Proposed by Councillor Donna Jones
Seconded by Councillor Ken Ellcome

That the process outlined above be adopted.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Donna Jones
Seconded by Councillor Ken Ellcome

That the recommendations contained in Cabinet minute 10 - Capital Programme 2014/15 to 2019/20 and Cabinet minute 11 - Portsmouth City Council Budget and Council Tax 2015/16 and Medium Term Budget Forecast 2016/17 to 2018/19 be approved.

These were opposed.

Councillor Donna Jones presented the Cabinet's recommendations on the capital programme and budget and council tax setting. She thanked members of the Conservative, Labour and UKIP groups for their support in creating the budget but also said she respected the Liberal Democrats' decision to present an alternative budget.

Members' attention was drawn to a change to the papers following the Cabinet meeting in respect of a change to the description only of the capital scheme set out in Appendix 2 (page 65 of the report) relating to the primary school places expansion. Following her budget presentation, the Leader commended the proposals to council.

As an amendment to the recommendations in relation to Cabinet minutes 10 and 11, it was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Hugh Mason

That the recommendations set out in Appendix 1 attached to these minutes (Liberal Democrat capital amendment) and the recommendations set out in

Appendix 2 attached to these minutes (Liberal Democrat Portsmouth City Council budget and council tax 2015/16 and medium term budget forecast) be adopted.

Councillor Vernon-Jackson then spoke to his group's proposed budget amendments and commended them to the council.

Councillor Colin Galloway then spoke to the budget presented by the administration which he said he would support and did not propose any amendments.

As an amendment to the recommendations in relation to Cabinet minute 11, it was

Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray

That the recommendations set out in Appendix 3 attached to these minutes (Labour budget and council tax 2015/16 and medium term budget forecast 2016/17 to 2018/19 amendment) be adopted.

Councillor John Ferrett then spoke to his group's proposed budget amendments and commended them to the council.

As an amendment to the recommendations in relation to Cabinet minute 10, the Capital Programme, it was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Steve Hastings

That the recommendation set out in Appendix 4 attached to these minutes be adopted.

Following debate, Council adjourned at 4.35pm.
Council resumed at 4.55pm.

Following further debate, Council adjourned at 5.20pm.
Council resumed at 5.35pm.

As an amendment it was

Proposed by Councillor Darren Sanders
Seconded by Councillor Ben Dowling

That the recommendations set out in Appendix 5 attached to these minutes (Capital Programme amendment in the name of Councillor Darren Sanders) be adopted.

Following debate, the Lord Mayor called upon the Leader of the Council, Councillor Donna Jones to sum up.

Councillor Donna Jones (as the original mover of the proposals), agreed to accept the amendment standing in the name of Councillor Luke Stubbs.

Councillor Jones said that she did not propose to accept the Liberal Democrat Group or Labour Group amendments and outlined her reasons.

The Lord Mayor advised that regulations require all votes on the budget proposals to be dealt with by means of recorded votes.

Upon the amendment standing in the name of Councillor Gerald Vernon-Jackson concerning Cabinet Minute 10 - Capital Programme 2014/15 to 2019/20 being put to the vote, the following members voted in favour:

Councillor Margaret Adair	Councillor Darren Sanders
Councillor Michael Andrewes	Councillor Phil Smith
Councillor Ben Dowling	Councillor Lynne Stagg
Councillor Margaret Foster	Councillor Les Stevens
Councillor David Fuller	Councillor Sandra Stockdale
Councillor Terry Hall	Councillor Gerald Vernon-Jackson
Councillor Lee Hunt	Councillor Matthew Winnington
Councillor Leo Madden	Councillor Rob Wood
Councillor Hugh Mason	

The following members voted against

Councillor Simon Boshier	Councillor Frank Jonas
Councillor Alicia Denny	Councillor Donna Jones
Councillor Ken Elcome	Councillor Lee Mason
Councillor Ken Ferrett	Councillor Rob New
Councillor John Ferrett	Councillor Stuart Potter
Councillor Colin Galloway	Councillor Luke Stubbs
Councillor Aiden Gray	Councillor Julie Swan
Councillor Stephen Hastings	Councillor Linda Symes
Councillor Hannah Hockaday	Councillor Steve Wemyss
Councillor David Horne	Councillor Neill Young

There were no abstentions.

The Liberal Democrat amendment to the Capital Programme was therefore LOST.

Upon the amendment to the Capital Programme 2014/15 to 2019/20 standing in the name of Councillor Darren Sanders being put to the vote, the following members voted in favour.

Councillor Margaret Adair	Councillor Darren Sanders
Councillor Michael Andrewes	Councillor Phil Smith
Councillor Ben Dowling	Councillor Lynne Stagg
Councillor Margaret Foster	Councillor Les Stevens
Councillor David Fuller	Councillor Sandra Stockdale
Councillor Terry Hall	Councillor Gerald Vernon-Jackson

Councillor Lee Hunt
Councillor Leo Madden
Councillor Hugh Mason

Councillor Matthew Winnington
Councillor Rob Wood

The following members voted against the amendment.

Councillor Simon Boshier
Councillor Alicia Denny
Councillor Ken Elcome
Councillor Ken Ferrett
Councillor John Ferrett
Councillor Colin Galloway
Councillor Aiden Gray
Councillor Stephen Hastings
Councillor Hannah Hockaday
Councillor David Horne

Councillor Frank Jonas
Councillor Donna Jones
Councillor Lee Mason
Councillor Rob New
Councillor Stuart Potter
Councillor Luke Stubbs
Councillor Julie Swan
Councillor Linda Symes
Councillor Steve Wemyss
Councillor Neill Young

There were no abstentions.

The amendment standing in the name of Councillor Darren Sanders was therefore LOST.

Upon the recommendations in Cabinet minute 10 - Capital Programme 2014/15 to 2019/20 incorporating the amendment standing in the name of Councillor Luke Stubbs being put to the vote, the following members were in favour.

Councillor Margaret Adair
Councillor Michael Andrewes
Councillor Simon Boshier
Councillor Alicia Denny
Councillor Ben Dowling
Councillor Ken Elcome
Councillor Ken Ferrett
Councillor John Ferrett
Councillor Margaret Foster
Councillor David Fuller
Councillor Colin Galloway
Councillor Aiden Gray
Councillor Terry Hall
Councillor Stephen Hastings
Councillor Hannah Hockaday
Councillor David Horne
Councillor Lee Hunt
Councillor Frank Jonas
Councillor Donna Jones

Councillor Leo Madden
Councillor Hugh Mason
Councillor Lee Mason
Councillor Rob New
Councillor Stuart Potter
Councillor Darren Sanders
Councillor Phil Smith
Councillor Lynne Stagg
Councillor Les Stevens
Councillor Sandra Stockdale
Councillor Luke Stubbs
Councillor Julie Swan
Councillor Linda Symes
Councillor Gerald Vernon-Jackson
Councillor Steve Wemyss
Councillor Matthew Winnington
Councillor Rob Wood
Councillor Neill Young

No members voted against the recommendations and there were no abstentions.

The Cabinet recommendations in Cabinet minute 10 incorporating the amendment standing in the name of Councillor Luke Stubbs were therefore CARRIED.

RESOLVED that

It be noted that Cabinet has changed the description only of the Capital Scheme set out in Appendix 2 (page 65 of the report) relating to the Primary School Places Expansion. The description referring to providing additional places at St. Judes CofE Primary School is to be removed as this is now planned to take place in a subsequent year once additional capital resources become available.

- 1) The Revised Capital Programme 2014/15 to 2019/20 attached as Appendix 1 to the report which includes all additions, deletions and amendments for slippage and re-phasing described in Sections 6 and 8 be approved.
- 2) The passported Capital Allocations (Ring-fenced Grants) as set out in Section 7 be noted.
- 3) The Head of Finance and Section 151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council.
- 4) The following schemes as described in Section 9 and Appendix 2 (as amended above - see attached) be reflected within the recommended Capital Programme 2014/15 to 2019/20 and be financed from the available corporate capital resources:

Recommended New Capital Schemes		Corporate Resources Required £	Total Scheme Value £
Children & Education:			
	School Condition Projects (including Vanguard Centre and Mayfield East Playing Field)	3,950,000	3,950,000
	Primary School Places Expansion	11,706,000	11,706,000
	Adaptations to Foster Carers Properties (Grants)	150,000	150,000
Culture, Leisure & Sport:			
	Loan Advance for the Fitting Out of The New Theatre Royal	150,000	150,000
Environment & Community Safety:			
	Long Curtain Moat Detailed Design	277,000	277,000
Housing:			
	Support For Vulnerable People	200,000	1,212,600
	Grosvenor House Refurbishment	100,000	3,188,000

Recommended New Capital Schemes		Corporate Resources Required £	Total Scheme Value £
Planning, Regeneration & Economic Development:			
	Limberline Road Phase 3 (subject to a satisfactory financial appraisal to be approved by the Head of Finance & S151 Officer)	762,000	4,242,000
	City Centre Public Realm Improvements	500,000	500,000
	District Shopping Centre Improvements	100,000	100,000
	Improvements to Community Facilities (Fratton Area)	100,000	100,000
	Seafront Development	100,000	100,000
Resources:			
	Landlord's Maintenance	1,000,000	1,000,000
	Business Intelligence & Electronic Document Management System Requirement Specifications & Implementation of one option	850,000	850,000
	Web Phase 2 & Channel Shift	635,000	635,000
Traffic & Transportation:			
	Local Transport Plan 3 (including Eastern Road Waterbridge and Anglesea Road Footbridge)	1,865,000	2,362,900
	Verge Hardening	100,000	100,000
	St. Mary's Road & Milton Road Crossings	60,000	60,000
Total Recommended Sum to be Approved		22,605,000	30,683,500

- 5) It be noted that the Improvements to Community Facilities (Fratton Area) of £100,000 in recommendation 4) above is available for the community to use to enhance the overall community provision but is conditional upon the scheme demonstrating that it will lead to the City Council realising savings in future years.
- 6) The following schemes as described in Section 10 and Appendix 2 be approved as Invest To Save Schemes and funded from Prudential Borrowing (subject to the approval of a detailed financial appraisal by the Head of Finance & S.151 Officer) up to the limit shown:

	Prudential Borrowing Required £
Demolition of Floating Dock Jetty and Lengthening of Berth 2	16,985,000
Limberline Road Phase 3	3,480,000
Utility Management & Consumption Reduction	1,080,000
Total Recommended Sum to be Approved	21,545,000

- 7) The Harbour School Fratton located in Penhale Road is declared surplus to requirements and disposed.
- 8) The following Schemes as described in Section 13 be included within the "Reserve List" of Capital Schemes to be considered once additional capital resources are identified.

Future Priority Capital Schemes – Not in Priority Order
Early Years School Places
Seafront Improvements
Port Development
Dunsbury Hill Farm Development
Provision of Sites For Student Accommodation

- 9) As outlined in Section 12 and Appendix 2 the City Council note the use of Portfolio Specific Reserves to fund the following scheme:

	Total Portfolio Reserve Funding £
Environment & Community Safety:	
Surface Water Separation	65,000
Total Use of Portfolio Reserves	65,000

- 10) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes as described in Section 14.
- 11) The Prudential Indicators described in Section 14 and set out in Appendix 4 be approved.
- 12) That the existing Capital Scheme for "New & Improved Models of Care" (with funding remaining amounting to £5m) relating to the proposed residential care development at East Lodge Farm be placed on hold pending the following:
- A full site investigation into the feasibility of siting both the Milton and Fratton Harbour Schools plus the proposed "East Lodge" residential care development on the St. James' Site
 - A review of the Adult Social Care Accommodation Strategy (which assess the need and supply of care facilities) to fundamentally re-evaluate the type and configuration of care accommodation for the City's future needs. Further, to then confirm that the St. James' site is

an appropriate location for the accommodation needs identified and that a residential care development on that site has the necessary community infrastructure and facilities available

- A financial appraisal including all land acquisition, build, refurbishment and any other necessary costs demonstrates that the proposals for siting both the Milton and Fratton Harbour Schools plus any residential care development on the St. James' Site are:

(i) affordable within a capital sum of £8.25m; and

(ii)

that the revenue savings associated with providing the "East Lodge" residential care development at the St. James' site make savings of at least £936,000 (which are the savings currently approved and associated with the existing scheme and importantly also factored into the Council's future years' budgets)¹

13) That the Council note that the feasibility study (estimated at £20,000) encompassing the whole of the St. James' site is funded from the feasibility studies budget of the Corporate Projects Board

14) In the event that the feasibility study described in recommendation 12) concludes that it is both feasible and affordable to site the Milton and Fratton Harbour Schools plus the "East Lodge" residential care development on the St. James' site within the financial parameters as set out in recommendation 12, then:

i) That scheme proceeds in place of the scheme to relocate those schools to the Vanguard Centre as set out in recommendation 4)

ii) The Vanguard Centre site is declared surplus to requirements and disposed

Upon the Liberal Democrat amendment standing in the name of Councillor Vernon-Jackson on the Budget and Council Tax 2015/16 and Medium Term Budget Forecast 2016/17 to 2018/19 being put to the vote, the following members voted in favour.

Councillor Margaret Adair
Councillor Michael Andrewes
Councillor Ben Dowling
Councillor Margaret Foster
Councillor David Fuller

Councillor Darren Sanders
Councillor Phil Smith
Councillor Lynne Stagg
Councillor Les Stevens
Councillor Sandra Stockdale

¹ These savings were approved in order to fund the debt servicing costs associated with the £4.2m of Prudential Borrowing which is funding this scheme plus further revenue savings associated with the scheme.

Councillor Terry Hall
Councillor Lee Hunt
Councillor Leo Madden
Councillor Hugh Mason

Councillor Gerald Vernon-Jackson
Councillor Matthew Winnington
Councillor Rob Wood

The following members voted against the proposal.

Councillor Simon Boshier
Councillor Alicia Denny
Councillor Ken Elcome
Councillor Ken Ferrett
Councillor John Ferrett
Councillor Colin Galloway
Councillor Aiden Gray
Councillor Stephen Hastings
Councillor Hannah Hockaday
Councillor David Horne

Councillor Frank Jonas
Councillor Donna Jones
Councillor Lee Mason
Councillor Rob New
Councillor Stuart Potter
Councillor Luke Stubbs
Councillor Julie Swan
Councillor Linda Symes
Councillor Steve Wemyss
Councillor Neill Young

There were no abstentions.

The Liberal Democrat amendment was therefore LOST.

Upon the Labour Group amendment standing in the name of Councillor John Ferrett being put to the vote, the following members voted in favour.

Councillor Ken Ferrett
Councillor John Ferrett
Councillor Aiden Gray
Councillor David Horne

The following members voted against the proposal.

Councillor Margaret Adair
Councillor Michael Andrewes
Councillor Simon Boshier
Councillor Alicia Denny
Councillor Ben Dowling
Councillor Ken Elcome
Councillor Margaret Foster
Councillor David Fuller
Councillor Colin Galloway
Councillor Terry Hall
Councillor Stephen Hastings
Councillor Hannah Hockaday
Councillor Lee Hunt
Councillor Frank Jonas
Councillor Donna Jones
Councillor Leo Madden
Councillor Hugh Mason

Councillor Lee Mason
Councillor Rob New
Councillor Stuart Potter
Councillor Darren Sanders
Councillor Phil Smith
Councillor Lynne Stagg
Councillor Les Stevens
Councillor Sandra Stockdale
Councillor Luke Stubbs
Councillor Julie Swan
Councillor Linda Symes
Councillor Gerald Vernon-Jackson
Councillor Steve Wemyss
Councillor Matthew Winnington
Councillor Rob Wood
Councillor Neill Young

There were no abstentions.

The Labour Group amendment standing in the name of Councillor John Ferrett was therefore LOST.

Upon the recommendations in Cabinet minute 11 - Portsmouth City Council Budget and Council Tax 2015/16 and Medium Term Budget Forecast 2016/17 to 2018/19 being put to the vote, the following members were in favour.

Councillor Simon Boshier	Councillor Frank Jonas
Councillor Alicia Denny	Councillor Donna Jones
Councillor Ken Elcome	Councillor Lee Mason
Councillor Ken Ferrett	Councillor Rob New
Councillor John Ferrett	Councillor Stuart Potter
Councillor Colin Galloway	Councillor Luke Stubbs
Councillor Aiden Gray	Councillor Julie Swan
Councillor Stephen Hastings	Councillor Linda Symes
Councillor Hannah Hockaday	Councillor Steve Wemyss
Councillor David Horne	Councillor Neill Young

The following members were against the recommendations.

Councillor Margaret Adair	Councillor Darren Sanders
Councillor Michael Andrewes	Councillor Phil Smith
Councillor Ben Dowling	Councillor Lynne Stagg
Councillor Margaret Foster	Councillor Les Stevens
Councillor David Fuller	Councillor Sandra Stockdale
Councillor Terry Hall	Councillor Gerald Vernon-Jackson
Councillor Lee Hunt	Councillor Matthew Winnington
Councillor Leo Madden	Councillor Rob Wood
Councillor Hugh Mason	

There were no abstentions.

The Cabinet recommendations in Cabinet minute 11 - Portsmouth City Council Budget and Council Tax 2015/16 and Medium Term Budget Forecast 2016/17 to 2018/19 were therefore CARRIED.

The Cabinet recommendations in Cabinet minute 11 - Portsmouth City Council Budget and Council Tax 2015/16 and Medium Term Budget Forecast 2016/17 to 2018/19 were therefore CARRIED.

RESOLVED

- (1) That the following be approved in respect of the Council's Budget:
 - (a) The revised Revenue Estimates for the financial year 2014/15 and the Revenue Estimates for the financial year 2015/16 as set out in the General Fund Summary (Appendix A)
 - (b) The Portfolio Cash Limits for the Revised Budget for 2014/15 and Budget for 2015/16 as set out in Sections 7 and 9, respectively

- (c) Any underspendings for 2014/15 arising at the year-end outside of those made by Portfolios be transferred to the MTRS Reserve
 - (d) The Head of Finance & Section 151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
 - (e) Managers be authorised to incur routine expenditure against the Cash Limits for 2015/16 as set out in Section 9
 - (f) That the savings requirement for 2016/17 be set at a minimum on-going sum of £11.0m
 - (g) Heads of Service be instructed to start planning how the City Council will achieve the savings requirements shown in Section 11 and that this be incorporated into Service Business Plans
 - (h) The minimum level of Revenue Balances as at 31 March 2016 be set at £6.5m (£6.0m in 2014/15) to reflect the known and expected budget and financial risks to the Council
 - (i) The Head of Finance & S151 Officer be given delegated authority to complete and authorise the statutory Government Returns for Business Rates for 2015/16 and all future years
 - (j) The Head of Finance & S151 Officer be given delegated authority to approve the Council Tax Base and Collection Fund Estimates for all future years
 - (k) Members have had regard for the Statement of the Head of Finance & Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 17.
- (2) That the following be noted in respect of the Council's Budget:
- (a) The Revenue Forecast and the associated provisional Portfolio Cash Limits for 2016/17 onwards as set out in Section 10 and Appendices B and C, respectively
 - (b) The estimated Savings Requirement of £31m for the three year period 2016/17 to 2018/19, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Target £m	Cumulative Saving £m
2016/17	11.0	11.0
2017/18	10.0	21.0
2018/19	10.0	31.0

- (c) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies holds a relatively modest uncommitted balance of £2.9m and will only be replenished from an approval to the transfer of any underspends at year end
- (d) The Non Domestic Rates poundage for 2015/16 will be 49.3p, and 48.0p for small businesses
- (3) The advice from the Head of Finance & S151 Officer set out in the approved Budget report to the Council in December 2014 stated that:
- the minimum savings requirement for 2015/16 is £12.5m (with a Council Tax increase of 1.95%) or £13.1m (with a Council Tax freeze) and anything below that would not be prudent.*
- (4) That it be noted that at its meeting on 8 January 2015 the Cabinet calculated the amount of **53,277.2** as its Council Tax Base for the financial year 2015/16 [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the “Act”)].
- (5) That the following amounts be now calculated by the Council for the financial year 2015/16 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£512,652,086	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£450,236,248	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£62,415,838	Being the amount by which the aggregate at 3.5 (a) above exceeds the aggregate at 3.5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,171.53	Being the amount at 3.5(c) above (Item R), all divided by Item 3.4 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

(a) Valuation Bands (Portsmouth City Council)

A £	B £	C £	D £	E £	F £	G £	H £
781.02	911.19	1,041.36	1,171.53	1,431.87	1,692.21	1,952.55	2,343.06

Being the amounts given by multiplying the amount at 5(d) 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 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 in different valuation bands.

- (6) That it be noted that for the financial year 2015/16 the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

A £	B £	C £	D £	E £	F £	G £	H £
104.89	122.37	139.85	157.33	192.29	227.25	262.22	314.66

- (7) That it be noted that for the financial year 2015/16 Hampshire Fire and Rescue Authority are recommending the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

A £	B £	C £	D £	E £	F £	G £	H £
40.92	47.74	54.56	61.38	75.02	88.66	102.30	122.76

- (8) That having calculated the aggregate in each case of the amounts at 5(e), 6 and 7 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2015/16 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
926.83	1,081.30	1,235.77	1,390.24	1,699.18	2,008.12	2,317.07	2,780.48

- (9) The Head of Finance & Section 151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Authority precepts.

19. Notice of Motion - Zhuhai - Friendship Agreement

Councillor H Mason addressed the Council seeking support to the motion being debated today.

It was subsequently

Proposed by Councillor Donna Jones
Seconded by Councillor Aiden Gray

That this notice of motion be referred to Cabinet for decision without debate today.

Upon being put to the vote this was CARRIED.

20. Questions from Members under Standing Order No 17

There was one question before council.

Question No 1 was from Councillor John Ferrett

"Could you tell members the number of job centre placements used by the council since the beginning of 2014?"

This and supplementary questions were answered by the Leader of the Council, Councillor Donna Jones.

The Leader of the Council agreed to send an email to members giving information about the number of workfare placements who are being used by the Council, if any.

The Lord Mayor advised that this was the last full council meeting to be attended by Julian Wooster who was leaving to take up a new role. The Lord Mayor said he would send a letter to him thanking him for the contribution he had made to Portsmouth City Council. The Leader of the Council, Councillor Donna Jones thanked Mr Wooster for the significant contribution he had made to the council on behalf of all members.

The meeting concluded at 6.50 pm.

.....
Lord Mayor

AGENDA ITEM 7 - Capital Programme 2014/15 to 2019/20

Amendment to Cabinet recommendations attached.

Proposed by (Name) _____

Signed _____

Seconded by (Name) _____

Signed _____

Amendment proposed by the Liberal Democrat Group

Capital Programme 2014/15 to 2019/20

That the recommendations of the Cabinet of 5 February 2015 (Minute 10/15) on "Capital Programme 2014/15 to 2019/20" be amended as follows:-

Recommendation 4) be amended to reflect the following changes:

	Scheme Description	Increase / (Decrease) in Corporate Resources	Total Corporate Resources Allocated
		£	£
Deletions to Proposed Capital Schemes:			
	Deletion of Verge Hardening	(100,000)	0
Reductions to Proposed Capital Schemes:			
	Reduction in Landlords Maintenance	(100,000)	900,000
	Secure additional contributions for Anglesea Road Footbridge (otherwise scheme will not proceed)	(300,000)	1,565,000
Additional Capital Scheme Proposals (New):			
	Inclusion of Arundel Street / Fratton Road Pedestrian Crossing within the Local Transport Plan 3 Capital Allocation	0	1,565,000
	St. Georges (Portsea) - Contribution towards community space	50,000	50,000
Increases to Proposed Capital Schemes:			
	Seafront Development (to include restoration of the Rose Gardens and pathways and Canoe Lake)	350,000	450,000
	District Shopping Centre Improvements	100,000	200,000
Changes to Proposed Capital Schemes:			
	Investigation of the cost of providing the Harbour Milton and Harbour Fratton schools at the St. James' site. This to include the acquisition of the appropriate land, the cost of construction / re-furbishment and any other necessary costs. In the event that a suitable educational facility can be provided within the capital sum of £3.25m then this scheme replaces the scheme to relocate those schools to the Vanguard Centre as set out in recommendation 4		
Total Overall Change		0	

In accordance with the changes described above, that recommendation 4) be replaced with the following:-

Recommended New Capital Schemes		Corporate Resources Required £	Total Scheme Value £
Children & Education:			
	School Condition Projects (including Vanguard Centre (subject to recommendation 4 (i) below) and Mayfield East Playing Field)	3,950,000	3,950,000
	Primary School Places Expansion	11,706,000	11,706,000
	Adaptations to Foster Carers Properties (Grants)	150,000	150,000
Culture, Leisure & Sport:			
	Loan Advance for the Fitting Out of The New Theatre Royal	150,000	150,000
	St. Georges (Portsea) - Contribution towards community space	50,000	50,000
Environment & Community Safety:			
	Long Curtain Moat Detailed Design	277,000	277,000
Housing:			
	Support For Vulnerable People	200,000	1,212,600
	Grosvenor House Refurbishment	100,000	3,188,000
Planning, Regeneration & Economic Development:			
	Limberline Road Phase 3 (subject to a satisfactory financial appraisal to be approved by the Head of Finance & S151 Officer)	762,000	4,242,000
	City Centre Public Realm Improvements	500,000	500,000
	District Shopping Centre Improvements	200,000	200,000
	Improvements to Community Facilities (Fratton Area)	100,000	100,000
	Seafront Development (to include restoration of the Rose Gardens and pathways and Canoe Lake	450,000	450,000
Resources:			
	Landlord's Maintenance	900,000	900,000
	Business Intelligence & Electronic Document Management System Requirement Specifications & implementation of one option	850,000	850,000
	Web Phase 2 & Channel Shift	635,000	635,000

Recommended New Capital Schemes		Corporate Resources Required £	Total Scheme Value £
Traffic & Transportation:			
	Local Transport Plan 3 (including Eastern Road Waterbridge, Anglesea Road Footbridge and Arundel Street / Fratton Road Pedestrian Crossing)	1,565,000	2,362,900
	St. Mary's Road & Milton Road Crossings	60,000	60,000
Total Recommended Sum to be Approved		22,605,000	30,983,500

- 4 (i)** Following the resolution by full Council at the October 2014 Council Meeting which stated that the Council asks the Cabinet to explore, inter alia:

"Using the Harbour School land for an educational facility, a place that can help deal with our city's sadly increasing number of people with dementia or other healthcare or educational uses consistent with the 2006 Plan";

that Officers now investigate the cost of providing the Harbour Milton and Harbour Fratton schools at the St. James' site. This to include the acquisition of the appropriate land, the cost of construction / re-furbishment and any other necessary costs. In the event that a suitable educational facility can be provided within the capital sum of £3.25m then this scheme replaces the scheme to relocate those schools to the Vanguard Centre as set out in recommendation 4)

Recommendation 5) be amended to include the addition of the following:

- 5 (i)** That it be noted that the Scheme for Anglesea Road Footbridge contained within the Local Transport Plan 3 allocation in recommendation 4) above is conditional on receiving matched contributions of £320,000 otherwise the scheme will not proceed

Recommendation 12) be added as follows:

In the event that recommendation 4 (i) above proceeds, that the Vanguard Centre site is declared surplus to requirements and disposed

Recommendation 11) be replaced by:-

The Prudential Indicators as described in Section 14 and set out in the amended Appendix 4 be approved.

HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER'S COMMENTS

The proposals set out within this amendment are affordable within the overall capital resources available to the Council.

CITY SOLICITOR'S COMMENTS

The City Solicitor is satisfied that it is within the City Council's powers to approve the recommendations as set out, and supports the advice of the Section 151 Officer given above.

PRUDENTIAL INDICATORS

Capital Expenditure							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Children & Education	9,554	10,230	11,905	8,093	738	70	-
Culture & Leisure	2,245	1,552	4,405	2,533	169	100	-
Environment & Community Safety	812	807	12,321	10,040	14,831	12,000	4,400
Health & Social Care (Adults Services)	1,455	1,389	5,243	179	-	-	-
Planning, Regeneration & Economic Development	1,169	46,933	71,948	60,375	25,252	25,351	-
Commercial Port	959	1,197	6,432	4,530	7,030	-	-
Resources	3,368	10,126	5,698	1,224	21	25	-
Traffic & transportation	31,643	15,030	17,494	5,065	3,721	3,435	3,031
Millennium	(254)	6	-	-	-	-	-
Housing General Fund	2,061	3,434	1,859	2,980	2,623	2,658	2,725
Non HRA	53,012	90,704	137,305	95,019	54,385	43,639	10,156
HRA	30,110	31,147	41,720	30,908	21,906	25,634	31,757
Total	83,122	121,851	179,025	125,927	76,291	69,273	41,913

Ratio of Financing Costs to Net Revenue Stream							
	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non - HRA	10.3%	9.8%	13.1%	14.0%	14.5%	14.0%	15.1%
HRA	12.4%	12.1%	13.4%	12.7%	12.4%	11.8%	11.4%

Capital Financing Requirement							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Non - HRA	267,848	270,716	263,192	254,225	245,452	237,304	228,548
HRA	143,557	157,218	170,166	174,663	171,735	168,781	165,827

HRA Limit on Indebtedness							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
HRA	181,701	181,701	181,701	181,701	181,701	181,701	181,701

Authorised Limit for External Debt							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Borrowing	426,373	416,768	418,861	417,289	415,083	411,652	400,517
Other Long Term Liabilities (ie Credit Arrangements)	87,148	86,095	84,388	81,297	77,463	74,119	69,962
Total	513,521	502,863	503,249	498,586	492,546	485,771	470,479

Operational Boundary for External Debt							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Borrowing	361,501	397,422	399,129	397,162	394,553	390,712	379,158
Other Long Term Liabilities (ie Credit Arrangements)	87,148	86,095	84,388	81,297	77,463	74,119	69,962
Total	448,649	483,517	483,517	478,459	472,016	464,831	449,120

Incremental Impact of Capital Investment Decisions on the Council Tax						
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Revenue effect of existing capital programme	538	1,891	1,768	1,503	1,042	1,854
Revenue effect of proposed capital programme	538	2,039	1,703	1,208	662	1,474
Increase in revenue effect	0	148	(65)	(295)	(380)	(380)
Increase in Council Tax Band D	£0.00	£2.78	(£1.21)	(£5.54)	(£7.12)	(£7.12)

Incremental Impact of Capital Investment Decisions on Housing Rents						
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Revenue effect of existing capital programme	22,590	29,218	27,476	22,420	18,778	22,405
Revenue effect of proposed capital programme	29,218	27,476	22,419	18,778	22,404	28,396
Increase in revenue effect	6,628	(1,742)	(5,057)	(3,642)	3,626	5,991
Effect on average weekly rent	£8.42	(£2.22)	(£6.46)	(£4.66)	£4.65	£7.70

NOTES TO THE LIBERAL DEMOCRAT AMENDMENT - Capital Programme 2014/15 to 2019/20

The overall financial effect of the proposals is set out below:

		Corporate Resources Required
		£
Deletions to Proposed Capital Schemes:		
	Deletion of Verge Hardening	(100,000)
Reductions to Proposed Capital Schemes:		
	Reduction in Landlords Maintenance	(100,000)
	Secure additional contributions for Anglesea Road Footbridge (otherwise scheme will not proceed)	(300,000)
Additional Capital Scheme Proposals (New):		
	Inclusion of Arundel Street / Fratton Road Pedestrian Crossing within the Local Transport Plan 3 Capital Allocation	0
	St. Georges (Portsea) - Contribution towards community space	50,000
Increases to Proposed Capital Schemes:		
	Seafront Development (to include restoration of the Rose Gardens and pathways and Canoe Lake)	350,000
	District Shopping Centre Improvements	100,000
Total Overall Change		0

AGENDA ITEM 8 - Portsmouth City Council Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19

Amendment to Cabinet recommendations attached.

Proposed by (Name) _____

Signed _____

Seconded by (Name) _____

Signed _____

Amendment proposed by the Liberal Democrat Group

Portsmouth City Council - Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19

That the recommendations of the Cabinet of 5 February 2015 (Minute 11/15) on "Portsmouth City Council - Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19 be amended as follows:-

Recommendation 1 (a) be amended to

1(a) The revised Revenue Estimates for the financial year 2014/15 and the Revenue Estimates for the financial year 2015/16 as set out in the General Fund Summary (Appendix A) as amended by paragraph (l) below:-

1(l) the following changes be made to Cash Limits for 2015/16 and future years as set out in the table below, but Members note that:

the responsibility of the City Council is to approve the overall Budget and the associated cash limits of its Portfolios and Committees; it is not the responsibility of the City Council to approve any individual savings or additions within those Portfolios/Committees, that responsibility is reserved for Cabinet Members. The budget savings and additions in the tables below are therefore indicative only.

Indicative Portfolio Savings Proposal	Impact on Level of Service & Service Outcomes	2015/16 £	Future Years £
<u>Health & Social Care</u>			
Additional contribution from Public Health to fund: <ul style="list-style-type: none">- Footcare services- Free Swimming for 13-16 year olds and the over 60's- Other continuing council services with strong public health outcomes	A general reduction of 20% in back office support staff across Communications, HR, Finance, IT and Business Support. To the extent that these savings are not deliverable, then reductions and efficiencies across a range of contracts including sexual health, smoking cessation, dental services and healthy weight.	(184,000)	(184,000)

Indicative Portfolio Savings Proposal	Impact on Level of Service & Service Outcomes	2015/16 £	Future Years £
<u>Resources</u>			
Deletion of the Leader's Executive Assistant post	Possible reduction in the availability and effectiveness of the Leader of the Council to undertake Council duties	(29,300)	(29,300)
A 25% reduction in Special Responsibility Allowances awarded to Councillors*	A reduction in allowances may discourage Councillors from accepting Cabinet or Committee posts	(31,600)	(31,600)
Increase the savings amount by the equivalent value of a reduction in 1 Portfolio	A reduction in Cabinet Members from 9 to 8 and associated re-organisation of Portfolios**	(6,300)	(6,300)
Reduce PA's of Senior Management by 60%	Reduction in level of administrative support provided to senior managers	(64,700)	(64,700)
Delete Corporate Assets, Business & Standards Managerial Post	Reduction in management capacity to deliver projects/new work streams	(47,000)	(47,000)
Delete Customer, Community & Democratic Services Managerial Post	Significant impact upon the Council's ability to effectively manage internal and external communications	(62,400)	(62,400)
Delete Financial Services Managerial Post	Financial Management and control will reduce and the potential for the Council to over or underspend will increase	(60,800)	(60,800)
Human Resources	Reduction in workforce skills, workforce planning and recruitment support for the Council	(34,400)	(34,400)
<u>Traffic and Transportation</u>			
Re-instatement of MB Residents Parking Zone	Expected to lead to additional parking demand in adjacent areas as a consequence of displacement. This is likely to generate further requests for residents parking schemes.	(38,000)	(38,000)
Re-instatement of MC Parking Zone	Expected to lead to additional parking demand in adjacent areas as a consequence of displacement. This is likely to generate further requests for residents parking schemes.	(48,000)	(48,000)

Indicative Portfolio Savings Proposal	Impact on Level of Service & Service Outcomes	2015/16 £	Future Years £
Implement a Charging scheme for Staff and Councillors Car Parking, conditional on the approval of the Employment Committee	Additional costs to Councillors plus a reduction to the terms and conditions of Senior Staff	(25,000)	(25,000)
In the event that the Employment Committee do not approve the introduction of the Chargeable Car Parking Scheme described above (amounting to £25,000), that the value of the saving 'Reduce PA's of Senior Management' be increased to £89,700 (80%)			
Total		(631,500)	(631,500)

* Members should have regard to the report of the Independent Remuneration Panel and recommendations of Council on 22nd January 2013 as amended by the City Council on 15 July 2014

** Members should note that, in accordance with the Local Government Act 2000, this is a decision for the Leader of the Council, not the Council itself and in the event that the Leader does not take such a decision then the Portfolio Holder will need to make an alternative saving of equivalent value

Portfolio Allocation (Re-instatement of Proposed Savings)	Impact on Level of Service & Service Outcomes compared to Original Savings Proposal	2015/16 £	Future Years £
Children and Education			
Junior sports bursary award	Students to continue to receive funding for outstanding achievement	1,100	1,100
Culture, Leisure & Sport			
Libraries - Align opening times of Southsea Library with other Libraries by reducing opening times by 2.5 hours on a Saturday	Reverse the cut to opening times of 2.5 hours on a Saturday	2,300	2,300
Libraries - Re-open Southsea Library on a Sunday	Increase Library opening times to the public	10,000	10,000
Community Services - Fratton Community Centre, remove remaining grant	Reverse cut in grant	1,300	1,300
Community Services - Buckland Community Centre, reduce grant to £5,000	Reverse cut in grant	3,800	3,800

Portfolio Allocation (Re-instatement of Proposed Savings)	Impact on Level of Service & Service Outcomes compared to Original Savings Proposal	2015/16 £	Future Years £
Community Services - Stamshaw Community Centre, post to be funded by grant aid	Reverse cut in grant	1,500	1,500
Community Services - Stacey Community Centre, reduce grant to £5,000	Reverse cut in grant	2,000	2,000
Community Services - Paulsgrove Community Centre, reduce grant to £25,000	Reverse cut in grant	2,500	2,500
Remove free swimming for over 60's and those between ages 13 - 16. Free swimming would be retained for those 12 and under	Retain swimming for all over 60's and all children under 16	35,000	35,000
<u>Planning Regeneration & Economic Development</u>			
Support to establish Farmer's Markets in District Shopping areas	Support to the local economy	10,000	10,000
<u>Environment & Community Safety</u>			
Charge for collections of bulky waste (i.e. end free collections for those who qualify)	Free bulky waste collections to continue to avoid fly tipping	10,000	10,000
Stop paying charities a proportion of textile bank income	Re-instate cuts to the following charities: <ul style="list-style-type: none"> • Scope - £2,800 • Hampshire & I.O.W Air Ambulance - £18,100 • Dreams Come True - £1,200 • Salvation Army - £11,700 • British Heart Foundation - £10,200 • TRAID - £11,000 	55,000	55,000
Introduction of an Environmental Enforcement Team to address littering and dog fouling	Increased levels of civil enforcement	10,000	10,000

Portfolio Allocation (Re-instatement of Proposed Savings)	Impact on Level of Service & Service Outcomes compared to Original Savings Proposal	2015/16 £	Future Years £
<u>Health & Social Care</u>			
Cease providing footcare services	Restore free footcare service	45,000	45,000
<u>Resources</u>			
Reduce cost of democracy	Retain Scrutiny Committees	15,000	15,000
Remove grant to Pompey Pensioners which contributes towards the cost of magazine production	Restore grant to Pompey Pensioners	2,500	2,500
<u>Traffic and Transportation</u>			
A range of options to provide additional parking income or reduced costs of the operation, all of which are capable of delivering the saving	Reverse the proposal - "Range of parking options to be considered with residents prior to the commencement of the new financial year" - No charge for first residents parking permit	380,000	380,000
Remove Car Parking charges from 3pm (till 5pm) every day for Shopping Centre Car Parks	The following Car Parks to offer the concession: <ul style="list-style-type: none"> • Ashby Place • Stubbington Avenue • Wooton Street • Clarence Street • London Road, Cosham 	44,500	44,500
Total		631,500	631,500

Recommendation 1(b) be amended to:-

- 1(b) The Portfolio Cash Limits for the Revised Budget for 2014/15 and Budget for 2015/16 as set out in Sections 7 and 9, respectively as amended by paragraph (m) below:-
- 1(m) The following changes be made to Cash Limits for 2015/16 and future years

Portfolio / Committee	2015/16 £	Future Years £
Children & Education	1,100	1,100
Culture, Leisure & Sport	23,400	23,400
Environment & Community Safety	75,000	75,000
Health & Social Care	(104,000)	(104,000)
Planning Regeneration & Economic Development	10,000	10,000
Resources	(319,000)	(319,000)
Traffic & Transportation	313,500	313,500
Total	0	0

**HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER'S
COMMENTS**

Under Recommendation 1(k), the Head of Financial Services and Section 151 Officer advises as follows:-

The proposals contained within this amendment do not alter the statements made by the Head of Finance and Section 151 Officer in Section 17 of this report.

CITY SOLICITOR'S COMMENTS

The City Solicitor is satisfied that it is within the City Council's powers to approve the recommendations as set out, and supports the advice of the Section 151 Officer given above.

Liberal Democrat Group Amendment
GENERAL FUND SUMMARY - 2014/15 to 2018/19

APPENDIX A

Original Budget 2014/15 £	NET REQUIREMENTS OF PORTFOLIOS	Revised Budget 2014/15 £	Original Budget 2015/16 £	Forecast 2016/17 £	Forecast 2017/18 £	Forecast 2018/19 £
49,633,923	Children & Education	50,970,730	49,658,157	52,122,657	52,857,857	53,739,357
12,094,943	Culture Leisure & Sport	12,543,860	10,913,060	11,170,460	11,592,760	11,736,860
18,240,580	Environment & Community Safety	18,986,913	17,336,513	17,748,413	18,128,613	18,536,913
49,882,022	Health & Social Care	51,602,479	44,879,979	46,741,779	48,079,779	49,559,979
7,348,228	Housing	7,598,728	7,454,128	7,519,328	7,570,028	7,629,428
230,153	Leader	253,953	235,553	243,153	248,653	313,153
7,790,856	Planning Regeneration Economic Development	7,757,429	6,712,329	6,781,829	5,820,029	5,593,529
26,686,457	Resources	26,396,434	23,292,634	23,961,834	24,720,634	25,633,634
17,533,299	Traffic & Transportation	17,650,707	16,954,707	17,206,607	16,932,007	17,674,007
344,200	Governance, Audit & Standards Committee	365,400	288,800	303,800	210,000	221,400
(127,395)	Licensing Committee	(129,195)	(226,295)	(218,795)	(222,095)	(226,495)
189,657,266	Portfolio Expenditure	193,997,438	177,499,565	183,581,065	185,938,265	190,411,765
	<u>Other Expenditure</u>					
93,400	Precepts	35,500	0	36,700	37,400	38,300
(150,000)	Portchester Crematorium - Share of Dividend	(150,000)	(125,000)	(125,000)	(125,000)	(125,000)
5,885,000	Pension Costs	5,885,000	6,261,000	6,672,000	6,672,000	6,672,000
5,499,200	Contingency Provision	4,683,800	7,305,000	4,607,500	4,607,500	4,607,500
0	Revenue Contributions to Capital Reserve	3,829,000	65,500	1,565,500	65,500	65,500
233,600	Transfer to / (from) Other Reserves	(651,900)	1,411,700	(23,200)	56,800	56,800
(27,854,741)	Asset Management Revenue Account	(29,589,738)	(27,300,865)	(26,044,865)	(26,125,865)	(26,835,365)
1,000,000	Other Expenditure	4,014,000	3,224,000	2,000,000	3,000,000	4,000,000
(15,293,541)	Other Expenditure	(11,944,338)	(9,158,665)	(11,311,365)	(11,811,665)	(11,520,265)
174,363,725	TOTAL NET EXPENDITURE	182,053,100	168,340,900	172,269,700	174,126,600	178,891,500
	FINANCED BY:					
(3,382,728)	Contribution (to) from Balances and Reserves	8,827,620	1,150,431	13,231,684	21,054,450	31,244,002
52,050,710	Revenue Support Grant	52,211,069	38,375,386	30,197,874	21,916,666	14,222,853
41,752,137	Business Rates Retention	36,884,144	42,768,544	45,006,041	46,291,864	47,853,288
22,387,268	Other General Grants	22,573,929	21,783,181	20,171,576	19,930,434	19,343,535
61,556,338	Collection Fund	61,556,338	64,263,358	63,662,525	64,933,186	66,227,822
174,363,725		182,053,100	168,340,900	172,269,700	174,126,600	178,891,500
	BALANCES & RESERVES					
18,029,434	Balance brought forward at 1 April	23,426,856	14,599,236	13,448,805	217,121	(20,837,329)
3,382,728	Deduct (Deficit) / Add Surplus for Year	(8,827,620)	(1,150,431)	(13,231,684)	(21,054,450)	(31,244,002)
21,412,162	Balance carried forward at 31 March	14,599,236	13,448,805	217,121	(20,837,329)	(52,081,331)
6,000,000	Minimum Level of Balances	6,000,000	6,500,000	7,400,000	7,600,000	7,600,000
(3,382,728)	Underlying Budget Deficit / (Surplus)	8,827,620	1,150,431	13,231,684	21,054,450	31,244,002

NOTES TO THE LIBERAL DEMOCRAT GROUP AMENDMENT

Portsmouth City Council Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19

The overall financial effect of the proposals is set out below:

	2015/16	2016/17 & Future Years
	£	£
Additional Savings Proposals:	(631,500)	(631,500)
Re-instatement of Savings Proposals:	557,000	557,000
Budget Additions - New Initiatives:	74,500	74,500
Total Overall Change	0	0

AGENDA ITEM 8 - Portsmouth City Council Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19

Amendment to Cabinet recommendations attached.

Proposed by (Name) _____

Signed _____

Seconded by (Name) _____

Signed _____

Amendment proposed by the Labour Group

Portsmouth City Council - Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19

That the recommendations of the Cabinet of 5 February 2015 (Minute 11/15) on "Portsmouth City Council - Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19 be amended as follows:-

Recommendation 1 (a) be amended to

1 (a) The revised Revenue Estimates for the financial year 2014/15 and the Revenue Estimates for the financial year 2015/16 as set out in the General Fund Summary (Appendix A) as amended by paragraph (l) below:-

1 (l) the following changes be made to Cash Limits for 2015/16 and future years:

Indicative Portfolio (Savings) / Allocation Proposal	Impact on Level of Service & Service Outcomes	2015/16 £	Future Years £
<u>Resources:</u>			
20% Reduction in all Councillor Allowances*	A reduction in allowances may cause future recruitment of Councillors to become more challenging	(120,000)	(120,000)
Increase the savings amount by the equivalent value of a reduction in 2 Portfolios	A reduction in Cabinet Members from 9 to 7 and associated re-organisation of Portfolios**	(13,400)	(13,400)
<u>Children & Education:</u>			
To enable additional staffing and a greater range of activities to be provided from Children's Centres		325,493	325,493
<u>Health & Social Care:</u>			
To provide funding for Adult Social Care critical needs during 2015/16 and future years		325,493	325,493
Total		517,586	517,586

* Members should have regard to the report of the Independent Remuneration Panel and recommendations of Council on 22nd January 2013 as amended by the City Council on 15 July 2014

** Members should note that, in accordance with the Local Government Act 2000, this is a decision for the Leader of the Council, not the Council itself and in the event that the Leader does not take such a decision then the Portfolio Holder will need to make an alternative saving of equivalent value

Recommendation 1 (b) be amended to:-

1 (b) The Portfolio Cash Limits for the Revised Budget for 2014/15 and Budget for 2015/16 as set out in Sections 7 and 9, respectively as amended by paragraph (m) below:-

1 (m) The following changes be made to Cash Limits for 2015/16 and future years

Portfolio / Committee	2015/16 £	Future Years £
Children & Education	325,493	325,493
Health & Social Care	325,493	325,493
Resources	(133,400)	(133,400)
Total	517,586	517,586

Recommendation 5 be amended to

- 5 That the following amounts be now calculated by the Council for the financial year 2015/16 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£513,169,673	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£449,507,148	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£63,662,525	Being the amount by which the aggregate at 5 (a) above exceeds the aggregate at 5 (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,194.93	Being the amount at 5(c) above (Item R), all divided by Item (4) above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands (Portsmouth City Council)

A £	B £	C £	D £	E £	F £	G £	H £
796.62	929.39	1,062.16	1,194.93	1,460.47	1,726.01	1,991.55	2,389.86

Being the amounts given by multiplying the amount at 5 (d) 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 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 in different valuation bands.

Recommendation 8 be amended to:

- 8 That having calculated the aggregate in each case of the amounts at 5 (e), 6 and 7 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2015/16 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
942.43	1,099.50	1,256.57	1,413.64	1,727.78	2,041.92	2,356.07	2,827.28

HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER'S COMMENTS

Under Recommendation 1(k), the Head of Financial Services and Section 151 Officer advises as follows:-

The proposals contained within this amendment do not alter the statements made by the Head of Finance and Section 151 Officer in Section 17 of this report.

CITY SOLICITOR'S COMMENTS

The City Solicitor is satisfied that it is within the City Council's powers to approve the recommendations as set out, and supports the advice of the Section 151 Officer given above.

APPENDIX A

Calculation of the Council Tax 2015/16

<u>Portsmouth City Council</u>	2015/16 £	2014/15 £
Gross Expenditure	513,169,673	534,289,788
LESS: Gross Income	(390,077,681)	(399,480,409)
Net Expenditure 2015/16	123,091,992	134,809,379
LESS: Government Grants	(59,429,467)	(74,437,978)
Council Tax Requirement - Portsmouth City Council Purposes	63,662,525	60,371,401
Council Tax Base	53,277.2	51,532.1
Council Tax - Portsmouth City Council Purposes at Band D <u>63,662,525</u> 53,277.2 =	£1,194.93	£1,171.53

<u>Hampshire Police & Crime Commissioner Precept</u>	8,382,102	7,949,342
Council Tax - Hampshire Police & Crime Commissioner Purposes at Band D	£157.33	£154.26

<u>Hampshire Fire and Rescue Authority Precept</u>	3,270,155	3,163,040
Council Tax - Hampshire Fire and Rescue Authority Purposes at Band D	£61.38	£61.38

The Council Tax to be levied for all bands in 2015/16 will be as follows :

		Portsmouth City Council £	Hampshire Police & Crime Commissioner £	Hampshire Fire & Rescue Authority £	TOTAL 2015/16 £	TOTAL 2014/15 £
Estimated Valuation as 1 April 1991						
Up to £40,000	A	796.62	104.89	40.92	942.43	924.78
£40,001 - £52,000	B	929.39	122.37	47.74	1,099.50	1,078.91
£52,001 - £68,000	C	1,062.16	139.85	54.56	1,256.57	1,233.04
£68,001 - £88,000	D	1,194.93	157.33	61.38	1,413.64	1,387.17
£88,001 - £120,000	E	1,460.47	192.29	75.02	1,727.78	1,695.43
£120,001 - £160,000	F	1,726.01	227.25	88.66	2,041.92	2,003.69
£160,001 - £320,000	G	1,991.55	262.22	102.30	2,356.07	2,311.95
£320,001 and over	H	2,389.86	314.66	122.76	2,827.28	2,774.34

Labour Group Amendment
GENERAL FUND SUMMARY - 2014/15 to 2018/19

APPENDIX A

Original Budget 2014/15 £	NET REQUIREMENTS OF PORTFOLIOS	Revised Budget 2014/15 £	Original Budget 2015/16 £	Forecast 2016/17 £	Forecast 2017/18 £	Forecast 2018/19 £
49,633,923	Children & Education	50,970,730	49,982,551	52,457,751	53,201,051	54,091,951
12,094,943	Culture Leisure & Sport	12,543,860	10,889,660	11,146,260	11,567,960	11,769,860
18,240,580	Environment & Community Safety	18,986,913	17,261,513	17,671,313	18,049,713	18,456,113
49,882,022	Health & Social Care	51,602,479	45,309,472	47,183,772	48,532,272	50,024,472
7,348,228	Housing	7,598,728	7,454,128	7,519,328	7,570,028	7,629,428
230,153	Leader	253,953	235,553	243,153	248,653	254,753
7,790,856	Planning Regeneration Economic Development	7,757,429	6,702,329	6,771,529	5,809,429	5,582,629
26,686,457	Resources	26,396,434	23,478,234	24,138,534	24,891,234	25,795,234
17,533,299	Traffic & Transportation	17,650,707	16,641,207	16,882,007	16,597,607	17,330,007
344,200	Governance, Audit & Standards Committee	365,400	288,800	303,800	210,000	221,400
(127,395)	Licensing Committee	(129,195)	(226,295)	(218,795)	(222,095)	(226,495)
189,657,266	Portfolio Expenditure	193,997,438	178,017,152	184,098,652	186,455,852	190,929,352
	<u>Other Expenditure</u>					
93,400	Precepts	35,500	0	36,700	37,400	38,300
(150,000)	Portchester Crematorium - Share of Dividend	(150,000)	(125,000)	(125,000)	(125,000)	(125,000)
5,885,000	Pension Costs	5,885,000	6,261,000	6,672,000	6,672,000	6,672,000
5,499,200	Contingency Provision	4,683,800	7,305,000	4,607,500	4,607,500	4,607,500
0	Revenue Contributions to Capital Reserve	3,829,000	65,500	1,565,500	65,500	65,500
233,600	Transfer to / (from) Other Reserves	(651,900)	1,411,700	(23,200)	56,800	56,800
(27,854,741)	Asset Management Revenue Account	(29,589,738)	(27,300,865)	(26,044,865)	(26,125,865)	(26,835,365)
1,000,000	Other Expenditure	4,014,000	3,224,000	2,000,000	3,000,000	4,000,000
(15,293,541)	Other Expenditure	(11,944,338)	(9,158,665)	(11,311,365)	(11,811,665)	(11,520,265)
174,363,725	TOTAL NET EXPENDITURE	182,053,100	168,858,487	172,787,287	174,644,187	179,409,087
	FINANCED BY:					
(3,382,728)	Contribution (to) from Balances and Reserves	8,827,620	1,150,431	13,131,037	20,867,389	30,977,498
52,050,710	Revenue Support Grant	52,211,069	38,375,386	29,544,382	21,324,014	13,683,539
41,752,137	Business Rates Retention	36,884,144	42,768,544	45,006,041	46,291,864	47,853,288
22,387,268	Other General Grants	22,573,929	21,054,081	20,171,576	19,930,434	19,343,535
61,556,338	Collection Fund	61,556,338	65,510,045	64,934,251	66,230,486	67,551,227
174,363,725		182,053,100	168,858,487	172,787,287	174,644,187	179,409,087
	BALANCES & RESERVES					
18,029,434	Balance brought forward at 1 April	23,426,856	14,599,236	13,448,805	317,768	(20,549,621)
3,382,728	Deduct (Deficit) / Add Surplus for Year	(8,827,620)	(1,150,431)	(13,131,037)	(20,867,389)	(30,977,498)
21,412,162	Balance carried forward at 31 March	14,599,236	13,448,805	317,768	(20,549,621)	(51,527,119)
6,000,000	Minimum Level of Balances	6,000,000	6,500,000	7,400,000	7,600,000	7,600,000
(3,382,728)	Underlying Budget Deficit / (Surplus)	8,827,620	1,150,431	13,131,037	20,867,389	30,977,498

NOTES TO THE LABOUR GROUP AMENDMENT

Portsmouth City Council Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19

The overall financial effect of the proposals is set out below:

	2015/16	2016/17 & Future Years
	£	£
Additional Savings Proposals:	(133,400)	(133,400)
Re-instatement of Savings Proposals:	0	0
Budget Additions - New Initiatives:	650,986	650,986
Increase in Council Tax Revenues:	(1,246,686)	(1,246,686)
Reduction in Council Tax Revenues:		
Reduction in Grant Funding	729,100	729,100
Total Overall Change	0	0

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AGENDA ITEM 7 - Capital Programme 2014/15 to 2019/20

Amendment to Cabinet recommendations attached.

Proposed by (Name) _____

Signed _____

Seconded by (Name) _____

Signed _____

Amendment proposed by Cllr. Stubbs & Cllr. Hastings

Capital Programme 2014/15 to 2019/20

That the recommendations of the Cabinet of 5 February 2015 (Minute 10/15) on "Capital Programme 2014/15 to 2019/20" be amended as follows:-

Recommendation 12) be added as follows:

That the existing Capital Scheme for "New & Improved Models of Care" (with funding remaining amounting to £5m) relating to the proposed residential care development at East Lodge Farm be placed on hold pending the following:

- A full site investigation into the feasibility of siting both the Milton and Fratton Harbour Schools plus the proposed "East Lodge" residential care development on the St. James' Site
- A review of the Adult Social Care Accommodation Strategy (which assess the need and supply of care facilities) to fundamentally re-evaluate the type and configuration of care accommodation for the City's future needs. Further, to then confirm that the St. James' site is an appropriate location for the accommodation needs identified and that a residential care development on that site has the necessary community infrastructure and facilities available
- A financial appraisal including all land acquisition, build, refurbishment and any other necessary costs demonstrates that the proposals for siting both the Milton and Fratton Harbour Schools plus any residential care development on the St. James' Site are:
 - (i) affordable within a capital sum of £8.25m; and
 - (ii) that the revenue savings associated with providing the "East Lodge" residential care development at the St. James' site make savings of at least £936,000 (which are the savings currently approved and associated with the existing scheme and importantly also factored into the Council's future years' budgets)¹

Recommendation 13) be added as follows:

That the Council note that the feasibility study (estimated at £20,000) encompassing the whole of the St. James' site is funded from the feasibility studies budget of the Corporate Projects Board

¹ These savings were approved in order to fund the debt servicing costs associated with the £4.2m of Prudential Borrowing which is funding this scheme plus further revenue savings associated with the scheme.

Recommendation 14) be added as follows:

In the event that the feasibility study described in recommendation 12) concludes that it is both feasible and affordable to site the Milton and Fratton Harbour Schools plus the "East Lodge" residential care development on the St. James' site within the financial parameters as set out in recommendation 12, then:

- i) That scheme proceeds in place of the scheme to relocate those schools to the Vanguard Centre as set out in recommendation 4)
- ii) The Vanguard Centre site is declared surplus to requirements and disposed

HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER'S COMMENTS

The proposals set out within this amendment are affordable within the overall capital resources available to the Council.

CITY SOLICITOR'S COMMENTS

The City Solicitor is satisfied that it is within the City Council's powers to approve the recommendations as set out, and supports the advice of the Section 151 Officer given above.

AGENDA ITEM 7 - Capital Programme 2014/15 to 2019/20

Amendment to Cabinet recommendations attached.

Proposed by (Name) _____

Signed _____

Seconded by (Name) _____

Signed _____

Amendment proposed by Cllr. Sanders & Cllr. Dowling

Capital Programme 2014/15 to 2019/20

That the recommendations of the Cabinet of 5 February 2015 (Minute 10/15) on "Capital Programme 2014/15 to 2019/20" be amended as follows:-

Recommendation 12) be added as follows:

That the existing Capital Scheme for "New & Improved Models of Care" (with funding remaining amounting to £5m) relating to the proposed residential care development at East Lodge Farm be placed on hold pending the following:

- A full site investigation into the feasibility of siting both the Milton and Fratton Harbour Schools plus the proposed "East Lodge" residential care development on the St. James' Site
- A review of the Adult Social Care Accommodation Strategy (which assess the need and supply of care facilities) to fundamentally re-evaluate the type and configuration of care accommodation for the City's future needs. Further, to then confirm that the St. James' site is an appropriate location for the accommodation needs identified and that a residential care development on that site has the necessary community infrastructure and facilities available
- A financial appraisal including all land acquisition, build, refurbishment and any other necessary costs demonstrates that the proposals for siting both the Milton and Fratton Harbour Schools plus any residential care development on the St. James' Site are:
 - (i) affordable within a capital sum of £8.25m; plus the value of the East Lodge site but only in the event that it is not required for a residential care development; and
 - (ii) that the revenue savings associated with providing the "East Lodge" residential care development at the St. James' site make savings of at least £936,000 (which are the savings currently approved and associated with the existing scheme and importantly also factored into the Council's future years' budgets)¹

Recommendation 13) be added as follows:

That the Council note that the feasibility study (estimated at £20,000) encompassing the whole of the St. James' site is funded from the feasibility studies budget of the Corporate Projects Board

¹ These savings were approved in order to fund the debt servicing costs associated with the £4.2m of Prudential Borrowing which is funding this scheme plus further revenue savings associated with the scheme.

Recommendation 14) be added as follows:

In the event that the East Lodge site is not required for a residential care development, that the site is declared surplus to requirements and disposed

Recommendation 15) be added as follows:

In the event that the feasibility study described in recommendation 12) concludes that it is both feasible and affordable to site the Milton and Frattton Harbour Schools plus the "East Lodge" residential care development on the St. James' site within the financial parameters as set out in recommendation 12, then:

- i) That scheme proceeds in place of the scheme to relocate those schools to the Vanguard Centre as set out in recommendation 4)
- ii) The Vanguard Centre site is declared surplus to requirements and disposed

Recommendation 16) be added as follows:

An interim report be prepared and presented to the next Council Meeting

HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER'S COMMENTS

The proposals set out within this amendment are affordable within the overall capital resources available to the Council.

CITY SOLICITOR'S COMMENTS

The City Solicitor is satisfied that it is within the City Council's powers to approve the recommendations as set out, and supports the advice of the Section 151 Officer given above.

Agenda Item 8

CABINET MEETING HELD ON 5 MARCH 2015

Treasury Management Strategy 2015/16 (Cabinet Minute 22 refers)

Recommendations

- 1a the prudential indicators in Appendix A be approved;
- 1b the Head of Financial Services and Section 151 Officer and officers nominated by him be given authority to lend surplus funds as necessary in accordance with the Treasury Management Policy;
- 1c the Head of Financial Services and Section 151 Officer is given delegated authority to either replace maturing debt or repay it depending on the outlook for long term interest rates that exists at the time
- 1d the upper limits for fixed interest exposures are set as follows:
- | | |
|---------|-------|
| 2014/15 | £272m |
| 2015/16 | £304m |
| 2016/17 | £377m |
| 2017/18 | £383m |
- 1e the upper limits for variable interest exposure are set as follows:
- | | |
|---------|-----------------------------------|
| 2014/15 | (£246m) – Investments up to £246m |
| 2015/16 | (£278m) – Investments up to £278m |
| 2016/17 | (£332m) – Investments up to £332m |
| 2017/18 | (£331m) – Investments up to £331m |
- 1f the following limits be placed on principal sums invested for periods longer than 364 days:
- | | |
|-----------|-------|
| 31/3/2015 | £265m |
| 31/3/2016 | £243m |
| 31/3/2017 | £231m |
| 31/3/2018 | £228m |
- 1g the City Council set upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper Limit	Lower Limit
Under 12 Months	10%	0%
12 months & within 24 months	10%	0%
24 months & within 5 years	20%	0%
5 years & within 10 years	20%	0%
10 years & within 20 years	40%	0%
20 years & within 30 years	40%	0%
30 years & within 40 years	40%	0%
40 years & within 50 years	50%	0%

- 1h authority to reschedule debt during the year is delegated to the Head of Financial Services and Section 151 Officer subject to conditions being beneficial to the City Council;
- 1i no restriction be placed on the amount that can be borrowed in sterling from an individual lender provided it is from a reputable source and within the authorised limit for external debt approved by the City Council;
- 1j the principles upon which the apportionment of borrowing costs to the Housing Revenue Account (HRA) should be based are as follows:
- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;
 - The loans portfolio is managed in the best interests of the whole authority;
 - The costs and benefits of over and under borrowing above or below the capital financing requirement (CFR) are equitably shared between the General Fund and the HRA;
- 1k the regulatory method of calculating Minimum Revenue Provision (MRP) be applied to pre 1 April 2008 debt and new government supported debt but excluding finance leases and service concessions (including Private Finance Initiative schemes);
- 1l the asset life (equal instalment) method of calculating MRP is applied to post 1 April 2008 self-financed borrowing but excluding:
- Finance leases
 - Service concessions (including Private Finance Initiative schemes)

- **Borrowing to fund long term debtors (including finance leases);**
- 1m MRP on finance leases and service concessions including Private Finance Initiative (PFI) arrangements equals the charge that goes to write down the balance sheet liability;**
 - 1n the principal element of the income receivable from long term debtors be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;**
 - 1o the principal element of the rent receivable from finance leases be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;**
 - 1p the Housing Revenue Account (HRA) provide for the repayment of the Self Financing Payment over 30 years;**
 - 1q that specified investments should only be placed with institutions that have a long term credit rating of at least A- from at least two credit rating agencies except registered social landlords for which a single credit rating will be required;**
 - 1r investments should only be placed with institutions based in either the United Kingdom or sovereign states with a AA+ credit rating;**
 - 1s the Council's investments are limited to senior debt;**
 - 1t the bodies meeting the criteria of categories 1 to 8 in paragraph 16.15 are approved as repositories of specified investments of the City Council's surplus funds;**
 - 1u that investments in banks, building societies and registered social landlords (RSLs) with a duration exceeding 2 years are secured**
 - 1v credit ratings be reviewed monthly and that any institution whose credit rating falls below the minimum level stated in paragraph 16.15 of the Treasury Management Policy be removed from the list of specified investments;**
 - 1w institutions that are placed on negative watch or negative outlook by the credit rating agencies be reassigned to a lower category;**
 - 1x non-specified investments in aggregate are limited to the following:**

	£
Building societies with a BBB credit rating and unrated building societies	81m
Investments in MMD (Shipping Services) Ltd including funds lodged to guarantee the company's banking limits. MMD is a wholly owned subsidiary of the City Council.	2m
Long term investments	243m
Investments denominated in foreign currencies to hedge against contracts priced or indexed against foreign currencies	5m
Total	331m

- 1y the total amount that can be directly invested with any organisation at any time should be limited as follows (see paragraph 18.1):**

	Maximum Investment in Single Organisation
Category 1	Unlimited for up to 5 years
Category 2	£30m for up to 5 years
Category 3	£30m for up to 10 years
Category 4	£26m for up to 5 years
Category 5	£20m for up to 10 years
Category 6	£20m for up to 5 years
Category 7	£13m for up to 5 years
Category 8	£10m for up to 5 years
Category 9	£10m for up to 2 years
Category 10	£6m for up to 2 years
Category 11	£6m for up to 364 days
MMD (Shipping Services) Ltd including sums lodged to guarantee the company's banking limits	£2m for up to 364 days

- 1z the Head of Financial Services and Section 151 Officer in consultation with the Leader of the Council is given delegated authority to revise the total amount that can be directly invested with any organisation at any time**

- 1aa that the following investment limits be applied to sectors:**

Money market funds	£80m
Building societies	£107m
Registered social landlords	£80m

- 1ab that the following investment limits be applied to regions outside the United Kingdom:**

Asia & Australia	£40m
Americas	£40m
Continental Europe	£30m

- 2 the Head of Financial Services and Section 151 Officer submits the following:**
- (i) an annual report on the Treasury Management outturn to the Cabinet by 30 September of the succeeding financial year;**
 - (ii) A Mid Year Review Report to the Cabinet and Council;**
 - (iii) the Annual Strategy Report to the Cabinet in March 2016;**
 - (iv) quarterly Treasury Management monitoring reports to the Governance and Audit and Standards Committee.**

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Decision maker: Cabinet
City Council

Subject: Treasury Management Policy for 2015/16

Date of decision: 5 March 2015 (Cabinet)
13 March 2015 (Governance and Audit and
Standards Committee – information only)
17 March 2015 (City Council)

Report by: Chris Ward, Head of Financial Services and
Section 151 Officer

Wards affected: All

Key decision: Yes

Budget & policy framework decision: Yes

1. Purpose of report

The purpose of this report is to obtain the Council's approval for 2015/16 to the Treasury Management Policy Statement (attached) which includes:

- Annual Minimum Revenue Provision for Debt Repayment Statement
- Annual Investment Strategy

2. Recommendations

2.1a the prudential indicators in Appendix A be approved;

2.1b the Head of Financial Services and Section 151 Officer and officers nominated by him be given authority to lend surplus funds as necessary in accordance with the Treasury Management Policy;

2.1c the Head of Financial Services and Section 151 Officer is given delegated authority to either replace maturing debt or repay it depending on the outlook for long term interest rates that exists at the time

2.1d the upper limits for fixed interest exposures are set as follows:

2014/15	£272m
2015/16	£304m
2016/17	£377m
2017/18	£383m

2.1e the upper limits for variable interest exposure are set as follows:

2014/15	(£246m) – Investments up to £246m
2015/16	(£278m) – Investments up to £278m
2016/17	(£332m) – Investments up to £332m
2017/18	(£331m) – Investments up to £331m

2.1f the following limits be placed on principal sums invested for periods longer than 364 days:

31/3/2015	£265m
31/3/2016	£243m
31/3/2017	£231m
31/3/2018	£228m

2.1g the City Council set upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

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20 years & within 30 years	40%	0%
30 years & within 40 years	40%	0%
40 years & within 50 years	50%	0%

2.1h authority to reschedule debt during the year is delegated to the Head of Financial Services and Section 151 Officer subject to conditions being beneficial to the City Council;

2.1i no restriction be placed on the amount that can be borrowed in sterling from an individual lender provided it is from a reputable source and within the authorised limit for external debt approved by the City Council;

2.1j the principals upon which the apportionment of borrowing costs to the Housing Revenue Account (HRA) should be based are as follows:

- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;
- The loans portfolio is managed in the best interests of the whole authority;
- The costs and benefits of over and under borrowing above or below the capital financing requirement (CFR) are equitably shared between the General Fund and the HRA;

- 2.1k** the regulatory method of calculating Minimum Revenue Provision (MRP) be applied to pre 1 April 2008 debt and new government supported debt but excluding finance leases and service concessions (including Private Finance Initiative schemes);
- 2.1l** the asset life (equal instalment) method of calculating MRP is applied to post 1 April 2008 self-financed borrowing but excluding:
- Finance leases
 - Service concessions (including Private Finance Initiative schemes)
 - Borrowing to fund long term debtors (including finance leases);
- 2.1m** MRP on finance leases and service concessions including Private Finance Initiative (PFI) arrangements equals the charge that goes to write down the balance sheet liability;
- 2.1n** the principal element of the income receivable from long term debtors be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;
- 2.1o** the principal element of the rent receivable from finance leases be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;
- 2.1p** the Housing Revenue Account (HRA) provide for the repayment of the Self Financing Payment over 30 years;
- 2.1q** that specified investments should only be placed with institutions that have a long term credit rating of at least A- from at least two credit rating agencies except registered social landlords for which a single credit rating will be required;
- 2.1r** investments should only be placed with institutions based in either the United Kingdom or sovereign states with a AA+ credit rating;
- 2.1s** the Council's investments are limited to senior debt;
- 2.1t** the bodies meeting the criteria of categories 1 to 8 in paragraph 16.15 are approved as repositories of specified investments of the City Council's surplus funds;

- 2.1u** that investments in banks, building societies and registered social landlords (RSLs) with a duration exceeding 2 years are secured
- 2.1v** credit ratings be reviewed monthly and that any institution whose credit rating falls below the minimum level stated in paragraph 16.15 of the Treasury Management Policy be removed from the list of specified investments;
- 2.1w** institutions that are placed on negative watch or negative outlook by the credit rating agencies be reassigned to a lower category;
- 2.1x** non-specified investments in aggregate are limited to the following:

	£
Building societies with a BBB credit rating and unrated building societies	81m
Investments in MMD (Shipping Services) Ltd including funds lodged to guarantee the company's banking limits. MMD is a wholly owned subsidiary of the City Council.	2m
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MMD (Shipping Services) Ltd including sums lodged to guarantee the company's banking limits	£2m for up to 364 days

2.1z the Head of Financial Services and Section 151 Officer in consultation with the Leader of the Council is given delegated authority to revise the total amount that can be directly invested with any organisation at any time

2.1a that the following investment limits be applied to sectors:

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Registered social landlords	£80m

2.1ab that the following investment limits be applied to regions outside the United Kingdom:

Asia & Australia	£40m
Americas	£40m
Continental Europe	£30m

2.2 the Head of Financial Services and Section 151 Officer submits the following:

- (i) an annual report on the Treasury Management outturn to the Cabinet by 30 September of the succeeding financial year;**
- (ii) A Mid Year Review Report to the Cabinet and Council;**
- (iii) the Annual Strategy Report to the Cabinet in March 2016;**
- (iv) quarterly Treasury Management monitoring reports to the Governance and Audit and Standards Committee.**

3. Background

The City Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice. The Code of Practice requires the City Council to approve a Treasury Management Strategy before the start of the financial year.

In addition the Government has issued statutory guidance that requires the Council to approve an Annual Minimum Revenue Provision for Debt Repayment Statement and an Annual Investment Strategy before the start of the financial year.

The Treasury Management Strategy, the Annual Minimum Revenue Provision for Debt Repayment Statement and the Annual Investment Strategy are all contained within the attached Treasury Management Policy Statement.

4. Reasons for recommendations

The recommendations within the attached Treasury Management Policy Statement reflect the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice and statutory guidance issued by the Government. These are designed to:

- Enable the Council to borrow funds as part of managing its cash flow or to fund capital expenditure in a way that minimises risk and costs
- Provide for the repayment of supported borrowing in a way matches Government support for such borrowing
- Provide for the repayment of unsupported borrowing over the life of the assets financed
- Ensure that the Council's investments are secure
- Ensure that the Council maintains sufficient liquidity
- Maximise the yield on investments in a way that is commensurate with maintaining the security and liquidity of the investment portfolio

5. Equality impact assessment (EIA)

The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

6. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

7. Head of Finance's comments

All financial considerations are contained within the body of the report and the attached appendices

.....
Signed by Head of Financial Services & Section 151 Officer

Appendix: Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy 2015/16

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document		Location
1	Treasury Management Files	Financial Services
2		

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 17 March 2015.

.....
Signed by the Leader of the Council

TREASURY MANAGEMENT POLICY STATEMENT INCLUDING:

- **TREASURY MANAGEMENT STRATEGY**
- **ANNUAL MINIMUM REVENUE PROVISION FOR DEBT REPAYMENT STATEMENT**
- **ANNUAL INVESTMENT STRATEGY 2015/16**

Portsmouth City Council
Head of Financial Services and Section 151 Officer
(Written by Michael Lloyd, Financial Services)

TREASURY MANAGEMENT POLICY STATEMENT 2014/15

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1 BACKGROUND

- 1.1 This Council defines its Treasury Management activities as “the management of the organisation'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.”
- 1.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
- 1.3 This Council acknowledges that effective treasury management will 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 management techniques, within the context of effective risk management.
- 1.4 The City Council's treasury management activities are governed by various codes of practice and guidance that the Council must have regard to under Local Government Act 2003. The main codes and guidance that the Council must have regard to are:
 - Treasury Management in the Public Services Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) which sets out the key principles and practices to be followed.
 - The Prudential Code for Capital Finance in Local Authorities published by CIPFA which governs borrowing by local authorities.
 - The Guidance on Local Government Investments published by the Department for Communities and Local Government which governs local authorities investment activities and stipulates that investment priorities should be security (protecting the capital sum from loss) and liquidity (keeping money readily available for expenditure when needed), rather than yield.

2 BORROWING LIMITS AND THE PRUDENTIAL CODE

- 2.1 The Prudential Code requires the City Council to approve an authorised limit and an operational boundary for external debt together with other prudential indicators designed to ensure that the capital investment plans are affordable, prudent and sustainable. These were approved by the City Council on 10th February 2015.

i) Authorised Limit

The authorised limit for external debt is the maximum amount of debt which the authority may legally have outstanding at any time. The Authorised Limit includes headroom to enable the Council to take advantage of unexpected movements in interest rates and to accommodate any short-term debt or unusual cash movements that could arise during the year

	£m
Borrowing	419
Other Long Term Credit Liabilities	<u>84</u>
	<u>503</u>

ii) Operational Boundary

The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit, but acts as a warning mechanism to prevent the authorised limit (above) being breached.

	£m
Borrowing	399
Other Long Term Credit Liabilities	<u>84</u>
	<u>483</u>

iii) Other Prudential Indicators Contained in the Prudential Code

The following indicators are also included in the Prudential Code:

- Capital expenditure
- Ratio of financing costs to net revenue stream
- Capital financing requirement
- Housing Revenue Account (HRA) limit on indebtedness
- Incremental effect of capital investment decisions on council tax at band D
- Incremental effect of capital investment decisions on housing rents

These are contained in Appendix A.

It has been necessary to revise the estimated non - Housing Revenue Account (HRA) capital financing requirement since it was approved by the Council on 10 February.

It is recommended that the prudential indicators in Appendix A be approved (**Recommendation 2.1(a)**).

The Prudential Code also requires local authorities to adopt the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. These are guides to good practice that the City Council has adopted and followed for several years.

3 TREASURY MANAGEMENT POLICY STATEMENT

3.1 The prime objective of the Treasury Management function is the effective management and control of risk associated with the activities described in paragraph 1.1. The Code identifies the main Treasury Management risks, some of which may not apply to the City Council, as:

- Credit risk – ie. that the local authority is not repaid, with due interest in full, on the day repayment is due.
- Liquidity risk – ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs.
- Interest rate risk – ie. that the authority fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the authority has budgeted.
- Exchange rate risk – This is the risk that the authority enters into a contract priced in a foreign currency and the exchange rate fluctuates adversely between entering the contract and settling the contract.
- Maturity (or refinancing risk) – This relates to the authority's borrowing or capital financing activities, and is the risk that the authority is unable to repay or replace its maturing funding arrangements on appropriate terms.
- Legal risk – ie. that one or other party to an agreement will be unable to honour its legal obligations.
- Procedures (or systems) risk – ie. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud, error or corruption.
- Market risk – This is the risk of adverse market fluctuations in the value of the principal sums of tradable investments such as Government gilts.

3.2 The approved activities of the Treasury Management operation are as follows: -

- (a) Cash flow (daily balance and longer term forecasting);
- (b) Investing surplus funds in approved investments;
- (c) Borrowing to finance cash deficits;
- (d) Funding of capital payments through borrowing, capital receipts, grants or leasing;
- (e) Management of debt (including rescheduling and ensuring an even maturity profile);
- (f) Interest rate exposure management;
- (g) Dealing procedures;
- (h) Use of external managers for temporary investment of funds.

3.3 It is proposed that the Head of Financial Services and Section 151 Officer and officers nominated by him be given authority to lend surplus funds as necessary in accordance with the Treasury Management Policy **(Recommendation 2.1(b))**.

4 TREASURY MANAGEMENT STRATEGY FOR 2015/16

4.1 Objectives

It is estimated that the net interest and debt repayment costs for 2015/16 will amount to approximately £34.6m. The Treasury Management policy will therefore form a cornerstone of the Medium Term Resource Strategy. Specific objectives to be achieved in 2015/16 are:

(a) Borrowing

- To minimise the revenue costs of debt
- To manage the City Council's debt maturity profile to ensure that no single financial year exposes the authority to a substantial borrowing requirement when interest rates may be relatively high
- To match the City Council's debt maturity profile to the provision of funds to repay debt if this can be achieved without significant cost
- To effect funding in any one year at the cheapest long term cost commensurate with future risk
- To forecast average future interest rates and borrow accordingly (i.e. short term and/or variable when rates are 'high', long term and fixed when rates are 'low').
- To monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements
- To reschedule debt in order to take advantage of potential savings as interest rates change or to even the maturity profile.

(b) Lending

- To ensure the security of lending (the maximisation of returns remains a secondary consideration) by investing in:
 - the United Kingdom Government and institutions or projects guaranteed by the United Kingdom Government;
 - Other local authorities in England, Scotland and Wales
 - Aaa rated money market funds;
 - British institutions including commercial companies that meet the City Council's investment criteria
 - Foreign institutions including commercial companies that meet the City Council's investment criteria within the jurisdiction of a AA+ government
- To maintain £10m in instant access accounts
- To make funds available to Council's subsidiaries
- To make funds available for the regeneration of Hampshire
- To optimise the return on surplus funds
- To manage the Council's investment maturity profile to ensure that no single month exposes the authority to a substantial re-investment requirement when interest rates may be relatively low to the extent that this can be managed without compromising the security of lending

4.2 Risk Appetite Statement

The Council attaches a high priority to a stable and predictable revenue cost from treasury management activities in the long term. This reflects the fact that debt servicing represents a significant cost to the Council's net revenue budget. The Council's objectives in relation to debt and investment can accordingly be stated as follows:

To assist the achievement of the council's service objectives by obtaining funding and managing the debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of long term interest cost stability. Sums are invested with a diversified range of counter parties using the maximum range of instruments consistent with avoiding the risk of the capital sum being diminished through movements in prices.

This means that the Council is not totally risk averse. Treasury management staff have the capability to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

In particular when investing surplus cash, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities, but may invest in other bodies including unrated building societies and corporate bonds. The Council may invest surplus funds through tradable instruments such as treasury bills, gilts, certificates of deposit and corporate bonds. The duration of such investments will be limited so that they do not have to be sold (although they may be) prior to maturity thus avoiding the risk of the capital sum being diminished through movements in prices. Ordinarily, the Council will not invest in share capital or property as it puts the capital sum at risk through movements in prices.

4.3 Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term, debt will only be for a capital purpose, CIPFA's Prudential Code which the City Council is legally obliged to have regard to requires the City Council to ensure that debt does not, except in the short term, exceed the total of capital financing requirement (CFR). The CFR measures the Council's underlying need to borrow. If in any year there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for the comparison with gross external debt. The Council's forecast gross debt is shown in the table below.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Borrowing	376,471	373,120	369,769	366,417	363,066	359,715
Finance leases	4,978	4,230	3,609	2,958	2,301	1,649
Service Concessions (including Private Finance Initiative schemes)	83,068	82,109	79,639	76,455	73,769	70,264
Total Gross debt	<u>464,517</u>	<u>459,459</u>	<u>453,017</u>	<u>445,830</u>	<u>439,136</u>	<u>431,628</u>
Capital Financing Requirement (CFR):						
Opening CFR in 2014/15	411,405	-	-	-		
Change in CFR in 2014/15	2,616					
Closing CFR in 2014/15	414,021	414,021	414,021	414,021	414,021	414,021
Cumulative increase in CFR in future years		16,330	20,803	20,803	20,803	20,803
Closing CFR		<u>430,351</u>	<u>434,824</u>	<u>434,824</u>	<u>434,824</u>	<u>434,824</u>
Under / (Over) Borrowing		<u>(29,108)</u>	<u>(18,193)</u>	<u>(11,006)</u>	<u>(4,312)</u>	<u>3,196</u>

The main reason for the Council's gross debt exceeding its CFR relates to borrowing undertaken for the Housing Revenue Account self-financing scheme in advance. The expected direction of gilt yields was upwards. Subsequently the Government announced that they would allow local authorities to borrow this sum from the Public Works Loans Board at National Loans Fund (NLF) rates. NLF rates are typically 1.13% below the rates the PWLB normally offers to local authorities. The Council therefore took advantage of this and borrowed a further £88.6m. Consequently, the Council's gross debt will exceed its estimated capital financing requirement by £50.5m at the end of 2014/15. The Council's gross debt is forecast to exceed its capital financing requirement by £29.1m at the end of 2015/16. This balance will be used to fund future capital investment by the Council resulting in the Council's gross debt falling below the Council's capital financing requirement in 2019/20.

4.4 Gross and Net Debt

4.4.1 The borrowing and investment projections for the Council are as follows:

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Gross Debt at 31 March	464,517	459,459	453,017	445,830
Investments at 31 March	(315,173)	(292,615)	(280,916)	(277,904)
Estimated Net Debt	149,344	166,844	172,101	167,926

4.4.2 The Council has a high level of investments relative to its gross debt due to having a high level of reserves and provisions, mainly built up to meet future commitments under the Private Finance Initiative schemes and future capital expenditure. In addition Councils are required to set aside a minimum revenue provision (MRP) for the repayment of debt, but it is often not economic to actually repay debt because of the premiums that would be incurred if loans are repaid early which therefore gives rise to investments pending the repayment of debt.

4.4.3 The high level of investments increases the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. There is a short term risk that the rates at which the money can be invested will be less than the rates at which the loans were taken out. The level of investments will fall as capital expenditure is incurred, commitments under the PFI schemes are met and loans are repaid.

4.5 Interest Rates

4.5.1 Interest Rate Forecasts for 2015/16

No treasury consultants are currently employed by the City Council to advise on the borrowing strategy. However, the City Council does employ Capita Asset Services to provide an economic and interest rate forecasting service and maintains daily contact with the London Money Market.

4.5.2 Long Term Borrowing Interest Rates

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

Most City Council borrowing in the past has been through the Public Works Loans Board (PWLB). The PWLB interest rates are determined by HM Treasury and are set by reference to the rates in the secondary market for gilts; the public sector is therefore able to benefit from Government borrowing rates. However the Government introduced a mark up between gilt rates and PWLB rates in October 2010 as part of the Comprehensive Spending review. The current mark up for councils that are eligible for the certainty rate, including Portsmouth, is 0.8%.

Capita Asset Services' estimate that 25-year PWLB certainty rates will be 3.4% at the start of 2015/16, rising to 4.0% by the end of 2015/16 and 4.8% by the end of 2017/18. On this basis the estimated interest rate on any new long-term loans in 2015/16 will be between 3.4 and 4.0%.

The Council does not intend to undertake any new borrowing in 2015/16.

4.5.3 Short Term Investment Interest Rates

The Bank of England's base rate is currently 0.5%. Capita Asset Services do not expect the base rate to increase until the fourth quarter of 2015 rising to 2.0% by the first quarter of 2018.

4.6 Borrowing / Lending Requirements

Because the Council has a high level of surplus cash invested it will have an overall net lending requirement.

It has been assumed that existing maturing debt of £3.4m in 2015/16 will not be replaced. Instead this debt will be repaid using internal funds (see paragraph 6.1(f)). It is recommended however, that the Head of Financial Services and Section 151 Officer be given delegated authority to either replace maturing debt or repay it depending on the outlook for long term interest rates that exists at the time (**Recommendation 2.1(c)**).

4.7 Volatility of Budgets

The budget for interest payments and receipts is based on both the level of cash balances available and the interest rate forecasts contained in paragraph 4.5. Any deviation of interest rates from these forecasts will give rise to budget variances.

The Council is exposed to interest rate fluctuations through the need to invest up to £195m of surplus cash per annum in the medium term.

The Council currently has substantial sums of cash invested in the short term, and if interest rates fall below the budget forecast, investment income will be less than that budgeted. For example, if short-term interest rates fall to 0.5% below the budget forecast, the income from the Council's investments will be £975k below budget in 2015/16. Conversely, if short-term interest rates rise to 0.5% above the budget forecast, income from the Council's investments will exceed the budget by £975k in 2015/16.

4.8 Upper limits for fixed interest rate exposures

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for fixed interest rate exposures.

The City Council's maximum fixed interest rate exposure throughout each year is anticipated to be as follows:

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Maximum Projected Gross Borrowing – Fixed Rate	395	395	392	388
Minimum Projected Gross Investments – Fixed Rate	(123)	(91)	(15)	(5)

It is recommended that the upper limits for fixed interest rate exposures be set as follows (**Recommendation 2.1(d)**):

2014/15 £272m

2015/16 £304m

2016/17 £377m

2017/18 £383m

The recommended upper limits for fixed interest rate exposure are set to provide sufficient flexibility for the Head of Financial Services and Section 151 Officer to take out fixed rate loans to finance capital expenditure if interest rates fall or are expected to rise significantly.

4.9 Upper limits for variable interest rate exposures

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for variable interest rate exposures.

The City Council's maximum variable interest rate exposure throughout each year is anticipated to be as follows:

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Minimum Projected Gross Borrowing – Variable Rate	-	-	-	-
Maximum Projected Gross Investments – Variable Rate	(246)	(278)	(332)	(331)

The Council's variable interest rate exposure is negative because it has no variable rate loans and a high proportion of its investments are either variable rate or will need to be reinvested within a year. The Council's requirement for cash varies considerably through the year. Therefore the Council needs to invest a proportion of its surplus cash either in instant access accounts or short term investments to avoid becoming overdrawn. The Council is exposed to an interest rate risk in that its investment income will fall if interest rates fall, whilst its borrowing costs will remain the same as all its loans are fixed at rates that will not fall with investment rates. Investment rates are currently very low and the scope for further reductions is very limited. The Council's maximum projected gross variable interest rate investments increases as existing long term fixed interest rate investments mature. Some of this risk may be mitigated through making further long term fixed rate investments. However, this will increase credit risk. It would also be prudent to maintain an even maturity profile so that the Council can benefit from rising interest rates in the future.

It is recommended that the upper limits for variable interest rate exposures be set as follows (**Recommendation 2.1(e)**):

2014/15	(£246m) – Investments up to £246m
2015/16	(£278m) – Investments up to £278m
2016/17	(£332m) – Investments up to £332m
2017/18	(£331m) – Investments up to £331m

4.10 Limits on total principal sums invested for periods longer than 364 days

Under the Treasury Management Code it is necessary to specify limits on the amount of long term investments, ie. investments exceeding 364 days that have maturities beyond year end.

Investing long term at fixed rates provides certainty of income and reduces the risk of interest rates falling. However this benefit is significantly reduced at the moment as the interest rates on new investments are low, typically less than 1% which restricts how much further returns can fall. At the current time, investing long term allows higher yields to be obtained, although it would be prudent to maintain opportunities to invest when interest rates are higher. There are regular fluctuations in the Council's cash balances which can amount to £50m. In addition cash balances are expected to be at their lowest at the end of the financial year as tax receipts are lower in March. On this basis it is recommended that the following limits be placed on total principal sums invested for periods longer than 364 days to **(Recommendation 2.1(f))**:

31/3/2015 = £265m

31/3/2016 = £243m

31/3/2017 = £231m

31/3/2018 = £228m

4.11 Limits for the maturity structure of borrowing

The Government has issued guidance on making provision for the repayment of General Fund debt (see paragraph 8) which the Council is legally obliged to have regard to. The City Council is required to begin to make provision for the repayment of debt in advance of most of the Council's debt falling due for repayment. Therefore the City Council is required to provide for the repayment of debt well in advance of it becoming due. This is illustrated in Appendix B. This means that it is necessary to invest the funds set aside for the repayment of debt with its attendant credit and interest rate risks (see paragraph 3.1). The City Council could reschedule its debt, but unless certain market conditions exist at the time, premium payments have to be made to lenders (see paragraph 4.12).

CIPFA's Treasury Management in the Public Services Code of Practice which the City Council is legally obliged to have regard to requires local authorities to set upper and lower limits for the maturity structure of their borrowing.

It is recommended that the upper limit should be set high enough to allow for debt to be rescheduled into earlier years and for any new borrowing to mature over a shorter period than that taken out in the past. The high upper limit for debt maturing in over 40 years time reflects existing borrowing as the upper limit cannot be set lower than the existing maturity profile and is also necessary because no provision is being made for the repayment of debt incurred by the Housing Revenue Account apart from the Self Financing payment.

It is recommended that the lower limit be set at 0%.

In order to ensure a reasonably even maturity profile (paragraph 4.1(a)), it is recommended that the council set upper and lower limits for the maturity structure of its borrowings as follows **(Recommendation 2.1(g))**.

Amount of fixed rate borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Loan Debt Maturity	Loans Minimum Revenue Provision (MRP)	% Over / (Under) Loans MRP	Upper limit	Lower limit
Under 12 months	1%	4%	(3%)	10%	0%
12 months and within 24 months	4%	4%	0%	10%	0%
24 months and within 5 years	3%	12%	(9%)	20%	0%
5 years and within 10 years	4%	15%	(11%)	20%	0%
10 years and within 20 years	15%	32%	(17%)	40%	0%
20 years and within 30 years	11%	23%	(12%)	40%	0%
30 years and within 40 years	20%	7%	13%	40%	0%
40 years and within 50 years	42%	3%	39%	50%	0%

The current maturity pattern contained in Appendix B is well within these limits.

4.12 Debt Rescheduling

4.12.1 At the present time, all the City Council's long term external debt has been borrowed at fixed interest rates ranging from 3.19% to 5.01%. 42% of the Council's debt matures in over 40 years' time. Appendix B shows the long term loans maturity pattern. Therefore debt rescheduling could be beneficial in evening out the debt maturity profile.

4.12.2 In the event that it was decided to further reschedule debt, account will need to be taken of premium payments to the PWLB. These are payments to compensate the PWLB for any losses that they may incur.

4.12.3 The HRA will be responsible for its proportion of the premium due for early redemption of debt, based on the percentage of debt attributable to the HRA at the start of the financial year. The premiums would be charged to the General Fund and the HRA. Regulations allow the City Council to spread the cost of the premiums over a number of years, during which the accounts would benefit from reduced external interest rates.

4.12.4 The Head of Financial Services and Section 151 Officer will continue to monitor the Council's debt and will undertake further rescheduling if it would be beneficial.

4.12.5 It is recommended that authority to reschedule debt during the year be delegated to the Head of Financial Services and Section 151 Officer subject to conditions being beneficial to the City Council (**Recommendation 2.1(h)**).

5 APPROVED METHODS OF RAISING CAPITAL FINANCE

- 5.1 The following list specifies the various types of borrowing instruments which are available: -

	Variable	Fixed
PWLB	Y	Y
Market Long-term	Y	Y
Local Government Bonds Agency	Y	Y
Market Temporary	Y	Y
Overdraft	Y	
Negotiable Bonds	Y	
Internal (capital receipts & revenue balances)	Y	Y
Commercial Paper	Y	Y
Medium Term Notes	Y	Y
Leasing	Y	Y
Bills & Local Bonds	Y	Y

- 5.2 The main methods of raising capital finance used by the City Council are discussed in greater detail within Section 6 of this report. Other methods are not generally used because of the perceived risk or because administrative costs are high, such as in the case of Local Bonds.
- 5.3 Local authorities are not required to conform to the Money Laundering Regulations stipulated in the Financial Services Acts. However, these principles where practical will be applied when arranging future money market borrowing to ensure that funds are not obtained from potentially unscrupulous sources.

6 APPROVED SOURCES OF BORROWING

- 6.1 Further information on some of the main borrowing instruments used by the City Council is set out below: -

(a) Public Works Loans Board (PWLB)

The main source of longer term borrowing for the City Council for many years has been from the Government through the Public Works Loans Board. The PWLB offers fixed rate loans from 1 year to 50 years at varying rates with different methods of repayment.

Alternatively the PWLB offers variable rate loans for 1 to 10 years, where the interest rate varies at 1, 3 or 6 month intervals. These loans can be replaced by fixed rate loans before maturity at an opportune time to the authority.

(b) Money Market Loans – Long Term

Loans for 1 to 70 years are available through the London Money Market although, depending of the type of loan being arranged, the rates of interest offered may not match those available from the PWLB, especially for Equal Instalment of Principal loans (E.I.P. loans). Any loans to be taken are evaluated to ensure that the interest rate is the lowest the City Council could obtain.

Loans offered by the money market are often LOBO (Lenders Option, Borrowers Option) loans. This enables the authority to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force. At the time when the interest rate becomes variable, the lender has the option to increase the rate charged every 6 months (or any other agreed review period). The borrower has the option to repay the loan with no penalties if the interest rate is increased on any of the review dates.

(c) Bonds

Bonds may be suitable for raising sums in excess of around £150m. The interest payable on bonds may be less than that charged by the PWLB, but considerable upfront fees would be incurred. To obtain the best interest rate, the Council would need to obtain a credit rating which would need to be maintained. This would incur a further upfront fee and an annual maintenance fee.

Because such a large amount needs to be borrowed to attract investors and also to reduce the upfront fees and negate the need for an individual credit rating a pooled issuance with other local authorities may be more viable.

(d) Municipal Bonds Agency

A municipal bonds agency is being established by the Local Government Association (LGA) to enable local authorities to undertake long term borrowing at lower rates than those offered by the PWLB. The LGA plans to have the municipal bonds agency operational in April 2015. Loans will be advanced on fixed dates determined by the municipal bonds agency of which it is anticipated that there will be two in 2015/16. Loans will be repayable at maturity with the duration of the loan being fixed by the municipal bonds agency.

(e) Money Market Loans – Temporary (Loans up to 364 days)

The use of temporary borrowing through the London Money Market forms an important part of the strategy. The authorised limit for external debt in 2015/16 of £503m set by the City Council on 10 February 2015 must not be exceeded.

It is anticipated that the City Council will not need to use the temporary borrowing facility in 2015/16.

(f) Overdraft

An overdraft limit of £2m has been agreed with the Barclays Bank plc. Interest on the overdraft is charged at 1% above base rate. The City Council does not anticipate that short-term borrowing will generally be necessary during 2015/16 as it currently holds sufficient funds to enable the authority's cash flow to be managed without the need to borrow. However, the overdraft facility may be used when there are unforeseen payments and funds placed on temporary deposit cannot be called back in time.

(f) Internal Funds

Internal funds include all revenue reserves and other specific reserves maintained by the City Council, including the minimum revenue provision which is available to either repay debt or to be used instead of new borrowing. The cash held in internal funds such as earmarked reserves can be borrowed in the short term to finance capital expenditure or the repayment of debt, thus delaying the need to borrow externally.

- 6.2 It is recommended that no restriction be placed on the amount that can be borrowed in sterling from an individual lender provided it is from a reputable source and within the authorised limit for external debt approved by the City Council (**Recommendation 2.1(i)**).

7. APPORTIONMENT OF BORROWING COSTS TO THE HOUSING REVENUE ACCOUNT (HRA)

- 7.1 The Localism Act 2011 requires local authorities to allocate existing and future borrowing costs between council housing (the HRA) and the General Fund. It is for local authorities to choose an allocation method that achieves the principles detailed in their treasury management strategies.
- 7.2 As previously stated, the Council took advantage of the NLF rates and borrowed £88.6m and subsequently applied the borrowing to fund the HRA Self Financing "buy out". The Council then switched the original PWLB borrowing of £84m taken earlier in the year and applied that to fund existing and future General Fund capital expenditure.

- 7.3 The approved Treasury Management Strategy for 2012/13 provided for a single loans pool to be maintained for both HRA and General Fund. This reflects the previous co-operation between the General Fund and the HRA and provides for the loans portfolio to be managed in the best interests of the whole authority. If the HRA had its own loans pool, having already borrowed £84m at an average rate of 4.51% to fund the Self Financing payment, it would not have been able to borrow much at the NLF rates that were subsequently offered. A single loans pool means that the HRA gets more of the long term benefits of the 3.49% NLF rate loans than it could have done on its own. Although a single loans pool does not allow the HRA to directly benefit from the NLF rate loans, it is felt that a single loans pool is broadly equitable between the HRA and the General Fund in the Council's circumstances.
- 7.4 It is proposed to continue to operate with a single loans pool and apportion costs according to locally established principles. It is recommended that the principles upon which the apportionment of borrowing costs should be based are as follows (**recommendation 2.1(j)**):
- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;
 - The loans portfolio is managed in the best interests of the whole authority;
 - The costs and benefits of over and under borrowing above or below the capital financing requirement (CFR) are equitably shared between the General Fund and the HRA.
- 7.5 For the purpose of apportioning borrowing costs it will be assumed that the HRA is under or over financed in the same proportion as the Council as a whole. The HRA will be charged interest at the Council's average cost of borrowing adjusted to take account of any under or over financing which will be charged at the average return on the Council's investments.

8 ANNUAL MINIMUM REVENUE PROVISION FOR DEBT REPAYMENT STATEMENT

- 8.1 The Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2012 require the Council to make "prudent provision" for the repayment of General Fund debt from 2008/09 onwards. There is no requirement to make "prudent provision" for the repayment of Housing Revenue Account (Council Housing) debt. The Government has provided a definition of "prudent provision" which the Council is legally obliged to "have regard" to. The guidance aims to ensure that the provision for the repayment of borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service.

- 8.2 The guidance also requires the Council to adopt an Annual Minimum Revenue Provision (MRP) for Debt Repayment Statement. This is contained within paragraphs 9, 10, 11, 12 and 13 below.

9 GOVERNMENT- SUPPORTED BORROWING OTHER THAN FINANCE LEASES AND SERVICE CONCESSIONS INCLUDING PRIVATE FINANCE INITIATIVE SCHEMES

- 9.1 The Government has supported some local authority borrowing through the Formula Grant. Provision may be made for the repayment of existing and new government supported borrowing through the Capital Financing Requirement Method or the Regulatory Method.
- 9.2 For debt that is supported by Formula Grant, authorities are able to make revenue provision for the repayment by setting aside 4% of their Adjusted Non-Housing Capital Financing Requirement (CFR). The CFR represents the underlying requirement to borrow for capital expenditure. It takes the total value of the City Council's fixed assets and determines the amount that has yet to be repaid or provided for within the Council's accounts. The CFR is adjusted so that it excludes self-financed debt incurred after 1 April 2008. This is known as the CFR Method.
- 9.3 Alternatively, for debt that is supported by Formula Grant, authorities are able to continue to use the formulae in the previous regulations, since Formula Grant is calculated on that basis. This is known as the Regulatory Method. This method is also based on the CFR but is adjusted by the effect of the previous regulations. This method is more complex than the CFR method. However it is estimated that the MRP under this method will be £320k less per annum than under the CFR method. It is therefore recommended that the Regulatory Method of calculating MRP be applied to pre 1 April 2008 debt and new government supported debt (**Recommendation 2.1(k)**). This is the same method as that adopted for 2014/15.

10. SELF- FINANCED BORROWING EXCLUDING FINANCE LEASES, SERVICE CONCESSIONS (INCLUDING PRIVATE FINANCE INITIATIVE SCHEMES), AND BORROWING TO FUND LONG TERM DEBTORS (INCLUDING FINANCE LEASES)

- 10.1 For new borrowing under the prudential system for which no Government support is being given and is therefore self-financed, there are three options offered by the guidance, the Asset Life (Equal Instalment) Method, the Asset Life (Annuity) Method and the Depreciation Method. The guidance suggests that the Asset Life (Annuity) Method is only appropriate for projects where income or savings will increase over time. Both the Asset Life (Equal Instalment) Method and the Depreciation Method should result in a similar MRP. Of these two methods the Asset Life method is the simplest to calculate and therefore it is recommended that this method be used and that MRP begin to be made in the year after the asset is completed (**Recommendation 2.1(l)**). This is the same method as that adopted for 2014/15.

11 FINANCE LEASES AND ON BALANCE SHEET SERVICE CONCESSIONS (INCLUDING PRIVATE FINANCE INITIATIVE SCHEMES)

- 11.1 The move to International Financial Reporting Standards has involved arrangements under the Private Finance Initiative (PFI) and service concessions coming onto the balance sheet. A part of the service charge or rent payable will be taken to reduce the balance sheet liability rather than being charged to the service revenue account. This accounting treatment is similar to that for finance leases. Under these leases the risks and rewards of asset ownership rest with the City Council and the assets are shown on the City Council's balance sheet. These leases are therefore in effect a form of borrowing. Statutory guidance allows, in the case of finance leases and on balance sheet service concessions including PFI contracts, the MRP requirement to be regarded as met by a charge equal to the element of the rent / charge that goes to write down the balance sheet liability. It is recommended that this methodology be used to calculate the MRP on finance leases and service concessions including PFI arrangements **(Recommendation 2.1(m))**.

12 SELF FINANCED BORROWING TO FUND LONG TERM DEBTORS INCLUDING FINANCE LEASES

- 12.1 The income received from long term debtors has an interest and a principal element. The interest element is credited to the revenue account. The principal part of the income receivable will be taken to reduce the loan asset on the balance sheet rather than being credited to the revenue account. This part of the rent receivable generates a capital receipt. Capital receipts can principally be used to finance new capital expenditure or repay debt. It is recommended that the principal element of the rent receivable be set aside to repay the borrowing that financed these assets **(recommendation 2.1(n))**. This is in line with the MRP policy adopted in 2014/15 for long term debtors funded by unsupported borrowing.
- 12.2 Under finance leases the risks and rewards of asset ownership rest with the lessee and the assets are not shown on the City Council's balance sheet. These leases are therefore in effect a form of lending. A part of the rent receivable will be taken to reduce the loan asset value on the balance sheet rather than being credited to the revenue account. This part of the rent receivable generates a capital receipt which can principally be used to finance new capital expenditure or repay debt. It is recommended that the principal element of the rent receivable be set aside to repay the borrowing that financed these assets **(recommendation 2.1(o))**. This is in line with the MRP policy adopted in 2014/15 for finance leases funded by unsupported borrowing.

13 HOUSING REVENUE ACCOUNT (HRA) BORROWING

- 13.1 There is no statutory requirement for the HRA to provide for the repayment of its debt. On 28 March 2012 the HRA was required to make a self financing payment to the Government of £88.619m. It is recommended that the HRA provide for the repayment of this debt over 30 years in line with the HRA Business Plan (**recommendation 2.1(p)**). The HRA will continue its practice of not providing for the repayment of its other debts.

14 ANNUAL INVESTMENT STRATEGY

- 14.1 The Government has also issued guidance on investments. The guidance requires the City Council to adopt an Annual Investment Strategy. This is contained within paragraphs 15, to 21 below. The requirements of the Department for Communities and Local Government are in addition to the requirements of the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice.
- 14.2 During the year the Council may be asked to approve a revised strategy if there are investment issues which the full Council might wish to have brought to their attention.
- 14.3 The guidance defines a prudent policy as having two objectives:
- achieving first of all security (protecting the capital sum from loss);
 - liquidity (keeping the money readily available for expenditure when needed).
- Only when proper levels of security and liquidity have been secured should yield be taken into account.
- 14.4 Investment strategies usually rely on credit ratings and both the current and recommended Investment Strategies are based on credit ratings. Although the recommended Investment Strategy is based on credit ratings other sources of information will be taken into account prior to placing deposits such as information in the quality financial press and credit default swaps (CDS) prices.
- 14.5 CDS are a financial instrument for swapping the risk of debt default. The buyer of a credit default swap pays a premium for effectively insuring against a debt default. He receives a lump sum payment if the debt instrument is defaulted. The seller of a credit default swap receives monthly payments from the buyer. If the debt instrument defaults they have to pay an agreed amount to the buyer of the credit default swap. Absolute prices can be unreliable; however trends in CDS spreads do give an indicator of relative confidence about credit risk.

15. INVESTMENT CONSULTANTS

15.1 The City Council currently employs consultants to provide the following information:

- Interest rate forecasts
- Credit ratings
- CDS prices

15.2 The City Council does not employ consultants to provide strategic advice.

16. SPECIFIED INVESTMENTS

16.1 The Government requires the Council to identify investments offering high security and high liquidity. These are known as specified investments. Specified investments will be made with the minimum of procedural formalities. They must be made in sterling with a maturity of no more than one year and must not involve the acquisition of share capital in any corporate body.

16.2 Credit rating information is available to the financial market through three main credit rating bodies ie. Moody's, Fitch, and Standard and Poor. The credit ratings provided are as follows:

- Short Term Rating (measures an institution's suitability for short term investment)
- Long Term Rating (measures an institution's suitability for long term investment). These ratings are explained in Appendix C.
- Viability / Financial Strength Rating (where available measures the likelihood that an organisation will require assistance from third parties such as its owners or official institutions)
- Support Rating (where available measures a potential supporter's (either a sovereign state's or an individual owner's) propensity to support a bank and its ability to support it)

- 16.3 The grades of short and long term credit rating are as follows with the best credit ratings at the top. The credit ratings that meet the City Council's investment criteria for specified investments are shaded.

Fitch		Moody's		Standard & Poor's	
Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
F1+	AAA	P-1	Aaa	A-1+	AAA
	AA+		Aa1		AA+
	AA		Aa2		AA
	AA-		Aa3		AA-
F1	A+		A1	A-1	A+
	A	P-2	A2		A
	A-		A3	A-2	A-
F2	BBB+	P-3	Baa1	A3	BBB+
	BBB		Baa2		BBB
F3	BBB-		Baa3		BBB-

Support ratings are graded 1 to 5, with 1 being the highest rating.

- 16.4 The main rating agencies have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". Standard and Poor have started this process and among others have placed Barclays Bank, HSBC Bank, Lloyds Bank, Nationwide Building Society, and Standard Chartered Bank on negative watch. The removal of all sovereign support from the credit ratings would result in HSBC's long term credit rating being reduced by one notch from AA- to A+, and Standard Chartered's long term credit rating being reduced by one notch from A+ to A. The removal of all sovereign support from the credit ratings would result in Barclays, Lloyds and Nationwide all having their long term credit ratings reduced by 2 notches from A to BBB+. It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis.
- 16.6 Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. This has resulted in a number of Long Term ratings being given a negative outlook where they exceed the Financial Strength rating.

- 16.7 Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.
- 16.8 It is recommended that specified investments should only be placed with institutions that have a long term credit rating of at least A- from at least two rating agencies except registered social landlords for which a single credit rating will be required (**Recommendation 2.1q**). Registered social landlords (RSLs) are regulated by the Government and their debts can be secured on their housing stock. However, most RSLs are only rated by a single agency.
- 16.9 In addition to rating financial institutions the rating agencies also rate governments. These are known as sovereign credit ratings. Sovereign credit ratings give an indication of a government's capacity to support its financial institutions. Sovereign credit ratings are also dependent on a government's ability to raise taxes and thus also give an indication of the state of a nation's general economy. It is recommended that investments should only be placed with institutions based in either the United Kingdom or states with an AA+ credit rating (**Recommendation 2.1r**).
- 16.10 When an institution or state has differing ratings from different agencies, the average rating will be used to assess its suitability. This is a change from the previous practice of using the lowest credit rating to assess the suitability of institutions for investment. This change is necessary as Standard and Poor may reduce its long term credit rating for the majority of the UK's high street banks to BBB+ which would not meet the Council's minimum criteria for specified investments. Standard and Poor's changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. Those institutions that have not been rated by a particular agency will not be discarded because of the lack of ratings.
- 16.11 It is proposed that investments be allowed in government bodies, banks including supranational banks, building societies, money market funds, enhanced money market funds, RSLs and corporate bonds that meet the Council's investment criteria.
- 16.12 Money market funds are well diversified funds that invest in high quality very short term instruments enabling investors to have instant access to their funds. Enhanced money market funds, also known as short dated investment funds, are also well diversified funds investing in high quality counter parties, but for longer periods, and require a few days' notice of withdrawals.

- 16.13 Corporate bonds are tradable loan instruments issued by commercial companies. Credit ratings measure the risk of default, ie. the risk of not receiving principal and interest when it is due, across these institutions in a way that allows them to be compared. However, other measures of credit risk such as CDS prices are not available for all institutions including most building societies, RSLs and commercial companies.
- 16.14 There are over 30 registered social landlords (RSLs) with a single or double A credit rating. RSLs are subject to Government regulation but their debts are not guaranteed by the Government. As RSLs own houses, lending to RSLs can be secured by a charge against the RSLs properties.
- 16.15 The risk of loss following a default is much smaller for building societies. Building societies also operate under a separate legal regime to banks, which limits the amount of lending not secured on residential property and limits the amount of wholesale funding.
- 16.16 It is recommended that the Council's investments be limited to senior debt (**Recommendation 2.1s**). This recommendation was not included in the 2014/15 Investment Strategy, but is included to provide clarification and does not represent a change in the Council's investment practices. Subordinated corporate bonds are sometimes issued by financial institutions and commercial companies. Subordinated corporate bonds offer higher yields, but in the event of an institution defaulting, senior debtors are repaid before subordinated debtors. Because of this, subordinated bonds often have a lower credit rating than senior debt issued by the same institution.

16.17 It is proposed to divide the approved counter parties for specified investments into eight categories as follows:

	Recommended Maximum Investment in a Single Organisation
<u>Category 1</u> United Kingdom Government including the Debt Management Office Deposit Facility	Unlimited investments for up to 5 years
<u>Category 2</u> Local authorities in England, Scotland and Wales	£30m for up to 5 years
<u>Category 3</u> RSLs with a single long term credit rating of Aa-	£30m for up to 10 years
<u>Category 4</u> Banks with a short term credit rating of F1+ and a long term rating of Aa-. Aaa rated money market funds, Aa rated enhanced money market funds	£26m for up to 5 years
<u>Category 5</u> RSLs with a single A long term credit rating of A-	£20m for up to 10 years
<u>Category 6</u> Banks and corporate bonds with a short term credit rating of F1 and a long term rating of A+. Building societies with a short term credit rating of F1 and a long term rating of A.	£20m for up to 5 years.
<u>Category 7</u> Banks and corporate bonds with a short term credit rating of F1 and a long term rating of A. Building societies with a short term credit rating of F1 and a long term rating of A-.	£13m for up to 5 years
<u>Category 8</u> Banks and corporate bonds with a short term credit rating of F1 and a long term rating of A-.	£10m for up to 5 years

16.16 It is proposed that the bodies meeting the criteria of categories 1 to 8 in paragraph 16.11 be approved as repositories of specified investments of the City Council's surplus funds (**Recommendation 2.1(t)**). A list of financial institutions currently meeting the Council's investment criteria is contained in Appendix D. There are too many RSLs and companies issuing corporate bonds to include in the list.

- 16.17 The maximum duration for investments in corporate bonds was previously four years and reflected a likely lack of sovereign support in the event of a commercial company getting into financial difficulties. However, given that the likelihood of sovereign support in the event of a bank or building society getting into financial difficulties is now much reduced, it is felt that the duration limits for corporate bonds, banks and building societies should be the same.
- 16.18 It is recommended that investments in banks, building societies and RSLs with durations in excess of two years should be secured in order to reduce the consequences of such institutions defaulting (**recommendation 2.1u**). This represents a change from the current investment strategy as the consequences of default could be particularly severe in the event of a bank or building society defaulting as legislation will allow regulators to use a proportion of the Council's funds to support such an institution if it got into financial difficulties, known as a "bail in". This risk can be mitigated by investing in covered bonds which are typically secured on a pool of mortgages. Loans to RSLs can be secured on their housing stock.
- 16.19 It is recommended that the credit ratings be reviewed monthly and that any institution whose lowest credit rating falls below the criteria for category 8 in paragraph 16.11 be removed from the list of specified investments (**Recommendation 2.1(v)**).
- 16.19 It is recommended that institutions that are placed on negative watch or negative outlook by the credit rating agencies be reassigned to a lower category (**Recommendation 2.1(w)**).

17. NON-SPECIFIED INVESTMENTS

- 17.1 The Government's Guidance requires that other less secure types of investment be identified and that a limit be set on the overall amount that may be held in such investments at any time in the year. Non-specified investments are investments that are not secure, ie. do not have an "A" credit rating or are not liquid, ie. have a maturity in excess of 364 days. Investments that are not denominated in sterling would also be non-specified investments due to exchange rate risks.
- 17.2 49% of the Council's investments are currently placed with local authorities due to the absence of a sufficient number of counter parties. Whilst other local authorities offer security, they only offer a modest return. It is estimated that the average amount of cash invested in 2015/16 will be £304m. In order to reduce the risks associated with placing funds with a relatively small number of counter parties and to improve returns it is recommended that further investment categories be established for non-specified investments that do not meet the criteria for specified investments.

Category 9 - £10m for 2 years

Short Term – F2 (or equivalent from Moody's and Standard & Poor)

Long Term – BBB or better (or equivalent from Moody's and Standard and Poor)

Category 9 will consist of rated building societies that meet the above criteria.

The building societies included in category 9 do not have sufficient systemic importance to make a Government rescue likely if they get into financial difficulties. However building societies do not typically have exposure to the Euro zone or riskier investment banking activities. In addition there is an established tradition of intra sector support and when building societies have got into financial difficulties they have always been taken over by another building society. Therefore it is felt that the duration limit for this category should be increased to 2 years. It was previously 364 days.

Category 10 - £6m for 2 years

Many smaller building societies that have been more conservative in their lending approach do not have credit ratings. An analysis of building society accounts suggests that many of those without credit ratings are in a better financial position than some of the larger ones who do hold credit ratings.

Category 10 consists of the unrated building societies in the strongest financial position. It is proposed to divide those unrated building societies in a strong financial position into 2 groups with the duration limit for the strongest unrated building societies being increased to 2 years. It was previously 364 days.

The limits on these building societies are less than £6m to take account of their small size in terms of assets.

Building Society	Limit
Furness	£4.2m
Leek United	£4.2m
Newbury	£3.9m
Hinkley & Rugby	£2.8m
Tipton and Crossley	£1.8m
Marsden	£1.7m
Dudley	£1.6m
Loughborough	£1.4m
Harpenden	£1.4m
Staffordshire Railway	£1.2m
Swansea	£1.1m
Chorley and District	£1.0m

Category 11 - £6m for 364 days

Category 11 consists of the unrated building societies that are in a strong financial position.

The limits on some building societies are less than £6m to take account of their small size in terms of assets.

Building Society	Limit
Nottingham	£6.0m
Progressive	£6.0m
Cambridge	£5.7m
Monmouthshire	£4.8m
Darlington	£2.6m
Market Harborough	£2.0m
Melton Mowbray	£1.9m
Scottish	£1.9m
Hanley Economic	£1.6m
Mansfield	£1.4m
Vernon	£1.3m

17.4 The Council's treasury management operation is exposed to the Council's subsidiary company MMD (Shipping Services) Ltd. The Council has £550k lodged with Lloyds TSB to guarantee MMD's banking limits.

17.5 The Annual Investment Strategy provides for the Council to lend to the United Kingdom Government and local authorities in England, Scotland and Wales, A rated financial institutions and A rated corporate bonds for 5 years, and to RSLs for 10 years. However as these investments would be over a year they cannot be included as specified investments.

- 17.6 The Council sometimes enters into contracts denominated in foreign currencies. Such contracts normally relate to civil engineering schemes at the port. It can be beneficial to buy Euros early to fund these projects and avoid the associated currency risk.
- 17.7 It is recommended that non-specified investments should be limited to the following (**Recommendation 2.1 (x)**):

	£
Building societies with a BBB credit rating and unrated building societies	81m
Investments in MMD (Shipping Services) Ltd including funds lodged to guarantee the company's banking limits. MMD is a wholly owned subsidiary of the City Council.	2m
Long term investments	243m
Investments in foreign currencies to hedge against contracts priced or indexed against foreign currencies	5m
Total	331m

18. MAXIMUM LEVEL OF INVESTMENT IN INDIVIDUAL ORGANISATIONS

- 18.1 The Government's Guidance does not require a limit to be placed on the amount that can be placed in any one investment. However in order to minimise risk further, it is proposed that the total amount that can be directly invested with any organisation at any time should be limited as follows (**Recommendation 2.1(y)**):

	Maximum Investment in Single Organisation
Category 1	Unlimited for up to 5 years
Category 2	£30m for up to 5 years
Category 3	£30m for up to 10 years
Category 4	£26m for up to 5 years
Category 5	£20m for up to 10 years
Category 6	£20m for up to 5 years
Category 7	£13m for up to 5 years
Category 8	£10m for up to 5 years
Category 9	£10m for up to 2 years
Category 10	£6m for up to 2 years
Category 11	£6m for up to 364 days
MMD (Shipping Services) Ltd including sums lodged to guarantee the company's banking limits	£2m for up to 364 days

- 18.2 It is recommended that the Head of Financial Services and Section 151 Officer in Consultation with the Leader of the Council be given delegated authority to revise the total amount that can be directly invested with any organisation at any time (**Recommendation 2.1(z)**).

- 18.3 AAA money market funds offer security and same day access. By aggregating investments they can also invest in financial institutions that may not be interested in the relatively small sums that the Council can invest. The Council will only invest in money market funds that are managed by major banks with considerable investment expertise. Although AAA money market funds are well diversified in their investments there is a risk that more than one fund could have investments with the same bank or that the Council may also have invested funds in the same bank as a money market fund. Therefore it is proposed that the Council should aim to have no more than £70m invested in money market funds with an absolute limit of £80m.
- 18.4 Most building society lending is secured against residential properties. If property prices fall there may be inadequate security to support building societies lending giving rise to a systemic risk.
- 18.5 As RSL's offer one principal service and their assets principally consist of residential properties, excessive investments in RSLs would also expose the Council to a systemic risk.
- 18.5 In order to minimise systemic credit risk in any sector it is recommended that the following limits be applied (**Recommendation 2.1(aa)**):

Money market funds	£80m
Building societies	£107m
Registered Social Landlords	£80m

- 18.6 In order to minimise systemic credit risk in any region it is recommended that the following limits be applied to the geographic areas where investments can be made in foreign countries.
- 18.7 Concerns that there could be a major crisis in the Eurozone (EZ) subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation and the Middle East have led to a resurgence of those concerns as risks increase that it could be heading into deflation and a prolonged period of very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries.

18.8 In addition to weak growth, the Eurozone is also subject to political risks. The Greek general election on 25 January 2015 brought to power a political party which is anti EU and anti-austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti-austerity political parties throughout the EU are much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti-austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the European Central Bank to defend their debt.

18.9 However, there is an implicit degree of protection since the policy only allows investments in banks and commercial companies based in sovereign states with a AA+ credit rating.

18.9 For these reasons it is recommended that the limit for total investments in continental Europe be reduced from £40m to £30m.

18.10 It is recommended that the following limits be applied (**Recommendation 2.1(ab)**):

Asia & Australia	£40m
Americas	£40m
Continental Europe	£30m

- 18.7 The limits above only apply to direct investments. The City Council's exposure to any institution, sector or region may exceed the limits stated above through indirect investments via money market funds. Money market funds employ specialist staff to assess counter party risks and all investments made by money market funds are short-term.

19. LIQUIDITY OF INVESTMENTS

- 19.1 The City Council maintains a three year cash flow forecast which is updated daily. This forecast is used to determine the maximum period for which funds may be prudently committed, ie. the City Council's core cash. The City Council maintains at least £10m invested on an instant access basis to ensure that unforeseen cash flows can be financed.

20. INVESTMENT OF MONEY BORROWED IN ADVANCE OF NEED

- 20.1 Section 12 of the Local Government Act gives a local authority the power to invest for "any purpose relevant to its functions under any enactment or for the prudent management of its financial affairs". While the speculative procedure of borrowing purely to invest at a profit is clearly unlawful, there is no legal obstacle to the temporary investment of funds borrowed for the purpose of funding capital expenditure incurred in the reasonably near future.
- 20.2 Borrowing in advance of need may enable the City Council to obtain cheaper loans than those available at the time when expenditure is incurred, although the consequent investment of funds borrowed in advance of need does expose the City Council to credit risk. The interest payable on funds borrowed in advance of need is likely to exceed the interest earned on the investment of those funds in the current economic climate.
- 20.3 The main reason for the Council's gross debt exceeding its CFR relates to borrowing undertaken for the Housing Revenue Account self-financing scheme in advance. The expected direction of gilt yields was upwards. Subsequently the Government announced that they would allow local authorities to borrow this sum from the Public Works Loans Board at National Loans Fund (NLF) rates. NLF rates are typically 1.13% below the rates the PWLB normally offers to local authorities. The Council therefore took advantage of this and borrowed a further £88.6m. Consequently, the Council's gross debt will exceed its estimated capital financing requirement by £50.5m at the end of 2014/15. The Council's gross debt is forecast to exceed its capital financing requirement by £29.1m at the end of 2015/16. The Council's gross debt is forecast to exceed its capital financing requirement (calculated in accordance with the prudential indicator of gross debt and the capital financing requirement) by £4.3m at the end of 2018/19. This balance will be used to fund future capital investment by the Council and the Council's gross debt is forecast to fall below the Council's capital financing requirement (calculated in accordance with the prudential indicator of gross debt and the capital financing requirement) in 2019/20.

21. TRAINING OF INVESTMENT STAFF

- 21.1 The Finance Manager (Technical & Financial Planning) manages the treasury function with assistance from the Senior Financial Planning Accountant. Both these officers are qualified Chartered Public Finance Accountants and hold the Association of Corporate Treasurers Certificate in International Treasury Management. The City Council is also a member of CIPFA's Treasury Management Network which provides training events throughout the year. Additional training for investment staff is provided as required.

22. DELEGATED POWERS

- 22.1 Once the Treasury Policy has been approved, the Head of Financial Services and Section 151 Officer has delegated powers under the constitution of the City Council, to make all executive decisions on borrowing, investments or financing.

23. TREASURY SYSTEMS AND DOCUMENTATION

23.1 Once the Policy Statement has been approved by the Council, the documentation of the Treasury Systems will be updated so that all employees involved in Treasury Management are clear on the procedures to be followed and the limits applied to their particular activities.

23.2 The Treasury Management Practices document covers the following topics: -

- risk management
- best value and performance measurement
- decision making and analysis
- approved instruments, methods and techniques
- organisation, clarity and segregation of responsibilities, and dealing arrangements
- reporting requirements and management information arrangements
- budgeting, accounting and audit arrangements
- cash and cash flow management
- money laundering
- staff training and qualifications
- use of external service providers
- corporate governance

24. REVIEW AND REPORTING ARRANGEMENTS

24.1 The Head of Financial Services and Section 151 Officer will submit the following:-

- (i) an annual report on the treasury management outturn to the Council by 30 September of the succeeding financial year
- (ii) a mid year review to the Council
- (iii) the Annual Strategy Report to the Council in March 2016
- (iv) quarterly treasury management monitoring reports to the Governance and Audit and Standards Committee

PRUDENTIAL INDICATORS

APPENDIX A

Capital Expenditure							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Children & Education	9,554	10,230	11,905	8,093	738	70	-
Culture & Leisure	2,245	1,552	4,355	2,533	169	100	-
Environment & Community Safety	812	807	12,321	10,040	14,831	12,000	4,400
Health & Social Care (Adults Services)	1,455	1,389	5,243	179	-	-	-
Planning, Regeneration & Economic Development	1,169	46,933	71,498	60,375	25,252	25,351	-
Commercial Port	959	1,197	6,432	4,530	7,030	-	-
Resources	3,368	10,126	5,798	1,224	21	25	-
Traffic & Transportation	31,643	15,030	17,594	5,065	3,721	3,435	3,031
Millennium	(254)	6	-	-	-	-	-
Housing General Fund	2,061	3,434	1,859	2,980	2,623	2,658	2,725
Non HRA	53,012	90,704	137,005	95,019	54,385	43,639	10,156
HRA	30,110	31,147	41,720	30,908	21,906	25,634	31,757
Total	83,122	121,851	178,725	125,927	76,291	69,273	41,913

Ratio of Financing Costs to Net Revenue Stream							
	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non - HRA	10.3%	9.8%	13.1%	14.0%	14.5%	14.0%	15.1%
HRA	12.4%	12.1%	13.4%	12.7%	12.4%	11.8%	11.4%

Capital Financing Requirement							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Original - Non - HRA	267,848	270,716	263,192	254,225	245,452	237,304	228,548
Revised Non - HRA	267,848	256,803	260,185	260,161	258,444	250,296	241,540
HRA	143,557	157,218	170,166	174,663	171,735	168,781	165,827

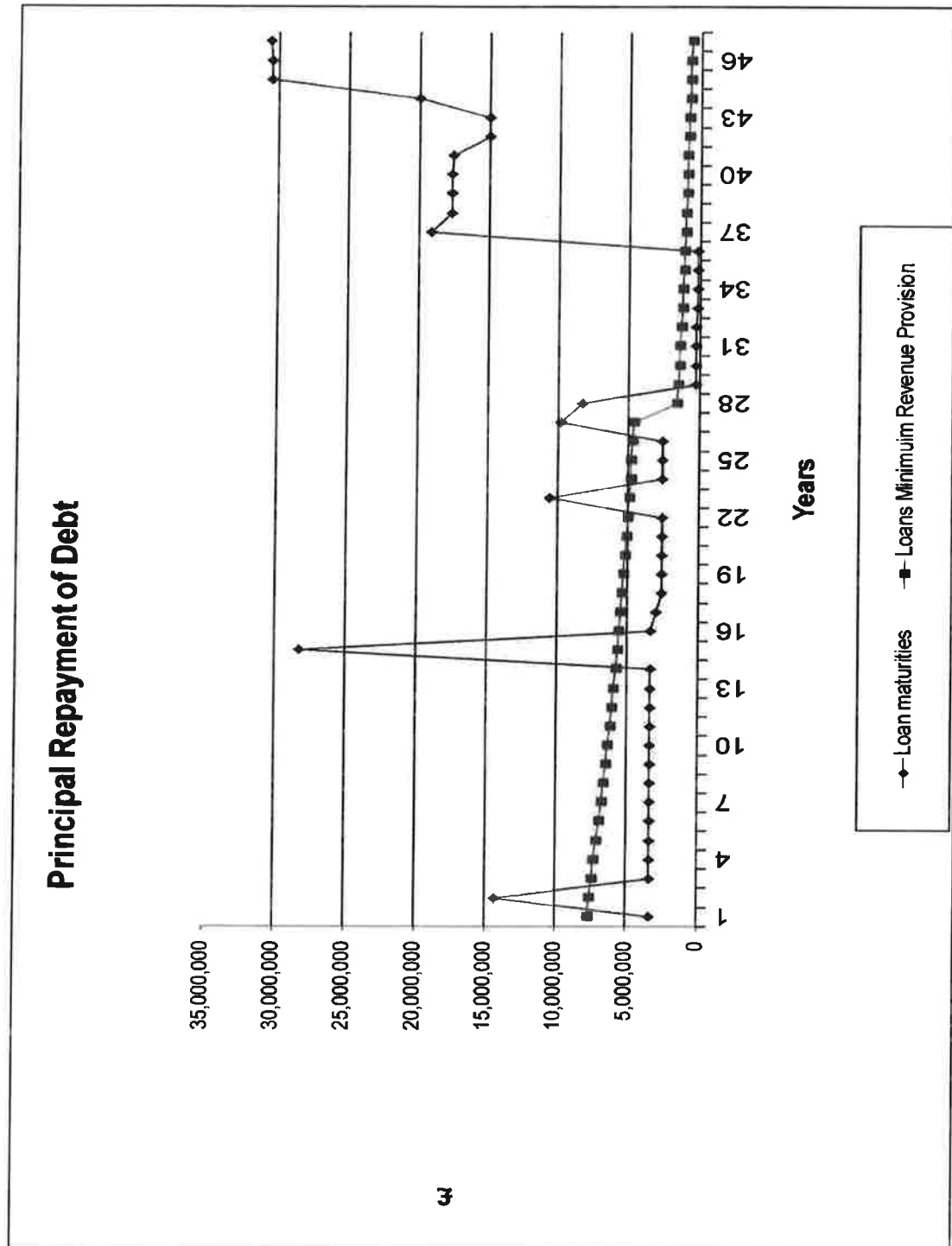
HRA Limit on Indebtedness							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
HRA	181,701	181,701	181,701	181,701	181,701	181,701	181,701

Authorised Limit for External Debt							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Borrowing	426,373	416,768	418,861	417,289	415,083	411,552	400,517
Other Long Term Liabilities (ie Credit Arrangements)	87,148	86,095	84,388	81,297	77,463	74,119	69,962
Total	513,521	502,863	503,249	498,586	492,546	485,671	470,479

Operational Boundary for External Debt							
	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Borrowing	361,501	397,422	399,129	397,162	394,553	390,712	379,158
Other Long Term Liabilities (ie Credit Arrangements)	87,148	86,095	84,388	81,297	77,463	74,119	69,962
Total	448,649	483,517	483,517	478,459	472,016	464,831	449,120

Incremental Impact of Capital Investment Decisions on the Council Tax						
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Revenue effect of existing capital programme	538	1,891	1,768	1,503	1,042	1,854
Revenue effect of proposed capital programme	538	2,039	1,703	1,208	662	1,474
Increase in revenue effect	0	148	(65)	(295)	(380)	(380)
Increase in Council Tax Band D	£0.00	£2.78	(£1.21)	(£5.54)	(£7.12)	(£7.12)

Incremental Impact of Capital Investment Decisions on Housing Rents						
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Revenue effect of existing capital programme	22,590	29,218	27,476	22,420	18,778	22,405
Revenue effect of proposed capital programme	29,218	27,476	22,419	18,778	22,404	28,396
Increase in revenue effect	6,628	(1,742)	(5,057)	(3,642)	3,626	5,991
Effect on average weekly rent	£8.42	(£2.22)	(£6.46)	(£4.66)	£4.65	£7.70



DEFINITIONS OF LONG TERM CREDIT RATINGS

Credit ratings are issued by three main credit rating agencies, Fitch, Moody's and Standard & Poor. All three agencies use broadly the same scale. Fitch defines its long term ratings as follows:

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 in the case of the higher ratings.

BBB: Good credit quality

"BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

INVESTMENT COUNTER PARTY LIST

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
1	United Kingdom Government including investments explicitly guaranteed by the UK Government	AA+		Unlimited	5 years
2	All local authorities in England, Scotland & wales	n/a		30,000,000	5 years
3	Registered Social Landlords (RSLs)	AA-		30,000,000	10 years
4	Australia & New Zealand Banking Group	AA-		26,000,000	5 years
4	Commonwealth Bank of Australia	AA-		26,000,000	5 years
4	National Australia Bank	AA-		26,000,000	5 years
4	Westpac Banking Corporation	AA-		26,000,000	5 years
4	Bank of Montreal	AA-		26,000,000	5 years
4	Bank of Nova Scotia	AA-		26,000,000	5 years
4	Canadian Imperial Bank of Commerce	AA-		26,000,000	5 years
4	Royal Bank of Canada	AA-		26,000,000	5 years
4	Toronto Dominion Bank	AA		26,000,000	5 years
4	Pohjola Bank Plc	AA-		26,000,000	5 years
4	Rabobank Nederland NV	AA-		26,000,000	5 years
4	DBS Bank	AA		26,000,000	5 years
4	Overseas Chinese Banking Corp	AA		26,000,000	5 years
4	United Overseas Bank	AA		26,000,000	5 years
4	Nordia Bank AB	AA-		26,000,000	5 years
4	Bank of New York Mellon	AA-		26,000,000	5 years
4	Wells Fargo Bank NA	AA-		26,000,000	5 years
4	Nordic Investment Bank	AAA		26,000,000	5 years
4	Inter-American Development Bank	AAA		26,000,000	5 years
4	IBRD (World Bank)	AAA		26,000,000	5 years
4	Council of Europe Development Bank	AA+		26,000,000	5 years
4	European Bank for Reconstruction & Development	AAA		26,000,000	5 years
4	European Investment Bank	AA+		26,000,000	5 years
4	Global Treasury Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Morgan Stanley Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Short Term Investment Company (Global Series) Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Goldman Sachs Sterling Liquidity Reserve	AAA	Money Market Fund	26,000,000	Instant Access
4	Scottish Widows Investment Partnership Global Liquidity Sterling Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	BNY Mellon Sterling Liquidity Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	Citibank	AAA	Money Market Fund	26,000,000	Instant Access
4	Deutsche Global Liquidity Series Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Morgan Stanley Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Standard Life Sterling Liquidity Fund	AAA	Money Market Fund	26,000,000	Instant Access
5	Registered Social Landlords (RSLs)	A-		20,000,000	10 years
6	Standard Chartered Bank	A+		20,000,000	5 years
6	HSBC Bank plc	A+		20,000,000	5 years
6	National Bank of Canada	A+		20,000,000	5 years
6	Svenska Handelsbanken	A+		20,000,000	5 years
6	Swedbank AB	A+		20,000,000	5 years
6	JP Morgan Chase Bank NA	A+		20,000,000	5 years
6	DNB Bank	A+		20,000,000	5 years

Category	Counter Party	Minimum Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
7	ABN Amro Bank NV	A		13,000,000	5 years
7	ING Bank NV	A		13,000,000	5 years
7	Nationwide Building Society	A-		13,000,000	5 years
7	Skandinaviska Enskilda Banken (SEB)	A		13,000,000	5 years
7	Credit Suisse	A		13,000,000	5 years
7	UBS AG	A		13,000,000	5 years
7	National Bank of Canada	A		13,000,000	5 years
7	Coventry Building Society	A-		13,000,000	5 years
8	Lloyds TSB Bank plc	A-		10,000,000	5 years
8	Deutsche Bank AG	A-		10,000,000	5 years
8	Barclays Bank Plc	A-		10,000,000	5 years
9	Leeds Building Society	A-	Short term rating F2	10,000,000	2 years
9	Yorkshire Building Society	BBB		10,000,000	2 years
10	Furness Building Society	Unrated		4,200,000	2 years
10	Leek United Building Society	Unrated		4,200,000	2 years
10	Newbury Building Society	Unrated		3,900,000	2 years
10	Hinckley & Rugby Building Society	Unrated		2,800,000	2 years
10	Tipton & Coseley Building Society	Unrated		1,800,000	2 years
10	Marsden Building Society	Unrated		1,700,000	2 years
10	Dudley Building Society	Unrated		1,600,000	2 years
10	Loughborough Building Society	Unrated		1,400,000	2 years
10	Harpenden Building Society	Unrated		1,400,000	2 years
10	Stafford Railway Building Society	Unrated		1,200,000	2 years
10	Swansea Building Society	Unrated		1,100,000	2 years
10	Chorley and District	Unrated		1,000,000	2 years
11	Nottingham Building Society	BBB	Single rating	6,000,000	364 days
11	Progressive Building Society	Unrated		6,000,000	364 days
11	Cambridge Building Society	Unrated		5,700,000	364 days
11	Monmouthshire Building Society	Unrated		4,800,000	364 days
11	Darlington Building Society	Unrated		2,600,000	364 days
11	Market Harborough Building Society	Unrated		2,000,000	364 days
11	Melton Mowbray Building Society	Unrated		1,900,000	364 days
11	Scottish Building Society	Unrated		1,900,000	364 days
11	Hanley Economic Building Society	Unrated		1,600,000	364 days
11	Mansfield Building Society	Unrated		1,400,000	364 days
11	Vernon Building Society	Unrated		1,300,000	364 days

Notes

* The long term credit ratings shown are adjusted to take account of possible future actions resulting from negative watches & outlooks.

Agenda Item 9

CABINET MEETING HELD ON 5 MARCH 2015

**Budget and Performance Management 2014/15 third Quarter (for noting)
(Cabinet Minute 23 refers)**

DECISIONS:

- (i) The forecast outturn position for 2014/15 be noted:**
 - (a) An overspend of £822,200 after further forecast transfers to Portfolio Specific Reserves**
 - (b) An overspend of £562,000 before further forecast transfers to Portfolio Specific Reserves.**
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2015/16 Cash Limit.**
- (iii) Members note that the following actions have been instigated by the Head of Finance and S151 Officer in relation to the Children & Education Portfolio overspend:**
 - (a) Initiated a review of the cost effectiveness of the use of supernumerary and agency posts and the contribution to the Integrated Commissioning Unit by Children's Social Care**
 - (b) Requested that the Head of Children's Social Care produce a detailed action plan for reducing expenditure within the service to operate within the authorised cash limit for 2015/16**
 - (c) Initiated fortnightly budget monitoring meetings, to review progress against budget and the action plan, with the Leader of the Council, Portfolio Holder, Chief Executive and Head of Children's Social Care.**
- (iv) Heads of Service, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2015/16 Portfolio cash limit will be managed to avoid further overspending during 2015/16.**

(This is forwarded to Council for noting)

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Decision maker: Cabinet 5th March 2015
City Council 17th March 2015

Subject: Budget & Performance Monitoring 2014/15 (3rd Quarter) to end December 2014

Report by: Head of Finance & Section 151 Officer

Wards affected: All

Key decision (over £250k): Yes

1. Purpose of Report

- 1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the third quarter for 2014/15.
- 1.2 To also take the opportunity to report on the key performance measures of the Council and highlight any relationships between financial performance and service performance that may indicate any potential or emerging matters of concern in relation to either.

2. Recommendations

2.1 It is recommended that:

- (i) The forecast outturn position for 2014/15 be noted:
 - (a) An overspend of £822,200 after further forecast transfers to Portfolio Specific Reserves
 - (b) An overspend of £562,000 before further forecast transfers to Portfolio Specific Reserves.
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2015/16 Cash Limit.
- (iii) Members note that the following actions have been instigated by the Head of Finance and S151 Officer in relation to the Children & Education Portfolio overspend:
 - (a) Initiated a review of the cost effectiveness of the use of supernumerary and agency posts and the contribution to the Integrated Commissioning Unit by Children's Social Care
 - (b) Requested that the Head of Children's Social Care produce a detailed action plan for reducing expenditure within the service to operate within the authorised cash limit for 2015/16
 - (c) Initiated fortnightly budget monitoring meetings, to review progress against budget and the action plan, with the Leader of the Council, Portfolio Holder, Chief Executive and Head of Children's Social Care.

- (iv) Heads of Service, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2015/16 Portfolio cash limit will be managed to avoid further overspending during 2015/16.

3. Background

- 3.1 The Revised Budget for 2014/15 of £182,053,100 was approved by City Council on the 10th February 2015. This level of spending required an overall contribution from General Reserves of £8.83m in order to meet the shortfall between in-year spending and in-year income from all sources.
- 3.2 This is the third quarter monitoring report of 2014/15 and reports on the forecast 2014/15 outturn as at the end of December 2014. The forecasts summarised in this report and detailed in the attached papers are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.
- 3.3 Any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any "windfall cost" from within their areas of responsibility in order to protect the overall Council financial position. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.
- 3.4 The Financial Pack attached at Appendix A has been prepared in Portfolio format and is similar in presentation, but not the same as, the more recognisable "General Fund Summary" presented as part of the Budget report approved by Council on 10th February 2015. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

4 Forecast Outturn 2014/15 – As at end December 2014

- 4.1 At the third quarter stage, the revenue outturn for 2014/15 after further forecast transfers to Portfolio Specific Reserves (which are retained by right) is forecast to be overspent by £822,200 representing an overall budget variance of 0.50%.
- 4.2 The quarter 3 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 3 stage are:

Quarter 1 Forecast Variance	Quarter 2 Forecast Variance		Quarter 3 Forecast Variance	Quarter 3 Forecast Variance (After Transfers From Portfolio Reserves)
£	£		£	£
2,950,600	2,914,500	Children and Education	3,975,800	3,975,800
	227,800	Culture, Leisure & Sport		
751,200	497,000	Health and Social Care	215,100	215,100
340,100		Traffic and Transportation	166,200	Nil

These are offset by the following significant forecast underspends at the quarter 3 stage:

Quarter 1 Forecast Variance	Quarter 2 Forecast Variance		Quarter 3 Forecast Variance	Quarter 3 Forecast Variance (After Transfers From Portfolio Reserves)
£	£			£
		Environment & Community Safety	161,400	Nil
	221,000	PRED		
	1,007,700	Commercial Port		
973,800	985,500	Asset Management Revenue Account	114,500	114,500
	279,600	Other Miscellaneous	3,267,000	3,267,000

5 Quarter 3 Significant Budget Variations – Forecast Outturn 2014/15

5.1 Children and Education – Overspend £3,975,800 (or 12.5%)

The cost of Children and Education Services is forecast to be £3,975,800 higher than budgeted. Of this figure £3,889,300 relates to the Children's Social Care and Safeguarding service areas.

The key variances are:

- Family Support Services is forecast to overspend by £200,000. The forecast overspend includes previously agreed savings and efficiency targets of £40,000 which have yet to be fully implemented and realised. The service is also unable to deliver vacancy savings targets, due to the operational

decision not to operate with vacancies, in order to try and maintain manageable caseload levels.

- Fieldwork Services are currently forecasting an overspend of £1,612,000 as a result of a combination of the inability to deliver vacancy savings, the need to employ agency workers to cover practice leader posts, the implementation of agreed re-grading arrangements and additional supernumerary front line posts. The supernumerary posts have been employed by the service as part of the strategy to reduce Looked After Children numbers, whilst also focusing on the government's adoption agenda to move children into permanent arrangements; as a result these pressures have led to a forecast overspend of £788,000. This overspend has been exacerbated by the withdrawal of the one-off £273,000 of Social Work Matters funding allocated in 2013/14 (which was originally provided on the basis that savings would be made or costs avoided in the Looked After Children's budget as a consequence of increasing more senior Social Worker provision)

The service has also experienced increased expenditure of £436,000 from numbers and the cost of adoptive and care leaver placements alongside reduced income from other local authorities using Portsmouth supported adoptive parents; as we make greater use of these placements ourselves which is more cost effective for the Council.

Changes to the Council's car parking charging policy has also resulted in a substantial staff parking cost increase of £143,000. Opportunities to reduce this by looking at working practices have been implemented and are currently being explored for further cost reduction opportunities in the forthcoming year.

- Whilst placements with independent foster carers continue to reduce, this has been at a slower rate than that anticipated and due to the complexity of needs the Looked After Children budget area is forecast to overspend by £1,699,000.
- Commissioned Services are forecast to overspend by £114,000: £40,000 relates to the loss of income following a decision not to pursue parental contributions, (means tested contributions in respect of s.20 placements), a further £60,000 from increased cost of emergency duty, child advocacy and supervised contact commissioned services. The remainder relates to additional project support and consultancy costs.
- Management and Support (£398,000 overspend): The Independent Reviewing Officer (IRO) service is experiencing budget pressures as a result of not achieving vacancy savings targets, combined with the additional cost of 2 supernumerary specialist posts, which were recruited to lower the number of cases held by the IRO officers. The service is also experiencing additional pressures due to the increased contribution to the Integrated Commissioning Unit (this investment is intended to deliver future cost reductions through commissioning arrangements) as well as increased OFSTED inspection requirements.

Whilst there are individual variances within budget areas covered by the Dedicated Schools Grant, in aggregate these are neutral.

It was reported to the Children and Education Portfolio on 26th September 2014 that Social Care and Safeguarding had exceeded the budget provision by £2.3m in 2013/14 and as at 30th June 2014 was forecasting an overspend of £2.5m in 2014/15 (The forecast overspend has risen to £3.89m as at the end of Quarter 3). As a result the Director of Adults and Children's Services was instructed to develop proposals for reducing the operating expenditure requirements of the Portfolio in:

- i. the current financial year
- ii. the 2015/16 financial year to ensure that it can operate within its allocated Cash Limit in 2015/16 to deliver a balanced budget.

As a consequence savings proposals totalling £1,917,000 per annum from 2015/16 were noted by City Council as part of the Budget & Performance Monitoring 2014/15 (2nd Quarter) Report on 20th January 2015.

In response to the worsening financial position of the Portfolio, the Head of Finance & S151 Officer has instigated the following action:

- (a) Initiated a review of the cost effectiveness of the use of supernumerary and agency posts and the contribution to the Integrated Commissioning Unit by Children's Social Care
- (b) Requested that the Head of Children's Social Care produce a detailed action plan for reducing expenditure within the service to operate within the authorised cash limit for 2015/16
- (c) Initiated fortnightly budget monitoring meetings, to review progress against budget and the action plan, with the Leader of the Council, Portfolio Holder, Chief Executive and Head of Children's Social Care.

The combination of the proposed £1.917m of saving proposals for 2015/16 plus these actions set out above are intended to minimise the underlying budget deficit being experienced in the Portfolio. As reported to the City Council within the Budget Report on 10th February 2015, given the proximity to the end of the financial year, the scale of this overspend cannot be rectified within the current financial year. To ensure that the Council's budget overall remains robust, some funding will be retained within the Council's corporate contingency provision to cover the 2014/15 overspend position of the Portfolio. This is described in paragraph 5.6.

The prospects for the Children & Education Portfolio Budget in 2015/16 remain challenging but achievable if the proposals described in the report to Cabinet in December 2014 to save £1.917m are successfully delivered.

5.2 Health and Social Care – Overspend £215,100 (or 0.4%)

The cost of Health & Social Care is forecast to be £215,100 higher than budgeted.

The key variances are:

- Assistive Equipment and Technology is forecast to overspend by £103,200 as a result of the equipment required to maintain clients in their home for longer. However, this overspend is offset by an underspend of £91,800 within Memory Cognition as a result of these clients being cared for in their homes.

- Social Care Activities are forecast to overspend by £197,500 primarily as a result of Deprivation of Liberties (DOL's) assessments which have rapidly increased from a few per month to approximately 25 per week.

Whilst there are individual variances within budget areas covered by the Public Health Grant, in aggregate these are neutral.

5.3 Traffic & Transportation – Overspend £166,200 (1.0%) or After Transfer From Off-Street Parking Reserve Nil variance

Any overspend against the Traffic & Transportation Portfolio will be funded by an equivalent transfer from the Off-Street Parking Reserve. It is expected that a transfer of £166,200 will be necessary to meet the shortfall between in-year spending and in-year income.

5.4 Environment and Community Safety – Underspend £161,400 (1.0%) or After Transfer to Portfolio Specific Reserve Nil variance

The Portfolio is currently forecasting an underspend of £161,400.

A number of small areas of under and over spending are currently being forecast across the Portfolio. The more significant areas of under and over spending are:

- As a result of effective contract monitoring the cost of Refuse Collection and Waste Disposal is forecast to be £97,000 lower than budgeted.
- Staffing costs across the Portfolio are expected to be £55,000 lower than originally budgeted due to staff vacancies, higher fee income for staff time spent on major capital projects offset by staffing costs associated with the 'Delivering Differently' project.

As portfolio underspendings are transferred to portfolio specific reserves at the end of the year no variance is currently forecast.

5.5 Asset Management Revenue Account – Underspend £114,500 (or 0.5%)

This budget funds all of the costs of servicing the City Council's long term debt portfolio that has been undertaken to fund capital expenditure. It is also the budget that receives all of the income in respect of the investment of the City Council's surplus cash flows. As a consequence, it is potentially a very volatile budget particularly in the current economic climate and is extremely susceptible to both changes in interest rates as well as changes in the Council's total cash inflows and outflows.

5.6 Other Miscellaneous – £3,267,000

As described in the Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19 Report to Council on 10th February 2015, the Children and Education Portfolio is experiencing difficulty containing expenditure within budgeted limits. The Revised Budget approved by the City Council on the 10th February 2015 was prepared to include a Contingency provision of £2,912,000 which was set aside

to guard against an overall overspend on the Children's Safeguarding budget. In addition it is now expected that a further £355,000 currently provided within the 2014/15 Contingency will not be required.

6 Other Minor Budget Variations – Forecast Outturn 2014/15

6.1 Culture, Leisure & Sport – Underspend £57,600 (or 0.7%) (No variance after transfers to Portfolio Reserves)

The Portfolio is forecasting an underspend of £57,600.

The Portfolio is forecasting a number of minor variations across a number of services, the most significant of which are an underspend of £70,900 within Parks, Gardens & Open Spaces due to lower maintenance requirements offset by lower Golf Income (£25,100) due to reduced demand.

6.2 Housing – Minor Overspend £27,900 (or 1.5%) (No variance after transfers From Portfolio Reserves)

6.3 Leader – Minor Overspend £12,800 (or 5.5%)

6.4 PRED – Minor Underspend £3,900 (or 0.4%) (No variance after transfers to Portfolio Reserves)

6.5 PRED (Port) – Minor Overspend £19,500 (or 0.5%) (No variance after transfers from Portfolio Reserves)

6.6 Resources – Minor Underspend £45,300 (or 0.2%) (No variance after transfers to Portfolio Reserves)

The Portfolio is forecasting an underspend of £45,300.

A number of underspendings are forecast across the Portfolio mainly as a result of posts that are being held vacant. These underspendings have been largely offset by overspending elsewhere, primarily Housing Benefit subsidy being lower than budgeted (£118,200), a budget saving totalling £90,000 not achieved by Property Services and the under achievement of design fee income by the AMS Design & Maintenance team.

6.7 Licensing Committee – Underspend £33,100 (or 22.8%) (No variance after transfers to Committee Reserves)

Staff vacancy saving and additional net income arising from the licensing of scrap metal & motor salvage dealers. This net income is after direct costs associated with enforcement are deducted, but before the full indirect costs of administration and enforcement are taken into account.

6.8 Governance, Audit and Standards Committee – Underspend £6,300 (or 2.1%) (No variance after transfers to Committee Reserves)

6.9 Levies – No Forecast Variance

6.10 Insurance – No Forecast Variance

7. **Transfers From/To Portfolio Specific Reserves**

In November 2013 Full Council approved the following changes to the Council's Budget Guidelines and Financial Rules:

- Each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio
- The Portfolio Holder be responsible for approving any releases from their reserve in consultation with the Head of Finance and Section 151 Officer
- That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant portfolio:
 - i. Any overspendings at the year-end
 - ii. Any one-off Budget Pressures experienced by a Portfolio
 - iii. Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
 - iv. Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
 - v. Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)
- Once there is confidence that the instances i) to v) above can be satisfied, the earmarked reserve may be used for any other development or initiative

The forecast balance of each Portfolio Specific Reserve that will be carried forward into 2015/16 is set out below:

Portfolio/Committee Reserve	Balance Brought Forward £	Approved Transfers 2014/15 £	Forecast Under/ (Over) Spending £	Balance Carried Forward £
Children & Education	228,600	(228,600)		0
Culture, Leisure & Sport	115,600	207,000	57,600	380,200
Environment & Community Safety	1,177,400	(292,000)	161,400	1,046,800
Health & Social Care	2,194,600	(2,194,600)		0
Housing	136,800	(3,000)	(27,900)	105,900
Leader	0			0
PRED	375,500	41,000	3,900	420,400
Port	418,100		(19,500)	398,600
Resources	666,600	(12,000)	45,300	699,900
Licensing	33,700		33,100	66,800
Governance, Audit & Standards	145,000	110,000	6,300	261,300
Total	5,491,900	(2,372,200)	260,200	3,379,900

Note: Releases from Portfolio Reserves to fund overspending cannot exceed the balance on the reserve

8. Relationships between Financial Performance and Service Performance

8.1 The quarter 3 performance reports highlight some service-specific issues, including a high level of overspending in Children's Safeguarding and Social Care, and some concerns about financial pressures in Adults Social Care particularly. However, there are also a number of common themes, and these are generally the same as were raised in the previous quarter including;

- demand, where this is seen to be increasing despite an accepted need to reduce demand;
- challenges in delivering on change projects already in the pipeline to reduce costs and particularly to deliver on income;
- workforce capacity in some areas critical to longer term objectives, linked to sustainability of services.

8.2 More work needs to be done to consider the link between the information in the report to Governance, Audit & Standards and the budget process; and also the extent to which questions of capacity could be addressed by adding more capacity in an "invest to save" scheme - or where it appears skills are insufficient or original assumptions were not correct. It is important to identify where greater benefit could be derived by bringing schemes forward, including IT schemes.

8.3 A full report on quarter 3 performance will be considered by Governance, Audit and Standards Committee on 13th March 2015.

9. Conclusion - Overall Finance & Performance Summary

- 9.1 The overall forecast outturn for the City Council in 2014/15, before further transfers to Portfolio Specific Reserves as at the end of December 2014, is forecast to be £182,615,100. This is an overall overspend of £562,000 against the Revised Budget and represents a variance of 0.30%. Once all transfers to Portfolio Specific Reserves are taken into account the forecast outturn for the City Council increases by £260,200 to £182,875,300. This is an overall overspend against the revised budget of £822,200 representing a variance of 0.50%.
- 9.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 9.3 The overall financial position is deemed to be “red” since the forecast outturn after transfers to Portfolio Specific Reserves is higher than budgeted. However, finance is not having a negative impact on the overall performance status of the Council’s activities.
- 9.4 As outlined in paragraph 4.2, the forecast overspend within the Children and Education Portfolio represents the greatest area of concern in terms of the impact it has on the overall City Council budget for 2014/15. Consequently the Head of Finance & S151 Officer has set in train a series of actions to minimise the underlying budget deficit.
- 9.5 Where a Portfolio is presently forecasting a net overspend, in accordance with current Council policy, any overspending in 2014/15 will be deducted from cash limits in 2015/16 and therefore the appropriate Heads of Service in consultation with Portfolio Holders should prepare an action plan outlining how their 2014/15 forecast outturn or 2015/16 budget might be reduced to alleviate the adverse variances currently being forecast.
- 9.6 Based on the Revised Budget of £182,053,100 the Council will remain within its minimum level of General Reserves for 2014/15 of £6.0m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2014	23.427
<u>Add:</u>	
<u>Less:</u>	
Forecast Overspend 2014/15	(0.822)
Planned Withdrawal from General Reserves 2014/15	(8.827)
Forecast General Reserves carried forward into 2015/16	13.778

Levels of General Reserves over the medium term are assumed to remain within the Council approved sum of £6.5m in 2015/16 and future years since any ongoing budget pressures / savings will be reflected in future years' savings targets.

- 9.7 Financial resources are not seen as a primary barrier during the current year to either performance achievement or performance improvement. Although there are no specific requests for additional resourcing to ensure targets are achieved, or objectives met through this report, in some cases resources may be a possible risk to future delivery which ought to be considered in the context of all other current and emerging budget pressures and evaluated in relation to each other.

10. City Solicitor's Comments

- 9.1 The City Solicitor is satisfied that it is within the Council's powers to approve the recommendations as set out.

11. Equalities Impact Assessment

- 10.1 This report does not require an Equalities Impact Assessment as there are no proposed changes to PCC's services, policies, or procedures included within the recommendations.

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Chris Ward

Head of Finance & S151 Officer

Background List of Documents –

Section 100D of the Local Government Act 1972

The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report –

Title of Document	Location
Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19	Office of Deputy Head of Finance & Section 151 Officer
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 5th March, 2015

Signed:

Approved / Approved as amended / Deferred / Rejected by the City Council on 17th March, 2015

Signed:

**FINANCIAL & SERVICE
PERFORMANCE**

**QUARTER 3
2014/15**

INFORMATION PACK

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO City Council General Fund
BUDGET Total General Fund Expenditure

TOTAL CASH LIMIT 182,053,100

CHIEF OFFICER All Budget Holders

MONTH ENDED December 2014

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET FORECAST 2014/15			
		Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
		£	£	£	%	£	£	£	%
1	Children & Education	49,098,900	40,849,300	(8,249,600)	(16.8%)	31,876,300	35,852,100	3,975,800	12.5%
2	Culture, Leisure & Sport	6,891,437	6,240,089	(651,348)	(9.5%)	8,673,400	8,615,800	(57,600)	(0.7%)
3	Environment & Community Safety	12,192,560	12,007,757	(184,803)	(1.5%)	16,444,600	16,283,200	(161,400)	(1.0%)
4	Health & Social Care	36,216,600	36,220,300	3,700	0.0%	48,288,700	48,503,800	215,100	0.4%
5	Housing	1,301,650	917,600	(384,050)	(29.5%)	1,855,900	1,883,800	27,900	1.5%
6	Leader	161,700	177,200	15,500	9.6%	234,000	246,800	12,800	5.5%
7	PRED	(297,088)	(684,118)	(387,030)	(130.3%)	(1,062,900)	(844,900)	218,000	20.5%
8	Port	(3,556,300)	(3,593,300)	(37,000)	(1.0%)	(4,220,500)	(4,201,000)	19,500	0.5%
9	Resources	18,121,000	16,515,000	(1,606,000)	(8.9%)	22,259,500	22,491,200	231,700	1.0%
10	Traffic & Transportation	10,185,600	9,105,100	(1,080,500)	(10.6%)	16,966,800	17,885,300	918,500	5.4%
11	Licensing Committee	(107,300)	(52,400)	54,900	51.2%	(144,900)	(178,000)	(33,100)	(22.8%)
12	Governance, Audit & Standards Com	362,200	171,200	(191,000)	(52.7%)	304,500	298,200	(6,300)	(2.1%)
13	Levies	540,075	433,663	(106,412)	(19.7%)	851,000	851,000	0	0.0%
14	Insurance	913,500	913,500	0	0.0%	1,218,000	1,218,000	0	0.0%
15	Asset Management Revenue Account	8,795,300	7,388,409	(1,406,891)	(16.0%)	20,863,300	20,748,800	(114,500)	(0.5%)
16	Other Miscellaneous	1,313,451	1,432,451	119,000	9.1%	17,645,400	14,378,400	(3,267,000)	(18.5%)
TOTAL		142,133,285	128,041,751	(14,091,534)	(9.9%)	182,053,100	184,032,500	1,979,400	1.1%
Total Value of Remedial Action (from Analysis Below)						(1,417,400)			
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)						182,053,100	182,615,100	562,000	0.3%
Total Forecast Transfers To Portfolio Specific Reserves						260,200			
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)						182,053,100	182,875,300	822,200	0.5%

Note All figures included above exclude Capital Charges

Income/underspends is shown in brackets and expenditure/overspends without brackets

VALUE OF REMEDIAL ACTIONS & TRANSFERS (FROM)/TO PORTFOLIO SPECIFIC RESERVES

Item No.	Reason for Variation	Value of Remedial Action	Forecast Portfolio Transfers
1	Children & Education	0	0
2	Culture, Leisure & Sport	0	57,600
3	Environment & Community Safety	0	161,400
4	Health & Social Care	0	0
5	Housing	0	(27,900)
6	Leader	0	0
7	PRED	(221,900)	3,900
8	Port	0	(19,500)
9	Resources	(277,000)	45,300
10	Traffic & Transportation	(918,500)	0
11	Licensing Committee	0	33,100
12	Governance, Audit & Standards Com	0	6,300
13	Levies	0	
14	Insurance	0	
15	Asset Management Revenue Account	0	
16	Other Miscellaneous	0	
Total Value of Remedial Action		(1,417,400)	260,200

Note Remedial Action resulting in savings should be shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Children and Education

BUDGET 7,625,500 Education
24,250,800 Children's Social Care & Safeguarding

TOTAL CASH LIMIT 31,876,300

CHIEF OFFICER Julian Wooster

MONTH ENDED December 2014

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	
1	ISB	Nursery
2	ISB	Primary
3	ISB	Secondary
4	ISB	Special
5	DSG	
6	Strategic Commissioning	
7	Early Support	
8	Education Improvement	
9	Child Support Services	
10	Joint Priorities	
11	Family Support Service	
12	Fieldwork Services	
13	Looked After Children	
14	Services Commissioned And Provided	
15	Safeguarding Management And Support	
16	Youth Support (IYSS)	

BUDGET PROFILE 2014/15			
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
7,559,900	7,622,800	62,900	0.8%
48,719,300	48,719,400	100	0.0%
26,126,700	26,126,600	(100)	(0.0%)
3,384,000	3,195,000	(189,000)	(5.6%)
(59,950,100)	(68,069,900)	(8,119,800)	(13.5%)
717,800	702,300	(15,500)	(2.2%)
2,113,800	1,700,700	(413,100)	(19.5%)
576,100	318,000	(258,100)	(44.8%)
2,586,900	2,142,800	(444,100)	(17.2%)
210,900	(780,400)	(991,300)	(470.0%)
1,000,000	1,126,800	126,800	12.7%
4,413,700	5,543,700	1,130,000	25.6%
8,534,300	9,980,700	1,446,400	16.9%
694,400	390,700	(303,700)	(43.7%)
772,900	1,125,300	352,400	45.6%
1,638,300	1,004,800	(633,500)	(38.7%)

BUDGET FORECAST 2014/15				RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
7,559,900	7,809,900	250,000	3.3%	L
48,719,300	48,719,300	0	0.0%	L
26,126,700	26,126,700	0	0.0%	L
3,384,000	3,384,000	0	0.0%	L
(85,789,900)	(86,039,900)	(250,000)	(0.3%)	L
943,400	1,076,400	133,000	14.1%	L
2,819,400	2,658,700	(160,700)	(5.7%)	L
1,068,500	1,099,400	30,900	2.9%	M
3,661,300	3,744,600	83,300	2.3%	M
531,900	531,900	0	0.0%	M
1,318,800	1,518,900	200,100	15.2%	M
5,838,500	7,450,800	1,612,300	27.6%	H
11,260,300	12,958,800	1,698,500	15.1%	H
925,800	1,040,100	114,300	12.3%	H
1,436,300	1,833,900	397,600	27.7%	H
2,072,100	1,938,600	(133,500)	(6.4%)	M

TOTAL 49,098,900 40,849,300 (8,249,600) (16.8%)

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

31,876,300 35,852,100 3,975,800 12.5%

Total Forecast Transfers From Portfolio Specific Reserves

0

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

31,876,300 35,852,100 3,975,800 12.5%

Note All figures included above exclude Capital Charges, Levies and Insurances
Income/underspends is shown in brackets and expenditure/overspends without brackets

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Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Culture, Leisure & Sport

BUDGET 4,666,900 City Development & Cultural Services
4,006,500 Transport & Street Management

TOTAL CASH LIMIT 8,673,400

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Parks, Gardens & Open Spaces
2	Seafont Management
3	Golf Courses
4	Pyramids
5	Mountbatten & Gymnastic Centres
6	Other Sports & Leisure Facilities inc (POC)
7	Sports Development
8	Departmental Establishment (Leisure)
9	Libraries
10	Museum Services
11	Cultural Partnerships (Previously Arts Service)
12	Community Centres
13	Events

BUDGET PROFILE 2014/15				
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		
£	£	£	%	
1,735,110	1,573,101	(162,009)	(9.3%)	
184,485	137,480	(47,005)	(25.5%)	
(196,406)	(191,737)	4,669	2.4%	
948,046	965,704	17,658	1.9%	
212,652	212,259	(393)	(0.2%)	
211,105	61,085	(150,020)	(71.1%)	
192,176	195,111	2,935	1.5%	
375,921	281,634	(94,287)	(25.1%)	
1,665,654	1,579,656	(85,998)	(5.2%)	
616,120	552,055	(64,065)	(10.4%)	
286,120	317,741	31,621	11.1%	
323,514	206,793	(116,721)	(36.1%)	
336,940	349,207	12,267	3.6%	
TOTAL	6,891,437	6,240,089	(651,348)	(9.5%)

Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

Total Forecast Transfers To Portfolio Specific Reserves

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

Note All figures included above exclude Capital Charges, Levies and Insurances
Income/underspends is shown in brackets and expenditure/overspends without brackets

BUDGET FORECAST 2014/15				
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR
£	£	£	%	
2,438,400	2,367,500	(70,900)	(2.9%)	H
179,300	179,300	0	0.0%	L
(205,500)	(180,300)	25,200	12.3%	M
1,048,700	1,048,700	0	0.0%	H
283,500	293,500	10,000	3.5%	M
298,700	296,300	(2,400)	(0.8%)	M
219,700	240,400	20,700	9.4%	L
338,600	326,600	(12,000)	(3.5%)	L
2,160,200	2,168,000	7,800	0.4%	M
819,600	819,600	0	0.0%	M
334,100	334,100	0	0.0%	L
390,600	357,600	(33,000)	(8.4%)	L
367,500	364,500	(3,000)	(0.8%)	L
8,673,400	8,615,800	(57,600)	(0.7%)	

0

8,673,400 8,615,800 (57,600) (0.7%)

(57,600)

8,615,800 8,615,800 0 0.0%

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Reductions in expenditure for general maintenance and upkeep of parks are expected to result in a saving of £130,000. However, this is partly offset by building repairs at Portsmouth Rugby Club and the potential demolition of a building on Burrfields Road.	(70,900)
3	Golf income is forecast to be below budget due to reduced demand.	25,200
5	Carbon allowances are forecast to cost £10,000 more than budget as a result of the increased costs of carbon allowances as set by the national Government.	10,000
7	Various options for the future of the Interaction Service are presently being explored and savings previously approved have not been achieved. The overspend of £23,000 is being partially offset by a small underspend on the leisure card budget of £2,300	20,700
8	Employee costs have been charged to the City Development budget in PRED Portfolio to reflect both the 50% Head of Service responsibility for this service and business development work carried out by the Culture team in covering staff vacancies.	(12,000)
9	Electricity costs for the Central Library are £30,000 higher than budgeted, the cause of this is being investigated with the Utilities team. Income from the sale of collectable books at auction has reduced the budget overspend.	7,800
12	It is expected that income will be generated from services provided by staff. In addition, Southsea Community Centre has now closed and a half year saving in rent of £13,000 will be realised.	(33,000)
	Other minor variances	(5,400)
TOTAL PROJECTED VARIANCE		(57,600)

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Environment & Community Safety

BUDGET

980,500	Corporate Assets, Business & Standards
114,000	City Development & Cultural Services
13,080,000	Transport and Street Management
2,270,100	Community Safety
	Head Plan

TOTAL CASH LIMIT 16,444,600

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED December 2014

Risk Indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15			
		Budget Profile To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £ %	
1	Environmental Protection	281,500	273,600	(7,900)	(2.8%)
2	Environment Admin & Management	8,000	12,700	4,700	58.8%
3	Community Safety Administration & Management	10,600	10,300	(300)	(2.8%)
4	Environmental Health - Commercial Services	216,000	191,600	(24,400)	(11.3%)
5	Port Health	(15,600)	(29,400)	(13,800)	(88.5%)
6	Trading Standards	243,900	247,400	3,500	1.4%
7	Welfare Burials	9,100	3,700	(5,400)	(59.3%)
8	Refuse Collection	2,578,000	1,719,200	(858,800)	(33.3%)
9	Waste Disposal	3,931,800	3,896,000	(35,800)	(0.9%)
10	Waste Recycling	99,700	103,200	3,500	3.5%
11	Public Conveniences	285,700	253,200	(32,500)	(11.4%)
12	Street Cleansing	2,223,100	2,223,100	0	0.0%
13	Clean City	3,000	1,400	(1,600)	(53.3%)
14	Built Environment	59,100	60,000	900	1.5%
15	Control Of Dogs	55,700	50,200	(5,500)	(9.9%)
16	Projects & Procurement Management	68,600	40,900	(27,700)	(40.4%)
17	Sea Defences And Drainage	175,800	294,800	119,000	67.7%
18	Coastal Partnership	150,700	153,800	3,100	2.1%
19	LATS			0	-
20	Cemeteries	(19,500)	(62,700)	(43,200)	(221.5%)
21	Contaminated Land	89,160	75,957	(13,203)	(14.8%)
22	Carbon Allowances	0	579,700	579,700	-
23	Carbon Management Team	83,600	98,000	14,400	17.2%
24	Motiv8	61,400	81,800	20,400	33.2%
25	Hidden Violence And Abuse	330,900	215,300	(115,600)	(34.9%)
26	Community Safety Strategy And Partnership	128,100	241,400	113,300	88.4%
27	CCTV	169,200	341,500	172,300	101.8%
28	Community Wardens	683,300	645,400	(37,900)	(5.5%)
29	Anti Social Behaviour Unit	140,200	136,100	(4,100)	(2.9%)
30	Substance Misuse (including Alcohol)	0	0	0	-
31	Civil Contingencies (Emergency Planning)	141,500	149,600	8,100	5.7%
TOTAL		12,192,560	12,007,757	(184,803)	(1.5%)

Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

Total Forecast Transfers To Portfolio Specific Reserves

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

Note All figures included above exclude Capital Charges, Levies and Insurances
Income/underspends is shown in brackets and expenditure/overspends without brackets

BUDGET FORECAST 2014/15				RIS INDI ATC
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
324,800	324,800	0	0.0%	L
34,000	34,000	0	0.0%	L
14,200	14,200	0	0.0%	L
295,500	295,500	0	0.0%	M
(23,800)	(23,800)	0	0.0%	L
323,600	323,600	0	0.0%	M
12,200	12,200	0	0.0%	L
3,683,800	3,596,300	(87,500)	(2.4%)	H
4,692,400	4,682,900	(9,500)	(0.2%)	H
136,000	133,700	(2,300)	(1.7%)	L
427,800	400,900	(26,900)	(6.3%)	L
2,964,200	2,964,200	0	0.0%	L
4,000	4,000	0	0.0%	L
80,300	80,300	0	0.0%	L
88,700	88,700	0	0.0%	M
137,500	96,200	(41,300)	(30.0%)	M
367,700	379,700	12,000	3.3%	M
161,600	161,600	0	0.0%	L
		0	-	H
12,400	12,400	0	0.0%	L
114,000	113,000	(1,000)	(0.9%)	L
190,000	190,000	0	0.0%	L
133,600	128,600	(5,000)	(3.7%)	L
81,800	81,800	0	0.0%	L
441,200	385,400	(55,800)	(12.6%)	L
244,800	308,500	63,700	26.0%	H
225,700	246,700	21,000	9.3%	H
901,000	867,400	(33,600)	(3.7%)	L
186,900	187,700	800	0.4%	L
0	0	0	-	L
188,700	192,700	4,000	2.1%	L
16,444,600	16,283,200	(161,400)	(1.0%)	

0

16,444,600 16,283,200 (161,400) (1.0%)

(161,400)

16,283,200 16,283,200 (0) (0.0%)

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Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	

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PORTFOLIO Health & Social Care

BUDGET	48.288.700
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TOTAL CASH LIMIT	48,288,700
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CHIEF OFFICER Julian Wooster

MONTH ENDED December 2014

Risk indicator

Low

1

Medium

M

High

	H
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Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)	
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Total Value of Remedial Action (from Analysis Below)	
1.00	1.00

48,288,700	48,503,800	215,100	0.4%
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Total Forecast Transfers From Portfolio Specific Reserves	
2019	100
2020	100
2021	100
2022	100
2023	100
2024	100
2025	100
2026	100
2027	100
2028	100
2029	100
2030	100
2031	100
2032	100
2033	100
2034	100
2035	100
2036	100
2037	100
2038	100
2039	100
2040	100
2041	100
2042	100
2043	100
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2070	100
2071	100
2072	100
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2079	100
2080	100
2081	100
2082	100
2083	100
2084	100
2085	100
2086	100
2087	100
2088	100
2089	100
2090	100
2091	100
2092	100
2093	100
2094	100
2095	100
2096	100
2097	100
2098	100
2099	100
2100	100

0

Note All figures included above exclude Capital Charges, Levies and Insurances
Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
3	Memory and Cognition - the current financial year has seen a change in the client demographic with more clients being cared for in their own homes leading to a decrease in nursing care clients and the associated reduction in costs.	(91,800)
5	Mental Health Support - increased client numbers for both residential and domiciliary care.	59,400
6	Social Support: Substance Misuse Support - fewer clients going through the residential rehabilitation programme.	(86,900)
10	Assistive Equipment and Technology - increased requirement for equipment to maintain clients at home for longer.	103,200
11	Social Care Activities - Deprivation of Liberties (DOLS) - Adult Social Care are currently projecting an overspend of £310,522 for this area of the budget due to a recent change in legislation. This has placed the responsibility on local authorities to carry out these DOLS assessments which have rapidly increased from a few per month to approximately 25 per week.	197,500
	Other Miscellaneous Comprises a number of very small variances over a range of services.	33,700
	TOTAL PROJECTED VARIANCE	215,100

Note Remedial Action resulting in savings should be shown as minus figures

Remedial Action	Value of Remedial Action
We are currently projecting that the service will be overspent by £215,000 at the end of the 2014/15 financial year. This is subject to continuing budget monitoring and control throughout the remainder of the financial year.	0
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Housing

BUDGET 572,000 Corporate Assets, Business & Standards
1,283,900 Housing & Property Services

TOTAL CASH LIMIT 1,855,900

CHIEF OFFICERS Kathy Wadsworth

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Housing Strategy - General
2	Registered Social Landlords
3	Housing Advisory Service
4	Housing Enabling
7	Private Leased Properties
10	Homeless Prevention
11	Telecare
12	Wardens Welfare (Sheltered Housing)
13	Youth & Play Shared Services with the HRA
14	De Minimis Capital Receipts
15	Other Council Property
16	Works in Default / Properties in Default
17	Housing Standards
18	Houses in Multiple Occupation
19	Houses in Single Occupation
20	Home Check scheme
21	Controlling Orders
22	Mortgages
23	Green Deal
24	Low Rise Houses in Multiple Occupation Licensing

BUDGET PROFILE 2014/15				
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		
£	£	£	%	
114,450	108,100	(6,350)	(5.5%)	
54,500	42,900	(11,600)	(21.3%)	
160,200	142,200	(18,000)	(11.2%)	
65,800	62,500	(3,300)	(5.0%)	
(28,200)	(48,500)	(20,300)	(72.0%)	
518,100	314,600	(203,500)	(39.3%)	
(100,300)	(111,200)	(10,900)	(10.9%)	
56,000	47,500	(8,500)	(15.2%)	
182,000	261,300	79,300	43.6%	
(97,000)	(54,600)	42,400	43.7%	
(11,800)	(22,300)	(10,500)	(89.0%)	
(6,100)	(12,200)	(6,100)	(100.0%)	
388,200	308,500	(79,700)	(20.5%)	
(12,500)	(162,100)	(149,600)	(1196.8%)	
(700)	(1,800)	(1,100)	(157.1%)	
17,500	53,700	36,200	206.9%	
1,500	0	(1,500)	(100.0%)	
0	0	0	-	
0	(11,000)	(11,000)	-	
0	0	0	-	

BUDGET PROFILE 2014/15					RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget To December 2014			
£	£	£	%		
152,600	145,100	(7,500)	(4.9%)	L	
72,400	58,300	(14,100)	(19.5%)	L	
213,700	191,500	(22,200)	(10.4%)	L	
87,300	84,100	(3,200)	(3.7%)	L	
(37,600)	(43,600)	(6,000)	(16.0%)	L	
690,500	787,400	96,900	14.0%	M	
(133,300)	(149,400)	(16,100)	(12.1%)	L	
74,700	74,700	0	0.0%	L	
342,600	347,100	4,500	1.3%	L	
(128,300)	(74,300)	54,000	42.1%	M	
(15,800)	(29,100)	(13,300)	(84.2%)	L	
(8,000)	(8,000)	0	0.0%	L	
517,600	503,700	(13,900)	(2.7%)	L	
3,500	(23,500)	(27,000)	(771.4%)	L	
(1,000)	(1,000)	0	0.0%	L	
23,000	63,500	40,500	176.1%	M	
2,000	2,000	0	0.0%	L	
0	0	0	-	L	
0	0	0	-	L	
0	(44,700)	(44,700)	-	L	

TOTAL 1,301,650 917,600 (384,050) (29.5%)

Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

Total Forecast Transfers From Portfolio Specific Reserves

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

1,855,900 1,883,800 27,900 1.5%

0

1,855,900 1,883,800 27,900 1.5%

27,900

1,883,800 1,883,800 0 0.0%

Note All figures included above exclude Capital Charges, Levies and Insurances
Income/underspends is shown in brackets and expenditure/overspends without brackets

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Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Leader

BUDGET 234,000

TOTAL CASH LIMIT 234,000

CHIEF OFFICER

MONTH ENDED December 2014

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Portsmouth Civic Award
2	Leader Initiatives
3	Lord Mayor
4	Lord Mayor's Events
5	Civic Events
TOTAL	

BUDGET PROFILE 2014/15			
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
600	100	(500)	-83.3%
0	7,200	7,200	-
76,300	78,200	1,900	2.5%
(5,100)	2,400	7,500	147.1%
89,900	89,300	(600)	-0.7%
161,700	177,200	15,500	9.6%

Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

Total Forecast Transfers From Portfolio Specific Reserves

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
	Minor variances	12,800
	TOTAL PROJECTED VARIANCE	12,800

Note Remedial Action resulting in savings is shown in brackets

BUDGET FORECAST 2014/15				RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
1,000	1,000	0	0.0%	
25,000	25,000	0	0.0%	
101,900	108,600	6,700	6.6%	
(5,900)	200	6,100	103.4%	
112,000	112,000	0	0.0%	
234,000	246,800	12,800	5.5%	

0

234,000 246,800 12,800 5.5%

0

234,000 246,800 12,800 5.5%

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Planning Regeneration & Economic Development (Excluding Commercial Ferry Port)

BUDGET

980,500	City Development & Cultural Services
(4,137,800)	Corporate Assets, Business & Standards
2,094,400	Housing & Property Services

TOTAL CASH LIMIT (1,062,900)

CHIEF OFFICER Kathy Wadsworth
Michael Lawther

MONTH ENDED December 2014

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Planning Management & Administration
2	Planning Development Control
3	Planning Policy
4	Building Regulations & Control
5	Economic Regeneration and Service Plan
6	Tourism
7	Economic Development, Business and Standards
8	Enterprise Centres
9	PCMI
10	Community Learning & Pride in Pompey
11	Administrative Buildings
12	Guildhall
13	Property Portfolio
14	City Centre North Development

BUDGET PROFILE 2014/15			
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
118,810	120,740	1,930	1.6%
(74,648)	(151,551)	(76,903)	(103.0%)
276,758	249,943	(26,815)	(9.7%)
3,510	(55,290)	(58,800)	(1675.2%)
262,850	144,926	(117,924)	(44.9%)
242,392	250,095	7,703	3.2%
190,200	92,000	(98,200)	(51.6%)
(210,500)	(314,600)	(104,100)	(49.5%)
60,000	173,000	113,000	188.3%
(4,800)	(88,200)	(83,400)	(1737.5%)
1,239,825	1,286,200	46,375	3.7%
375,200	381,300	6,100	1.6%
(2,776,685)	(2,772,681)	4,004	0.1%
		0	-

TOTAL (297,088) (684,118) (387,030) (130.3%)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

Total Forecast Transfers To Portfolio Specific Reserves

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

Note All figures included above exclude Capital Charges, Levies and Insurances
Income/underspends is shown in brackets and expenditure/overspends without brackets

BUDGET FORECAST 2014/15				RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
157,900	150,900	(7,000)	(4.4%)	M
(150,100)	(171,100)	(21,000)	(14.0%)	H
368,600	368,600	0	0.0%	M
(25,400)	(28,400)	(3,000)	(11.8%)	H
337,600	333,600	(4,000)	(1.2%)	L
291,900	291,900	0	0.0%	L
262,600	262,600	0	0.0%	L
(280,900)	(350,900)	(70,000)	(24.9%)	L
45,500	267,400	221,900	487.7%	L
0	(9,900)	(9,900)	-	M
1,653,100	1,652,100	(1,000)	(0.1%)	M
441,300	441,300	0	0.0%	L
(4,165,000)	(4,053,000)	112,000	2.7%	H
			-	

(1,062,900) (844,900) 218,000 20.5%

(221,900)

(1,062,900) (1,066,800) (3,900) (0.4%)

(3,900)

(1,066,800) (1,066,800) 0 0.0%

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	A charge for management time has been made to the Contaminated Land Service to cover a period of staff vacancies. This has resulted in the forecast underspend within the Planning Service	(7,000)
2	Planning fee income is forecast to be £30,000 less than budgeted. This shortfall has been offset by the staff agency budget which has remains unspent.	(21,000)
5	There is a small projected underspend in the Service as a result of in year staff vacancies.	(4,000)
8	Additional income from Enterprise Centres as a result of increased occupancy levels.	(70,000)
9	PCMI Manufacturing have challenging income budgets for 2014/15, for both externally generated sales, and income internal to PCC. These targets reflect a saving in the budget for 2014/15 and an increase in costs. The budget is currently forecast to overspend by some £127,000 at year end and the action being undertaken to mitigate this includes developing the business to generate further new customers and additional sales as well as a review of pricing and costs. Additionally the Employment and Training part of PCMI is projected to overspend by some £94,000 due in the main to reduced contract income.	221,900
10	Projected additional income for work delivered within Community Learning.	(9,900)
13	The costs of disposing of property assets are anticipated to be £112,000 higher than budgeted.	112,000
	Other Minor Variances	(4,000)
	TOTAL PROJECTED VARIANCE	218,000

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
This will be met from within the PCMI service.	(221,900)
TOTAL VALUE OF REMEDIAL ACTION	(221,900)

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Planning Regeneration & Economic Development (Commercial Ferry Port)

BUDGET (4,220,500)

TOTAL CASH LIMIT (4,220,500)

CHIEF OFFICER Martin Putman

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM		BUDGET PROFILE 2014/15				BUDGET PROFILE 2014/15				RISK INDICA TOR
No.		Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	£	£	£	%	
1	Income	(10,701,400)	(10,262,800)	438,600	4.1%	(13,753,400)	(13,697,700)	55,700	0.4%	H
2	Operational Costs	6,000,500	5,632,300	(368,200)	(6.1%)	7,891,800	7,943,300	51,500	0.7%	M
3	Management and General Expenses	1,144,600	1,037,200	(107,400)	(9.4%)	1,566,400	1,553,400	(13,000)	(0.8%)	L
4	Budgeted Transfer To Portfolio Reserve	0	0	0	-	74,700	0	(74,700)	(100.0%)	
TOTAL CASH LIMIT		(3,556,300)	(3,593,300)	(37,000)	(1.0%)	(4,220,500)	(4,201,000)	19,500	0.5%	

Note All figures included above exclude Capital Charges, Levies and Insurances

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

(4,220,500) (4,201,000) 19,500 0.5%

Total Forecast Transfers From Portfolio Specific Reserves

19,500

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

(4,201,000) (4,201,000) 0 0.0%

Capital Charges & Other Corporate Costs	0	219,288	(42,450)	-	5,005,060	5,005,060	0	0.0%
Net (Profit) / Loss	(3,556,300)	(3,374,012)	(79,450)	(2.2%)	804,060	804,060	0	0.0%

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
Income	Adverse income variance due to services finishing earlier in December than anticipated and the effect of bad weather resulting in the cancellation of some services.	55,700
Operational Costs	Adverse variance due to the use of berthing contractors and overtime to facilitate throughput, additional costs to rectify radio interference, offset in part by other operational savings identified.	51,500
Management and General Expenses	Favourable variance arising from a vacant post.	(13,000)
TOTAL PROJECTED VARIANCE		94,200

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Resources

BUDGET 22,259,500

TOTAL CASH LIMIT 22,259,500

CHIEF OFFICER Various

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Miscellaneous Expenses
2	HR, Legal and Performance
3	Transformation Workstream Investment
4	Customer & Community Services
5	Grants & Support to the Voluntary Sector
6	Financial Services
7	Information Services
8	AMS Design & Maintenance
9	Property Services
10	Landlords Repairs & Maintenance
11	Spinnaker Tower
12	MMD Crane Rental
13	Administration Expenses
14	Housing Benefit - Rent Allowances
15	Housing Benefit - Rent Rebates
16	Local Taxation
17	Local Welfare Assistance Scheme
18	Benefits Administration
19	Discretionary Non-Domestic Rate Relief
20	Land Charges
21	Democratic Representation & Management
22	Corporate Management

BUDGET PROFILE 2014/15				
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		
£	£	£	%	
103,100	181,500	78,400	76.0%	
2,438,600	2,033,900	(404,700)	(16.6%)	
0	275,000	275,000	-	
1,353,800	1,297,900	(55,900)	(4.1%)	
876,000	763,000	(113,000)	(12.9%)	
3,720,600	3,660,200	(60,400)	(1.6%)	
3,338,400	2,901,700	(436,700)	(13.1%)	
636,200	726,000	89,800	14.1%	
185,100	157,400	(27,700)	(15.0%)	
938,900	433,100	(505,800)	(53.9%)	
0	(89,300)	(89,300)	-	
0	(289,100)	(289,100)	-	
0	0	0	-	
(515,700)	(559,100)	(43,400)	(8.4%)	
(138,500)	(101,300)	37,200	26.9%	
1,571,500	1,489,100	(82,400)	(5.2%)	
551,700	531,300	(20,400)	(3.7%)	
1,515,000	1,237,800	(277,200)	(18.3%)	
0	(20,000)	(20,000)	-	
(55,200)	(78,400)	(23,200)	(42.0%)	
897,100	921,900	24,800	2.8%	
704,400	1,042,400	338,000	48.0%	

TOTAL 18,121,000 16,515,000 (1,569,500) (8.7%)

Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

Total Forecast Transfers To Portfolio Specific Reserves

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

BUDGET PROFILE 2014/15					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
236,100	233,900	(2,200)	(0.9%)		L
3,034,200	2,957,100	(77,100)	(2.5%)		H
0	277,000	277,000	-		M
1,897,600	1,901,400	3,800	0.2%		L
838,400	838,400	0	0.0%		L
4,742,700	4,730,300	(12,400)	(0.3%)		L
4,490,000	4,442,200	(47,800)	(1.1%)		H
894,100	967,100	73,000	8.2%		H
257,000	347,000	90,000	35.0%		H
1,251,800	1,221,800	(30,000)	(2.4%)		H
(250,000)	(300,000)	(50,000)	(20.0%)		M
(385,400)	(385,400)	0	0.0%		M
5,000	5,000	0	0.0%		L
(637,000)	(436,200)	200,800	31.5%		H
(200,000)	(282,600)	(82,600)	(41.3%)		H
1,302,300	1,296,500	(5,800)	(0.4%)		L
446,200	446,200	0	0.0%		L
2,000,400	1,957,300	(43,100)	(2.2%)		H
0	0	0	-		L
(83,200)	(106,900)	(23,700)	(28.5%)		M
1,202,500	1,206,800	4,300	0.4%		L
1,216,800	1,174,300	(42,500)	(3.5%)		M

22,259,500 22,491,200 231,700 1.0%

(277,000)

22,259,500 22,214,200 (45,300) (0.2%)

(45,300)

22,214,200 22,214,200 0 0.0%

Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
2	The HR, Legal and Performance Management budget is currently forecast to be underspent due to additional income and part year vacancies. Legal Services have been able to increase fee earning income whilst not increasing associated costs to the same extent.	(77,100)
3	The initial investment for the Transformation Business cases was agreed by City Council on 11th October 2011. As expenditure is incurred, a release from the MTRS Reserve will be actioned to fund these costs at year end.	277,000
6	The service is holding vacancies where possible in order to prepare for saving requirements in future years.	(12,400)
7	The service is projecting an underspend due to vacant posts being held in preparation for future years savings.	(47,800)
8	An overspend is predicted of £73,000, due to increased expenditure relating to occupancy for the Design and Health & Safety teams together with an under-achievement of fee income on the Design Services team.	73,000
9	A sum of £100,000 was a recommended 2014/15 budget saving. This saving was based on the AMS Property Service creating Business Partners with other PCC Services' Property Departments providing a more efficient service and creating economies of scale. However, following the restructuring of AMS, this saving proposal is no longer feasible.	90,000
10	An underspend is expected due to the mild winter reducing the need for heating and ventilation works.	(30,000)
11	The Spinnaker Tower operator agreement continues to report an improvement in trading activity.	(50,000)
15	These variances represent the difference between housing benefit paid out to private and council house tenants and the government subsidy received for these purposes. The total value of benefits paid exceeds £100m and minor fluctuations in the factors affecting Housing Benefit can result in material variances.	118,200
16	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(5,800)
15	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(43,100)
20	Land Charges have experienced higher than expected demand for property searches as a direct result of a buoyant private sector property market.	(23,700)
22	This budget saving represents a number of unfilled vacancies which will be used in order to meet future budget savings.	(42,500)
	Net of variances less than £5,000	5,900
	TOTAL PROJECTED VARIANCE	231,700

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
A planned (and approved) release from the MTRS Reserve which will fully meet the costs of the Transformation Business Cases.	(277,000)
TOTAL VALUE OF REMEDIAL ACTION	(277,000)

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Traffic & Transportation

BUDGET 16,966,800

TOTAL CASH LIMIT 16,966,800

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED December 2014

Risk Indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Off-Street Parking
2	Tipner Park and Ride
3	Road Safety & Sustainable Transport
4	Network Management
5	Highways Infrastructure
6	Highways Routine
7	Highways Street Lighting (Electricity)
8	Highways Design
9	Travel Concessions
10	Passenger Transport
11	Integrated Transport Unit
12	School Crossing Patrol
13	Transport Policy
14	Feasibility Studies
15	Tri-Sail Maintenance

TOTAL

BUDGET PROFILE 2014/15			
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
(1,301,500)	(1,494,200)	(192,700)	(14.8%)
247,800	230,700	(17,100)	(6.9%)
140,500	151,900	11,400	8.1%
372,600	377,400	4,800	1.3%
3,974,400	4,007,900	33,500	0.8%
2,334,500	2,214,200	(120,300)	(5.2%)
834,600	980,000	145,400	17.4%
(49,000)	(44,700)	4,300	8.8%
3,076,600	3,121,000	44,400	1.4%
(136,700)	(1,030,200)	(893,500)	(653.6%)
87,900	87,000	(900)	(1.0%)
242,200	186,000	(56,200)	(23.2%)
120,000	107,600	(12,400)	(10.3%)
212,500	198,000	(14,500)	(6.8%)
29,200	12,500	(16,700)	(57.2%)
		-	-
10,185,600	9,105,100	(1,080,500)	(10.6%)

Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

Total Forecast Transfers From Portfolio Specific Reserves

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

BUDGET FORECAST 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(1,811,000)	(1,704,200)	106,800	5.9%	H
	405,900	405,900		H
197,300	218,700	21,400	10.8%	L
564,900	570,700	5,800	1.0%	M
9,276,600	9,276,600	0	0.0%	L
3,136,400	3,119,400	(17,000)	(0.5%)	H
1,130,600	1,479,800	349,200	30.9%	H
(59,800)	(59,800)	0	0.0%	M
4,016,300	4,042,800	26,500	0.7%	H
(173,300)	(128,300)	45,000	26.0%	M
118,300	118,300	0	0.0%	L
328,400	251,000	(77,400)	(23.6%)	M
140,900	143,100	2,200	1.6%	L
62,300	112,400	50,100	80.4%	M
38,900	38,900	0	0.0%	L
16,966,800	17,885,300	918,500	5.4%	

(918,500)

16,966,800 16,966,800 0 0.0%

0

16,966,800 16,966,800 0 0.0%

Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Off-Street income is forecast to be £137,000 less than budget this is due in part to the suspension of business with two third party clients. It is hoped that these contracts will recommence in the near future. Civil Enforcement Officer vacancies are likely to result in an underspend of £58,000 in employment costs, but other costs will be above budget, the largest being an unbudgeted security cost of £12,000.	106,800
2	Income is now forecast to be £66,000 more than budgeted. Offsetting this, £80,000 will be spent on planned marketing activity and also other operational costs mainly relating to the provision of an additional bus during peak times of operation. A forecast transfer from the Park & Ride Reserve of £325,000 will be made at the end of the year to fund the 2014/15 operating deficit of the Park and Ride scheme. The level of the operating deficit is expected to reduce in future years as the scheme becomes more established.	405,900
3	The variance relates to a subscription to British Cycling.	21,400
6	Grounds maintenance activity for areas not covered by the Highways Maintenance PFI contract has been less than budgeted for the year to date resulting in a forecast underspend.	(17,000)
7	The installation of LED lights is expected to lead to significant savings in street lighting electricity costs. However this capital investment project is currently delayed, the additional costs will be funded by a release from contingency.	349,100
9	The extended good weather in the summer led to increased bus passenger usage and a consequent increases in claims for reimbursements of concessionary fares by the bus operators.	26,500
10	Additional employment costs have been incurred on maternity cover for the Transport Planning Manager and additional support required for increased Development Control activity.	45,000
12	Difficulties in recruiting School Crossing Patrol staff continue to be experienced and a number of vacancies persist despite continued recruitment activity.	(77,400)
	Other Variances	58,200
	TOTAL PROJECTED VARIANCE	918,500

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
Appropriation from Parking Reserve £80,000. Appropriation from Park and Ride Reserve £325,900.	(405,900)
Release from Contingency	(346,400)
Transfer from Offstreet Parking Reserve	(166,200)
TOTAL VALUE OF REMEDIAL ACTION	(918,500)

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

COMMITTEE Licensing

BUDGET (144,900)

TOTAL CASH LIMIT (144,900)

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Licensing Committee
TOTAL	

BUDGET PROFILE 2014/15			
Budget To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
(107,300)	(52,400)	54,900	51.2%
(107,300)	(52,400)	54,900	51.2%

BUDGET FORECAST 2014/15				RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(144,900)	(178,000)	(33,100)	(22.8%)	
(144,900)	(178,000)	(33,100)	(22.8%)	L

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

(144,900) (178,000) (33,100) (22.8%)

Total Forecast Transfers To Portfolio Specific Reserves

(33,100)

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

(178,000) (178,000) 0 0.0%

Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Slight over achievement of income relating to Scrap Metal Dealers, Amusement & Gaming premises and Hackney Carriage Licences. A Principal Licensing Officer vacant post is unlikely to be filled until Feb 2015.	(33,100)
TOTAL PROJECTED VARIANCE		(33,100)

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
Total Value of Remedial Action	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

COMMITTEE Governance, Audit and Standards Committee

BUDGET 304,500

TOTAL CASH LIMIT 304,500

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Municipal Elections
2	Registration Of Electors
3	Registrar of Births, Deaths & Marriages

BUDGET PROFILE 2014/15			
Budget To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
109,100	135,700	26,600	24.4%
253,200	185,700	(67,500)	(26.7%)
(100)	(150,200)	(150,100)	(150100.0%)

BUDGET FORECAST 2014/15				RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
144,100	153,000	8,900	6.2%	L
269,600	266,500	(3,100)	(1.1%)	M
(109,200)	(121,300)	(12,100)	(11.1%)	M

TOTAL	362,200	171,200	(191,000)	(52.7%)
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304,500	298,200	(6,300)	(2.1%)
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Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

304,500	298,200	(6,300)	(2.1%)
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Total Forecast Transfers To Portfolio Specific Reserves

(6,300)

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)
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298,200	298,200	0	0.0%
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Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Staffing costs for the May 2014 election are higher than originally budgeted for. Having completed the return to the Home Office we have reduced the overall overspend by ensuring we are claiming for all possible items that relate to the European elections held in May.	8,900
3	It is expected that the Registrars Service will underspend at the end of the financial year due to additional income for the chargeable services that it delivers. A conscious decision has been made to preserve these savings to support other pressures within the portfolio. Going forward this additional income will help the service achieve future increased income targets as a contribution to the City Council's budget savings strategy. Further savings have arisen from quarter 1 as a Band 6 post was vacant and remained so for approximately 3 months before being replaced with a Band 4 post and this has been offered as a budget saving in 2015/16.	(12,100)
	Net of variances less than £5,000	(3,100)
	TOTAL PROJECTED VARIANCE	(6,300)

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure

BUDGET 851,000 Levies

TOTAL CASH LIMIT 851,000

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

Item No.	BUDGET HEADING
1	Environment & Flood Defence Agency
2	Coroners
3	Southern Sea Fisheries
TOTAL	

BUDGET PROFILE 2014/15			
Budget To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
0	0	0	-
540,075	433,663	(106,412)	(19.7%)
0	0	0	-
540,075	433,663	(106,412)	(19.7%)

Total Value of Remedial Action (from Analysis Below)
0
Total Net Forecast Outturn (after remedial action)

BUDGET FORECAST 2014/15					RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
35,900	35,900	0	0.0%		
778,500	778,500	0	0.0%		
36,600	36,600	0	0.0%		
851,000	851,000	0	0.0%		
851,000	851,000	0	0.0%		

Note All figures included above exclude Capital Charges and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
	TOTAL PROJECTED VARIANCE	0

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure

BUDGET 1,218,000 Insurance

TOTAL CASH LIMIT 1,218,000

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2014

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Insurance Revenue Account

TOTAL

BUDGET PROFILE 2014/15			
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
913,500	913,500	0	0.0%

TOTAL 913,500 913,500 0 0.0%

Total Value of Remedial Action (from Analysis Below)

Total Net Forecast Outturn (after remedial action)

BUDGET FORECAST 2014/15				RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
1,218,000	1,218,000	0	0.0%	
				M

TOTAL 1,218,000 1,218,000 0 0.0%

0

1,218,000 1,218,000 0 0.0%

Note All figures included above exclude Capital Charges and Levies

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
	TOTAL PROJECTED VARIANCE	0

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure

BUDGET 20,863,300 Asset Management Revenue Account

TOTAL CASH LIMIT 20,863,300

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	External Interest Paid
2	External Interest Earned
3	Net Minimum Revenue Provision

BUDGET PROFILE 2014/15			
Budget To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014	
£	£	£	%
10,599,100	10,599,072	(28)	(0.0%)
(1,803,800)	(3,210,663)	(1,406,863)	(78.0%)
	0	0	-

BUDGET FORECAST 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
17,281,400	18,039,300	757,900	4.4%	
(3,363,100)	(3,023,600)	339,500	10.1%	
6,945,000	5,733,100	(1,211,900)	(17.4%)	

TOTAL

8,795,300 7,388,409 (1,406,891) (16.0%)

20,863,300 20,748,800 (114,500) (0.5%)

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action)

20,863,300 20,748,800 (114,500) (0.5%)

Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Less General Fund capital expenditure financed from borrowing than anticipated has increased the HRA's share of the Council's borrowing costs which is reflected in the Item 8 Debit.	757,900
2	Increased returns on investments. Partly off set by re-analysis of Lynx House lease reducing the interest element of rent.	339,500
3	Opening credit ceiling lower than anticipated and a re-analysis of the Lynx House lease increasing the deferred capital receipts.	(1,211,900)
TOTAL PROJECTED VARIANCE		(114,500)

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure
BUDGET 17,645,400 Miscellaneous

TOTAL CASH LIMIT 17,645,400

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2014

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Precepts
2	Portchester Crematorium
3	Compensatory Added Years & Contribution to Prior Years Pension Deficit
4	Contingency
5	Revenue Contributions to Capital
6	MMD Losses
7	Off Street Parking Reserve
8	Transfer to / (From) MTRS Reserve
9	Other Miscellaneous
10	Other Transfers to / (from) Reserves

BUDGET PROFILE 2014/15				
Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		
£	£	£	%	
35,451	35,451	0	0.0%	
0	0	0	-	
0	0	0	-	
0	0	0	-	
0	0	0	-	
1,278,000	1,397,000	119,000	9.3%	
0	0	0	-	
0	0	0	-	
0	0	0	-	
0	0	0	-	

BUDGET FORECAST 2014/15					RISK INDIC ATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
35,500	35,500	0	0.0%	L	
(150,000)	(150,000)	0	0.0%	L	
5,885,000	5,885,000	0	0.0%	L	
4,683,800	1,416,800	(3,267,000)	(69.8%)	H	
3,829,000	3,829,000	0	0.0%	L	
1,704,000	1,704,000	0	0.0%	L	
(948,200)	(948,200)	0	0.0%	L	
631,700	631,700	0	0.0%	L	
2,310,000	2,310,000	0	0.0%	L	
(335,400)	(335,400)	0	0.0%	L	

TOTAL 1,313,451 1,432,451 119,000 9.1%

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)

17,645,400 14,378,400 (3,267,000) (18.5%)

Total Forecast Transfers To Portfolio Specific Reserves

260,200 260,200

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)

17,905,600 14,638,600 (3,267,000) (18.2%)

Note All figures included above exclude Capital Charges, Levies and Insurances

Income/underspends is shown in brackets and expenditure/overspends without brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
4	This amount is expected to be released from contingency to meet the overspend within Children's Social Care Services.	(3,267,000)
TOTAL PROJECTED VARIANCE		(3,267,000)

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
TOTAL VALUE OF REMEDIAL ACTION	0

Agenda Item 10

Local Transport Plan Phase 3 2015/16 (Cabinet Minute 17 refers)

RECOMMENDED that Council:

- 1) Approves the Implementation Plan (as attached to the report)**
- 2) Delegates authority to the Head of Transport and Environment* in consultation with the Cabinet Member for Traffic and Transportation, the Strategic Director for Regeneration* and the Section 151 Officer to agree any minor amendments to the Implementation Plan that may be required to take account of future funding changes and policy announcements.**

(*or their successors in title)

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Agenda item:

Decision maker: Cabinet - 5 March 2015
Council - 17 March 2015

Subject: Local Transport Plan 3 Implementation Plan 2015/16

Report by: Head of Transport and Environment

Wards affected: All

Key decision (over £250k): No

1. Purpose of report

The purpose of this report is to seek approval from the Cabinet to present the draft Local Transport Plan 3 (LTP 3) Implementation Plan 2015/16 to Full Council for approval.

2. Recommendations

It is recommended that the Cabinet;

- 1) **Approve the attached Implementation Plan for onward consideration by Full Council.**
- 2) **Delegates authority to the Head of Transport and Environment in consultation with the Cabinet Member for Traffic and Transportation, the Strategic Director for Regeneration and the Section 151 Officer to agree any minor amendments to the Implementation Plan that may be required to take account of future funding changes and policy announcements.**

3. Background

The Local Transport Plan 3 (LTP3) Joint South Hampshire Strategy 2011-2031 was approved by Full Council on 25 January 2011 along with the Implementation plan 2011-12, which came into effect on the 1 April 2011.

The adoption of a Local Transport Plan (LTP) is a statutory requirement under the Transport Act 2000, as amended by the Local Transport Act 2008. The amendments to the 2000 Act awarded Local Authorities greater flexibility in the development of their Local Transport Plans, including the opportunity for neighbouring authorities to jointly develop their LTP3, but stipulated that the LTP must contain two key elements. A Strategy (containing a set of policies) and an

Implementation Plan (containing the proposals for delivery of the policies outlined within the strategy).

Implementation Plan

Along with a long term strategy, the LTP3 is required to include an Implementation Plan which sets out the proposals for the delivery of the policies outlined within the Strategy.

A one year Implementation Plan Delivery Programme has been developed for 2015/16, demonstrating how PCC will deliver against the outcomes of the LTP3 Strategy.

Given the level of financial uncertainty and the fact that the LTP Capital Settlement is no longer ring-fenced, it is not considered to be possible to provide a confirmed 3 year Implementation Plan.

A scheme selection prioritisation process has been developed through which schemes are assessed against their contribution to locally agreed priorities (LTP3, PCC Corporate Plan and the Local Strategic Partnership Vision for Portsmouth), before being assessed for their deliverability. Professional judgement is used to ensure an appropriate package of schemes is established, ensuring contribution to each of the policy areas, and a balanced geographical spread.

Next Steps

With approval from Cabinet, the delivery programme approved by Full Council in February 2015 will form the basis of the Portsmouth LTP3 Implementation Plan.

Officers will then compile and complete the Portsmouth City Council Local Transport Plan 3 Implementation Plan in accordance with statutory obligations by 1st April 2015, consulting with residents on each scheme as appropriate to ensure that full stakeholder engagement is achieved for the programme.

4. Reasons for recommendations

The adoption of the LTP3 by April 2015 is a statutory requirement.

5. Equality impact assessment (EIA)

There is a requirement for preliminary EIAs to be undertaken for each of the schemes in the programme as shown in Appendix A as they are brought forward. Consultation will be undertaken as necessary.

6. Head of legal services' comments

The Council is under a statutory duty to develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within its area. These policies must be set out in the local transport plan together with the proposals for the implementations of these policies.

The Council is required to keep its local transport plan under review and updated if it considers it appropriate to do so. The Council is required to enter into appropriate consultation with affected parties as part of this process.

The City Solicitor is satisfied that the Council has power to make the recommendations.

7. Head of Finance's comments

The Capital Programme 2015/16 sets out the corporate resources to be allocated to the Local Transport Plan for 2015/16 (LTP3). For the new financial year 2015/16 £2,025,000 (as per Appendix 1) will be allocated to LTP3 which will drive PCC to deliver those schemes that will benefit the city's residents, workers and visitors.

Appendix A sets out the forecast costs of the schemes. These forecasts will be revised as full project initiation documents (PIDs) are created for each scheme. This may mean that costs are increased or reduced. Potentially some schemes may have to be deleted or amended and likewise there is the possibility for new schemes to be added if costs are reduced. The recommendation as set out in 2.2 will allow decisions to amend, delete or add schemes to be made without recourse to Full Council whilst ensuring that the Head of Transport and Environment, the Cabinet Member for Traffic and Transportation, the Strategic Director for Regeneration and the S151 Officer are satisfied that any changes made meet the requirements of the Local Transport Plan aspirations and remain within the total budget.

All scheme costs estimates are total costs based on a whole life costing basis to ensure that sufficient monies are set aside to meet all internal and external costs in the first instance. The costs also allow for the ongoing maintenance costs of the new schemes.

.....
Head of Transport and Environment

Appendices:

Appendix A – LTP3 2015/16 Indicative Programme

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:


Title of document	Location
Transport Act 2000	http://www.legislation.gov.uk/ukpga/2000/38/contents

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on


.....
Signed by:

Appendix A - LTP3 2015/16 Indicative Programme





Priority 1

Scheme	What it includes, and where?	Who will benefit?	Why is this the right approach and what additional benefits will it bring?	Cost (£k)
Rights of way signing 	PCC has a statutory requirement to sign Rights Of Way (paths which the public have a legally protected right to pass on) across the city and to investigate and resolve all Public Rights Of Way (PROW) claims put forward.	Residents Students Commuters Visitors	This scheme not only meets all LTP3 objectives it also encourages use of active travel modes which provide health benefits, improved quality of life and environmental benefits.	50
Traveline 	Provision of annual funding (jointly with all Local Transport authorities) to maintain and enhance comprehensive public transport information facilities through Traveline an online and telephone journey planning service.	Residents Students Commuters Visitors Business-travellers	This scheme helps to ensure accurate information is available for individuals to make informed travel choices.	25
Access for people with disabilities 	To provide low cost measures citywide where improvements to the kerb lines, signing and street furniture will aid mobility for the disabled and parents with young children in prams and pushchairs. This would include both resolving requests put forward and proactive priority works.	Residents Students Commuters Visitors Business-travellers	It is a requirement under the Equalities Act to maintain and enhance highway facilities to enable disabled people to cross the road more easily. It is vital to ensure that the city's most vulnerable residents are provided with solutions which enable them to move around the city with ease, accessing all areas. Ensuring walking routes are continuous and seamless for all users is essential to promote a sustainable and active lifestyle and improved quality of life. Particularly focussing on those routes to public transport hubs and other key destinations such as education, retail and leisure will ensure social inclusion and also enable wider benefits such as economic growth.	35
Active travel remedials 	Small-scale infrastructure improvements (such as cycle parking, signage and lining) and public realm enhancements across the city to assist modal shift away from the car toward more active travel modes such as walking and cycling.	Residents Students Commuters Visitors Business-travellers	Ensuring walking and cycling routes are continuous and seamless for all users is essential to promote a sustainable and active lifestyle and improved quality of life. Particularly focussing on those routes to public transport hubs and other key destinations such as education, retail and leisure will ensure social inclusion and also enable wider benefits such as economic growth.	90
Cycle access to Miltoncross School 	There is currently no cycle link into the school from either the south or north. At the request of the school and the governors, this first phase would seek to link the school to the southern housing around Warren Avenue. The scheme will include alterations to bus shelters to facilitate the route along Milton Road.	Miltoncross-School-pupils Residents Commuters	A formal cycle link will improve safety for cyclists. This link will encourage additional cycling promoting a healthy and active lifestyle, improved quality of life and wellbeing and helping improve the environment.	40
Eastern Road / Havant Road / Farlington Avenue junction improvements. 	To improve the existing junction layout to potentially incorporate further pedestrian crossing facilities, improve traffic flow and provision for bus priority to support future Bus Rapid Transit.	Residents Commuters Business-travellers Solent-pupils	Reducing congestion and improving traffic flow contributes to the city's economic growth and individuals quality of life. The provision for bus rapid transit ensures we are in a good position to provide for future city development. A full refurbishment of this junction with the potential to add additional pedestrian crossing phases for example across Eastern Road would improve traffic flow and road safety at this junction. This is particularly important as it is used by parents and children accessing Solent Infant and Junior Schools.	100
Eastern Road Roundabout signal upgrade and spiral markings 	Provide modification/replacement to existing traffic signal controller and outstation control unit so traffic signals can be controlled/influenced from the Transport Management Centre. This will enable fault reporting, manual control and planned strategies to be implemented in times of congestion or incident on the network. Spiral marking modification will assist with lane discipline on the exit from Eastern Road Southbound.	Residents Commuters Visitors Business-travellers	This scheme will offer benefits to journey time especially at times of events. Reduction in congestion enables economic growth in the city as well as providing environmental benefits. The scheme will help to improve air quality and in turn respiratory conditions such as asthma. There will also be safety benefits resulting from the improvements.	20
Junction treatments along London Road, Kingston Road and Fratton Road to improve cycle safety. 	Lining treatment and alterations to kerb lines at junctions along London Road, Kingston Road and Fratton Road to alert motorists to the presence of cyclists.	Residents Students Commuters Business-travellers	78% of cycle casualties in Portsmouth occur at junctions. Portsmouth has one of the highest cycle casualty rates in the country and this route is a particular problem with cycle collisions occurring at junctions. This scheme meets all the LTP3 objectives and encourages more individuals to choose cycling for their journeys which in turn improves health and well being as well as having environmental benefits. This has been a topic for discussion recently with the Cycle Forum, Leader of the Council and the Media.	80
Monitoring and Evaluation 	Purchasing of equipment such as cycle counters and Bluetooth radar to enable improved monitoring and evaluation of schemes.	Residents Students Commuters Visitors Business-travellers	There is a need to have a sound evidence base to show the benefits of implemented schemes and identify issues across the city. This is required to support future funding bids enabling better demonstration of benefit cost ratio and economic value of schemes as well as demonstrating the problems in the first place.	50
Queen Street Zebrite Beacons 	Upgrading the beacons at the zebra crossings on Queen Street to Zebrite units meaning they are more visible to approaching traffic. These Zebrite beacons feature a halo of LEDs to ensure crossings can be easily seen in all light conditions.	Residents Students Commuters Visitors Business-travellers	The upgrading of beacons will improve safety along Queen Street. Complaints have been received from residents and ward councillors regarding vehicles failing to stop at the three zebra crossings. The road is straight with very little demand placed on drivers and as such they lack concentration and do not always see the crossings.	15

Appendix A - LTP3 2015/16 Indicative Programme

Speed Reduction Schemes 	To introduce traffic calming at a variety of locations across the city, to promote road safety, reduce vehicle speeds and encourage the use of active travel modes.	Residents Students Commuters Visitors Business-travellers	Reducing speed of traffic can make individuals feel safer to walk or cycle and move around their local area. Lower speeds contribute to a lower level of injury accidents. An increased level of active travel leads to healthier lifestyles and environmental benefits. Lower speed limits improve quality of life for those living in and travelling through an area.	55
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Total (£k) 560

Priority 2				
Scheme	What it includes, and where?	Who will benefit?	Why is this the right approach and what additional benefits will it bring?	Cost (£k)
3G CCTV 	New CCTV cameras to enable effective network management of key junctions and strategic routes. To be installed where they are missing at key locations across the city's network.	Residents Students Commuters Visitors Business-travellers	It is important in order to be able to effectively manage the network that the whole network is visible from the control centre to enable reactive management. If it cannot be identified what is happening at certain locations on the network then mitigating measures (such as signal timing alterations) cannot be put in place and there is potential to have a wider impact across the city.	50
Isambard Brunel Road 20mph 	Continuation of existing 20mph zone to Winston Churchill Avenue including outside of the relocated school entrance.	Residents Students Commuters Visitors Business-travellers Pupils of Charter Academy	The current speed limit is not suitable for the environment. Implementing a 20mph speed limit would improve safety and encourage active travel, in turn improving health, well-being, quality of life and the environment.	37
Pedestrian Crossing facilities 	New or improved pedestrian crossing facilities at sites around the city. Sites to be considered include but are not limited to Clarence Esplanade, Duisburg Way, Victoria Road North (both near the Mosque and near Outram Road) and Moorings Way.	Residents Students Commuters Visitors Business-travellers	Ensuring that there are safe crossing facilities will not only protect the city's most vulnerable residents but will also improve safety for those travelling around the city by foot. Providing these facilities will work towards encouraging an active lifestyle which improves individuals health and well-being.	200
Safer Routes to School Area Improvements 	This allows reactive works on school routes as issues are identified. It can include but is not exclusive to the installation of bollards, barriers, signage and dropped-kerbs.	School-pupils Residents Commuters	It is important that issues impacting on children's travel to school are addressed. It is particularly important if they are safety issues or if they reduce the likelihood of active travel and therefore a healthy lifestyle which contributes to reducing obesity levels.	150

Total (£k) 437

Package Total (£k) 997

Other LTP3 funded schemes

Scheme	Description	Cost (£k)
Milton Road and St. Mary's Road pedestrian crossings	Provision of a safe crossing facility that will improve safety for those travelling around the city by foot.	60
Eastern Road Waterbridge	Essential maintenance works to this strategic route into the city.	262.1
Anglesea Road footbridge	Reinstatement of the pedestrian footbridge across Anglesea Road.	606
Verge Hardening	Verge maintenance works in the north of the city to increase parking provision.	100

Other Schemes Total (£k) 1028.1

LTP3 TOTAL 2015/16 FUNDING (£k) 2025.1

Agenda Item 11



Portsmouth
CITY COUNCIL

Agenda item:

Decision maker: Cabinet Member for Housing
City Council

Subject: DELIVERING REPLACEMENT HOUSING PROGRAMME,
PHASE 2

Date of decision: 16th March 2015 (Housing Portfolio)
17th March 2015 (City Council)

Report by: Head of Housing and Property Services

Wards affected: All

Key decision: Yes

Budget & policy framework decision: Yes

1. Summary and Purpose of Report

- 1.1 To seek permission and approval for a programme of 189 replacement Council homes at an overall cost of £22.903m.
- 1.2 All new build homes will require planning applications. The proposed developments in Havant will be built to be sustainable homes code 3 standard, whilst the development within Portsmouth will meet code 5 of the sustainable homes standards.

2. Background

- 2.1 Demand for affordable homes in Portsmouth is high and our social housing stock needs to be replenished following years of sales under the Right to Buy legislation. The recommendations below are intended to provide much needed new homes. All homes that are proposed to be planned, designed and built will be funded by an appropriate mix of prudential HRA borrowing and capital contributions.

3. Recommendations

- 3.1 That the Cabinet Member for Housing request that City Council approve the following:
 - 1) the following Capital Expenditure amounting to £22.903m:

- I. A development of 67 units (a mixture of flats and houses) on a disused allotment site in Havant at a total cost of £8.119m
 - II. A development of 50 units (a mixture of houses and flats) at Kingsclere Avenue at a total cost of £6.059m.
 - III. A development of 40 units (a mixture of flats and houses) at Blendworth Crescent as a total cost of £4.847m.
 - IV. A development of 8 houses at Holybourne Road at a total cost of £969.400.
 - V. A development of 24 flats to be built on the existing Buckland Family centre site at a total cost of £2.908m
- 2) to fund the £22.903m of Capital Expenditure, additional borrowing of up to £15.12m over the next 2 years, alongside the funding already approved within the existing capital programme.
 - 3) that subject to the requirements of recommendation 4, authority be delegated to the Head of Housing and Property Services in consultation with the Head of Finance & S151 Officer to amend the composition and spending profile of the proposed schemes in order to meet planning and design requirements.
 - 4) that a financial appraisal approved by the Head of Finance & S151 Officer must be completed prior to the commencement of any scheme, that confirms that the proposed scheme remains the most viable option and provides an overall benefit to the 30 year HRA Business Plan

4. Reasons for recommendations

- 4.1 These schemes will provide much needed homes for residents and contribute to the PCC Corporate Priority 6 - "Increase availability, affordability and quality of housing". The schemes will provide a mix of houses and flats, ranging from one bed properties through to four bed properties, meeting all ranges of family make up.
- 4.2 The bulk of the proposed new homes are in Havant as Portsmouth City Council is the majority landholder following the gifted land to Portsmouth City Council from the Staunton Estate at the end of World War 2. Close working relationships have already been established with Havant Borough Council as the planning authority, and it is recognised that these new homes will make a significant contribution to the regeneration of the area.
- 4.3 These schemes will assist the HRA in meeting Portsmouth City Council's commitment to the Department for Communities and Local Government to help

deliver replacement homes as per Housing Executive's decision to retain all additional Right to Buy receipts on 15 June 2012.

- 4.4 The schemes will increase the overall number of homes in the HRA, improving its financial position, and allowing it to continue to adequately manage and maintain its stock and and tenant services to residents.

5. Options considered and rejected

- 5.1 Do nothing. This fails to meet Corporate Objectives and fails to replace the homes lost under Right to Buy. Not delivering replacement homes will result in Portsmouth City Council not being able to meet its obligations to the Department of Communities and Local Government with regard to its contribution to delivering National one for one replacement of homes sold under Right to Buy and result in approximately £2.3m of resources leaving the City.

6. Duty to involve

- 6.1 Each of the schemes where necessary will undertake individual and substantial consultation with residents in the local area on the proposed new homes.

7. Implications

- 7.1 Approval of these recommendations will provide new, affordable high quality homes to residents and will benefit a variety of vulnerable residents.

8. Corporate priorities

- 8.1 This report and the project it refers to contribute to the following Corporate Priorities:

- Increase availability, affordability and quality of housing
- Protect and support our most vulnerable residents
- Regenerate the city
- Cleaner and greener city

9. Equality impact assessment (EIA)

- 9.1 A Preliminary Equality Impact Assessment has been completed and no adverse equality implications were identified.

10. Legal implications

- 10.1 The recommendations are within the power of the Cabinet Member for Housing to propose, and for the City Council to approve, and raise no immediate notable legal implications..

11. Head of Finance's comments

- 11.1 The replacement of homes lost under Right to Buy is a recognised priority, not only to ensure that Portsmouth City Council maintains a financially viable Housing Revenue Account for its tenants over a 30 year period, but also to meet its obligations under the agreement entered into with the Department for Communities and Local Government on 15 June 2012, which allowed Portsmouth to retain all additional Right to Buy receipts, providing it spent them on delivering replacement homes within a 3 year period of their receipt.

- 11.2 This report seeks approval to commence the design and construction of approximately £22.9M of new housing over the next 2 years in the following profile.

	2015/16 £	2016/17 £
Replacement Housing Programme - Phase 2	11,400,700	11,502,800

- 11.3 All Housing Revenue Accounts have a DCLG enforced cap on the amount of borrowing it is able to undertake, and therefore the number of homes that can be replaced is also limited. Government recently offered local authorities to bid to have their debt cap increased, providing they had sites that were ready to be developed upon and could deliver the homes within a two year period. Portsmouth's HRA was successful in its bid to deliver the following sites, and as a result the following additional borrowing, above the previous debt cap, has been approved.

	Estimated number of new homes	Total Scheme Cost £	Increase in Borrowing Cap £
Riders Lane	67	8,119,200	5,360,000
Kingsclere Avenue	50	6,059,100	4,000,000
Blendworth Crescent	40	4,847,300	3,200,000
Holybourne Road	8	969,500	640,000
Buckland Family Centre	24	2,908,400	1,920,000
TOTAL	189	22,903,500	15,120,000

- 11.4 The remaining £7,783,500 will be funded from existing borrowing headroom, capital receipts and revenue contributions to capital.

- 11.5 The total scheme costs above are currently indicative and are prudently based on the cost of developing 189 three bedroom houses. More detailed costs will be presented once demand is assessed and the market analysed. Whilst it is

anticipated that the costs will reduce, the borrowing cap increase is fixed on a price per unit basis. It is likely therefore that the existing capital receipts and revenue contributions that are currently being relied upon will be released in the future for alternative schemes.

11.6 Whilst the HRA will have the required borrowing headroom to fund the proposed developments, the Council's Treasury Management Policy sets a limit as to the amount of borrowing it intends to take. It should be noted that the proposals within this paper do not breach the limits set in the Treasury Management Policy for 2015/16, and the implications of the debt increase in 2016/17 will be reflected in the Council's Treasury Management Policy for 2016/17.

11.7 Financial appraisals have been carried out to identify the most financially viable use of the sites being considered. The options considered were:

- to do nothing,
- to develop the site, or
- to sell the sites with planning permission.

The financial appraisals look at each option over a 30 year period and aim to identify the most financially viable option, in both Net Present Value and cash terms. For each site, the best use has been identified and the recommendations within this report reflect these findings, and represent the best outcome for Portsmouth City Council, the HRA and its tenants.

11.8 Although these developments are currently aimed at providing the type of accommodation that are required by the HRA in meeting current and future housing need across the city, it is recognised that planning requirements may result in necessary amendments to designs and compositions which may alter scheme costs and outcomes for the completed dwellings. As a result it is recommended that authority be delegated to the Head of Housing and Property Services in consultation with the Head of Finance & S151 Officer to amend the composition, spending profile and subsequent use of the proposed schemes following any necessary changes, to ensure that each scheme remains financially viable.

.....
Signed by: Owen Buckwell - Head of Housing and Property Services

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Cabinet Member for Housing on 16 March 2015.

.....
Signed by: (Cllr Steven Weymss)

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Leader of the City Council on 17 March 2015.

.....
Signed by: [Leader of Portsmouth City Council]

Agenda Item 12

EMPLOYMENT COMMITTEE MEETING HELD ON 6 JANUARY 2015

Pay Policy

The Employment Committee approved the draft Pay Policy Statement attached as Appendix 1 to go forward for approval by the Full Council on 17 March.

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Agenda item:

Decision maker: Employment Committee

Subject: Localism Act - Pay Policy Statement

Date of decision: 6th January 2015

Report by: Jon Bell - Head of HR, Legal and Performance

Wards affected: n/a

Key decision (over £250k): n/a

Full Council Decision: Yes

1. Purpose of report

The Council is required by section 38(1) of the Localism Act 2011 (openness and accountability in local pay) to prepare a Pay Policy Statement.

The Local Government Transparency Code 2014 further clarifies and describes the information and data local authorities are required to publish to increase democratic accountability.

A Pay Policy Statement must articulate the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff, Chief Officers and its lowest paid employees.

A Pay Policy Statement must be prepared for each financial year, approved by Full Council no later than 31st March of each financial year and published on the council's website. This statement has been prepared on the basis of the current senior management structure, which is currently under review. The statement may need to be updated, subject to the review, and in advance of its approval by Full Council.

2. Recommendations

The Employment Committee is asked to:

- 2.1 Approve the draft Pay Policy Statement attached as **Appendix 1** to go forward for approval by the Full Council on 17th March 2015.
- 2.2 Authorise the Head of HR, Legal and Performance to amend the Pay Policy Statement to take account of changes resulting from the senior management review, where such changes are confirmed in advance of agreement of the statement by Full Council.

3. Background

- 3.1 Increased transparency about how taxpayers money is used, including the pay and reward of public sector staff is now a legislative requirement under section 38(1) of the Localism Act 2011. The Department for Communities and Local Government published a revised Local Government Transparency Code on 3rd October 2014. The code enshrines the principles of transparency and asks relevant authorities to follow these three principles when publishing the data they hold. These are as follows:

- Responding to public demand
- Releasing data in open format available for re-use; and
- Releasing data in a timely way

This includes data on senior salaries and how they relate to the rest of the workforce (pay multiple).

- 3.2 The Council must have regard to the Secretary of State guidance "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act". It is now essential that an authority's approach to pay, as set out in a Pay Policy Statement, is accessible for citizens and enables taxpayers to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

Approved statements must be published on the authority's website and in any other manner that the authority thinks appropriate, as soon as reasonably practical after they have been approved by Full Council.

- 3.3 The Act also requires that authorities include in their pay policy statement, their approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary, expenses, bonuses, performance related pay as well as severance payments.
- 3.4 The definition of a chief officer as set out in the Act is not limited to Heads of Paid Service or statutory chief officers. It also includes those who report directly to them.
- 3.5 The draft Portsmouth Pay Policy statement is attached as **Appendix 1**.

4. Conclusions

The Council is required by the Localism Act 2011, section 38(1) to publish a Pay Policy Statement on a yearly basis which is approved by Full Council.

5. Equality Impact Assessment (EIA)

An equality impact assessment is not required as the recommendation doesn't have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. Head of HR, Legal and Performance comments

- 6.1 The Head of HR, Legal and Performance is satisfied the Pay Policy Statement at Appendix 1 meets the legislative requirements under section 38 Pay Accountability, of the Localism Act 2011 and is in line with the Local Government Transparency Code 2014.
- 6.2 The Council is required to prepare a Pay Policy Statement for the financial year 2014/15 and each subsequent year, which sets out the policies, remuneration and other benefits of its chief officers and lowest paid employees and the relationship between its chief officers and every other officer.

6.3 The Pay Policy Statement must be approved by Full Council before 31st March 2015 and can only be amended thereafter by a resolution to Full Council.

7. Head of Finance's comments

There are no financial implications arising from the recommendations contained within this report.

.....
Signed by: Jon Bell - Head of HR, Legal & Performance

February 2015

Appendices: Pay Policy Statement

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

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PAY POLICY STATEMENT FOR THE FINANCIAL YEAR 2014/15

Approved by Full Council on 17th March 2015

INTRODUCTION

This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), and is compliant with the Local Government Transparency Code 2014.

The pay policy statement will be reviewed on an annual basis, and a new version of the policy will be approved before the start of each subsequent financial year, which will need to be complied with during that year.

SECTION 1: REMUNERATION OF STATUTORY AND NON-STATUTORY CHIEF OFFICERS, DEPUTY CHIEF OFFICERS, AND MONITORING OFFICER

1.1 REMUNERATION COVERED IN THIS SECTION OF THE POLICY

This section covers the Council's policies in relation to the remuneration of its senior employees, including:

- Its Chief Executive (who is its Head of Paid Service);
- Its Deputy Chief Executive (and Monitoring Officer);
- The Directors, who report to and are directly accountable to the Chief Executive,. These Directors fulfil the roles of statutory Chief Officers, Section 151 Officer, and non-statutory Chief Officers;
- The Port Manager;
- The managers who report to and are directly accountable to the Port Manager.

1.2 OVERALL POLICY ON REMUNERATION FOR SENIOR ROLES

The Council's remuneration policy complies with all equal pay, discrimination and other relevant legislation.

The Council's Job Evaluation Support Scheme (JESS) is used when setting pay levels for all posts within the Council. This system is a factor-based analytical job evaluation scheme designed to measure the relative responsibilities of all jobs fairly and accurately.

1.3 THE REMUNERATION OFFERED TO SENIOR EMPLOYEE

At Chief Executive, Deputy Chief Executive and Director level (and for the Port Manager and his direct reports), the Council offers only an annual salary, access to the Local Government Pension Scheme, and the payment of a small number of allowances, details of which are set out below. No other cash benefits or benefits in kind are offered. The Council does not offer performance related payments or bonuses to its senior employees.

All are employed on PAYE taxation arrangements. However in exceptional circumstances e.g. interim appointments, an alternative form of engagement/employment may if appropriate be used.

Annual salaries

Annual salary levels for senior employees are set in accordance with the overall principles set out in section 1.3, above. At Chief Executive and Director level, they consist of a grade range which is determined locally by the Council. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

The current pay ranges are:

Chief Executive	£134,705 to £148,885
Deputy Chief Executive	£100,987 to £109,430
Port Manager	£100,987 to £109,430
Director (upper band)	£86,560 to £95,675
Director (lower band)	£74,195 to £82,006
Senior Managers	£67,432 to £74,033

Remuneration of senior employees on recruitment

The Council's policy is that any newly appointed senior employee will commence employment at the lowest pay point in the pay range for their job, other than in circumstances where it is necessary to pay at a higher point within the range in order to match the salary of their previous post with another organisation. Any decision to appoint a senior employee on a higher pay point within the relevant pay range would be made by the Members Appointment Committee.

Pay progression

Pay progression is by annual increment, payable from 1st April. Pay progression is based on the period of time the employee has served in that grade, subject to satisfactory performance.

There is no scope for accelerated progression beyond one increment per annum, or for progression beyond the top of the grade's pay range.

Pay awards

The salaries of senior employees will be increased in line with any pay increase agreed nationally in the Joint National Councils (JNCs) for Chief Executives and Chief Officers, as appropriate for the category of senior manager.

Bonuses

The Council does not pay bonuses to any of its employees.

Other Allowances and Payments

Other payments and allowances that the Chief Officers may be eligible for are detailed in Section 4 – **POLICIES COMMON TO ALL EMPLOYEES**. This includes Market Supplements, Local Government Pension Scheme (LGPS), Payments on Termination of Employment, Allowances.

Election fees

Senior Manager salaries are inclusive and election fees are not paid.

Where a Director acts as the Deputy Returning Officer the appropriate fee at that time is paid.

SECTION 2: REMUNERATION OF LOWEST PAID EMPLOYEES

2.1 DEFINITION OF LOWEST PAID EMPLOYEES

The definition of the “lowest-paid employees” adopted by the Council for the purposes of this statement is as follows:

The lowest paid employees within the Council are those employees who are paid on the minimum salary point of the Council’s substantive pay structure, i.e. spinal column point 1, within Band 1 of its salary scales.

The Council has had regard to guidance issued by the Local Government Association and JNC for Local Authority Chief Executives in agreeing this definition.

The current annual full-time equivalent value of this pay level, based on a 37-hour standard working week, for the financial year 2014/15 is £13,189.

However, with effect from 1st November 2014, the Employment Committee made the commitment to Portsmouth City Council Employees (subject to agreement by governing bodies of schools) to pay the Living Wage rate as a supplement to base pay. Therefore, all employees from SCP1 to SCP12 will receive a minimum hourly rate of £7.85 per hour.

SECTION 3: PAY RELATIONSHIPS

Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the Council is expected to publish its “pay multiple”, i.e. the ratio between the highest paid salary and the median salary of the whole of the local authority’s workforce. This multiple, for the financial year ending 31 March 2014 was 6.6.

(The median salary figure is the salary value at which 50% of the salaries which apply to the whole of the local authority’s workforce are below that value and 50% are above it. The lowest pay point in the overall salary range which has been used by the Council in calculating the median salary is that which applies to its lowest paid employees, as defined in section 2 of this pay policy statement.)

The Council considers that the current pay multiple, as identified above, represents an appropriate, fair and equitable internal pay relationship between the highest salary and the pay levels which apply to the rest of the workforce. It will therefore seek to ensure that, as far as possible, the multiple remains at its current level.

The Council also considers that the relationship between the base salaries of its highest and lowest paid employees, which is currently a ratio of 11.8:1, represents an appropriate, fair and equitable internal pay relationship.

SECTION 4: POLICIES COMMON TO ALL EMPLOYEES

The following elements of remuneration are determined by corporate policies or arrangements which apply to all permanent employees of the Council (including its Chief Executive, Deputy Chief Executive, Directors and the lowest paid employees as defined above), regardless of their pay level, status or grading within the Council:

Market Supplements

A Market Supplement payment may be made if there is a clear business need, supported by effective market data, where a post is difficult to recruit to or to retain key members of staff, in addition to the normal reward package.

The supplement payment will be made in strict accordance with the Recruitment and Retention Policy and will be reviewed biennially. The full Recruitment and Retention Policy will be provided on request.

Payments on Termination of Employment

Other than payments made under the LGPS, the Council's payments to any employee whose employment is terminated on grounds of redundancy or in the interests of the efficiency of the service will be in accordance with the policy the Council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. This policy (Early Termination of Employment Payments) has been published in accordance with the requirements of Regulation 7 of these regulations and is available on request.

Reimbursement of removal/relocation costs on appointment

The Council's relocation scheme is to enable financial assistance (within pre-defined limits) to be given to any employee who is required to relocate to the Portsmouth area to take up an appointment in a post deemed 'hard to fill' by the appropriate Director. Full details of the policy can be provided on request.

Honoraria

The Council pays honoraria to any employee only in accordance with its corporate scheme for such payments. This scheme provides that honoraria payments may be made to any employee who undertakes exceptional additional duties unrelated to those of a higher post, for example a special project. Such payments must be approved by a Director and will not normally exceed £999 per annum. The Council does not normally pay honoraria for posts graded above Director level.

Acting-up/additional responsibility payments

Where employees are required to "act-up" into a higher-graded post and take on additional responsibilities beyond those of their substantive post, for a temporary/time-limited period (which must exceed 4 weeks), they may receive an additional payment in accordance with the terms of the Council's policy. The payment will be based on the percentage of the higher duties and responsibilities undertaken and on the salary that would apply were the employee promoted to the higher post. (i.e. the lowest spinal column point of the higher grade).

Standby and call out allowances

Any employee who is required to undertake standby and call-out duties will be paid at the appropriate rate and in accordance with the policy. A full copy of the policy can be provided on request.

Mileage rates

The Council compensates employees who are authorised to use their own car, motorcycle or bicycle on Council business, in accordance with the mileage rates set out by HMRC.

Subsistence allowance

The Council reimburses expenditure on meals and accommodation and any other expenses necessarily incurred by employees who have to be away from home on Council business on the basis of actual expenditure incurred. These allowance rates are set out by HMRC.

Child care (salary sacrifice scheme)

Childcare is available to all employees via the HMRC-approved salary sacrifice scheme. There is no direct subsidy towards childcare costs by the Council.

SECTION 5: DECISION MAKING ON PAY

The provisions of this pay policy statement will apply to any determination made by the Council in the relevant financial year in relation to the remuneration, or other terms and conditions, of a chief officer of the Authority and of its lowest paid employees, as defined in this statement. The Council will ensure that the provisions of this pay policy statement are properly applied and fully complied with in making any such determination.

This pay policy statement has been approved by the Full Council of the Authority on 17th March 2015.

Any proposal to offer a new chief officer appointment on terms and conditions which include a total remuneration package of £100,000 or more, which would routinely be payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment (but excluding employer's pension contributions), will be referred to the Full Council for approval before any such offer is made to a particular candidate.

Additionally, any severance payments over £100,000 are referred to Full Council for approval.

SECTION 6: AMENDMENTS TO THIS PAY POLICY STATEMENT

This pay policy statement relates to the financial year 2014/15.

The Council may agree any amendments to this pay policy statement during the financial year to which it relates, but only by a resolution of the full Council.

A new policy statement will be agreed by the Council in March 2016 for the financial year 2015/16.

SECTION 7: PUBLICATION OF AND ACCESS TO INFORMATION

The Council will publish this pay policy statement on its website as soon as is reasonably practicable after it has been approved by the Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.

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Agenda Item 13

GOVERNANCE AND AUDIT AND STANDARDS COMMITTEE HELD ON 27 FEBRUARY 2015

Shadow Committee System - Response from Governance and Audit and Standards Committee

The Committee's response to the Council's request to report back on a shadow system for 2015/16 is as follows -

That the outline report from the City Solicitor produces a proposal which is ineffective and fundamentally unworkable and requires substantial further development, research and analysis from him and the S151 Officer.

It is also premature and inappropriate to be considered by this Council until a report dealing with these concerns has first been presented to the new Committee and to the new Council to be elected in May rather by this Council in its final days. Otherwise it would be an undemocratic step to make any change which would impact upon the newly elected representatives of the City.

Further having regard to the S151 Officer's comments presented at the Committee Meeting the Committee considers that it is actually un-implementable and not maintainable on a cost neutral basis, bearing in mind cost neutral is defined as something that is measured in money, time and energy and the report has not taken account of the latter two measurements.

Consequently the matter will be considered by the new Members of Governance Audit and Standards Committee in the new municipal year to allow the City Solicitor together with the S151 Officer the time essential to establish whether it is actually feasible to run a shadow committee system on a true cost neutral basis and enable the Councillors affected by the decision to be able to take that decision.

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Agenda item:

Title of meeting: Governance & Audit & Standards / Full Council

Date of meeting: 13th March / 17th March 2015

Subject: Health and Wellbeing Board Constitution

Report From: Director of Children's Services and Adults Services

Report by: Matthew Gummerson, Principal Strategy Adviser

Wards affected: All

Key decision: No

Full Council decision: Yes

1. Purpose of report

- 1.1. To seek approval of the changes to the constitution for the Health and Wellbeing Board (HWB). The HWB have requested the changes to its constitution for approval by Full Council to improve the effectiveness of the HWB as it fulfils its leadership role across the health and wellbeing system locally. Governance, Audit and Standards Committee will be asked to support the consequent constitutional change.

2. Recommendations

- 2.1. **Full Council is recommended to approve the changes to the constitution for the Health and Wellbeing Board set out below.**
- 2.2. **Governance, Audit and Standards Committee are asked to support the consequent constitutional change and to give authority to the City Solicitor to include wording in the Standing Orders to allow appropriate appointments to the Health and Wellbeing Board to be made at Annual Council.**

3. Background

- 3.1. Health and Wellbeing Boards (HWBs) were introduced as part of the Health and Social Care Act 2012. They are statutory in all upper tier local authorities in England, bringing together Elected Members, key council officers, the

Portsmouth Clinical Commissioning Group (PCCG), the NHS Commissioning Board and local Healthwatch to develop a Joint Strategic Needs Assessment and deliver it through a Joint Health and Wellbeing Strategy.

- 3.2. The HWB is a committee of the council and has been formally established as such since April 2013.
- 3.3. The statutory regulations allow changes to be made to the membership of the HWB that have previously been agreed as desirable by the HWB. If so directed by the council, this allows voting rights to be withdrawn from statutory members of the board (for example the Directors of Children's Services, Adults Services and Public Health) and other partners. This enables voting on certain matters (part b items) to be restricted if necessary, ensuring that on such matters Elected Members from the council and PCCG's nominated representatives retain an equal voting share.

4. Proposed changes recommended by the HWB

- 4.1 That the chairing arrangements change from a Chair and Vice-Chair arrangement to joint chairing, with the Lead Member for Health and Social Care and the Clinical Lead from PCCG alternating chairmanship of the HWB on an annual basis.
- 4.2 In order to ensure the HWB constitution is able to adapt to future requirements, that provision is made for voting on certain matters to be restricted to the four Elected Members from PCC and the four representatives of PCCG. This reflects the current principle that 50% of voting membership shall comprise elected local councillors while allowing greater flexibility to broaden the membership. The legislation allows the council to delegate a wide range of executive functions to the HWB, and integrated budgets across health and social care (e.g. through section 75 agreements) are an increasingly important part of the commissioning picture.
- 4.3 That additional key stakeholders in the local health and wellbeing system should be invited to join the HWB in order to secure the widest possible engagement with, and buy-in to, the strategic direction set by the HWB. These additional stakeholders are the largest local providers of acute and community NHS services, and a local voluntary and community sector organisation (reflecting the vital role the VCS play in delivering health and wellbeing services):
- Portsmouth Hospitals NHS Trust
 - Solent NHS Trust
 - A representative of the local voluntary and community sector nominated by Portsmouth Voluntary and Community Network
- 4.4 These changes have been incorporated into the revised Constitution for the Health and Wellbeing Board at appendix A.

5 Reasons for recommendations

- 5.2 Full Council is recommended to support these proposals as they will support the Health and Wellbeing Board to operate effectively and continue to enable the council to fulfil its statutory requirements with regard to the Health and Wellbeing Board.
- 5.3 The recommendations have been developed with the full involvement of the Leader of the Council and the Lead Member for Health and Social Care and agreed in principle by all members of the HWB including PCCG's representatives.

6 Equality impact assessment (EIA)

- 6.2 A preliminary EIA has been completed, indicating that there is no requirement for a full EIA at this stage.

7 City Solicitor comments

- 7.1 The Health and Social Care Act 2012 (the Act), s194, specifies a number of required appointees to Health and Well-being Boards. These include:

- a) At least one councillor appointee
- b) The director of adult social services
- c) The director of children's services
- d) The director of public health
- e) A representative of the Local Health Watch organisation
- f) A representative of each relevant clinical commissioning group for the area
- g) Such other persons as are considered appropriate

The Act requires that members nominated by the Council must be nominated by the Leader, unless the Leader appoints herself.

The Act requires that the Council must consult the Health and Wellbeing board before appointing persons under g) above.

8 Head of finance's comments

- 8.1 There are no direct financial implications arising as a result of this report.

.....
Signed by: Director of Children's and Adults' Services

Appendices:

Appendix A - –constitution for Portsmouth's Health and Wellbeing Board

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by: Name and Title

Appendix A – revised constitution for Portsmouth’s Health and Wellbeing Board (March 2015)

Constitution for Portsmouth’s Health and Wellbeing Board

1. Aims

- 1.1 The Health and Wellbeing Board (HWB) will provide strategic leadership to improve the health and wellbeing of the population of Portsmouth through the development of improved and integrated health and social care services along with a range of other public service dependencies, including public health and children’s services. It will:
- a) Identify health and wellbeing needs and priorities across Portsmouth, and oversee the refresh and publication of the Joint Strategic Needs Assessment (JSNA) to support evidence-based prioritisation, commissioning and policy decisions.
 - b) Prepare and publish a Joint Health and Wellbeing Strategy (JHWS) for approval by the city council and Portsmouth Clinical Commissioning Group (CCG), which sets objectives and describes how stakeholders will be held to account for delivery, taking account of the JSNA and Director of Public Health Annual Report as well as national policy developments and legislation.
 - c) Encourage integrated working between health and social care and oversee, where appropriate, partnership arrangements under the NHS Act such as pooled budgets.
 - d) Oversee, where appropriate, the use of resources across a wide spectrum of services and interventions, to achieve its strategy and priority outcomes and to drive a genuinely collaborative approach to commissioning, including the co-ordination of agreed joint strategies.
 - e) Support the inclusion of the voice of the public, patients and communities in the setting of strategic priorities, including (but not solely) through the involvement of local Healthwatch.
 - f) Communicate and engage with local people in how they can achieve the best possible quality of life and be supported to exercise choice and control over their own personal health and wellbeing.

2. Membership

- 2.1 Membership of the HWB shall reflect the fact that the HWB has a role in setting strategic direction for the whole health and care system. It will also contain provisions that allow it to be given greater executive powers on behalf of the city council and in partnership with the CCG, with provision for voting on certain matters to be reserved. Those items on which all members of the HWB can vote shall be termed 'part A items' while those on which voting is reserved shall be termed 'part B items'.
- 2.2 The members of the HWB, who shall have voting rights on all non-reserved items (part a items) shall comprise the following:
- Lead Member for Health and Social Care (Joint-Chair)
 - Clinical Commissioning Group Chief Clinical Officer* (Joint-Chair)
 - Lead Member for Children’s Services

- Leader of the Council (or their nominated representative)
- Leader of the largest opposition group (or their nominated representative)
- Clinical Commissioning Group Chief Operating Officer*
- Two nominated CCG representatives chosen by the CCG Board
- Director of Public Health
- Director of Adults Services
- Director of Children's Services
- Healthwatch Portsmouth nominated representative*
- NHS Commissioning Board (Wessex) nominated representative*
- Portsmouth Hospitals NHS Trust nominated representative*
- Solent NHS Trust nominated representative*
- Portsmouth Voluntary and Community Network representative

2.3 The members of the HWB who have reserved powers to vote on 'part B items' are as follows:

- Lead Member for Health and Social Care (Joint-Chair)
- Clinical Commissioning Group Chief Clinical Officer* (Joint-Chair)
- Lead Member for Children's Services
- Leader of the Council (or their nominated representative)
- Leader of the largest opposition group (or their nominated representative)
- Clinical Commissioning Group Chief Operating Officer*
- Two nominated representatives from Portsmouth's Clinical Commissioning Group

*voting rights for co-opted members on what is a committee appointed under section 102 of the Local Government Act 1972 are provided for in Statutory Regulations published in February 2013 "unless the local authority which established the board otherwise directs" and "before making a direction [to empower co-opted members], the local authority must consult the Health and Wellbeing Board"¹. The provisions above are therefore subject to direction from the council in consultation with the board.

3. Chairing arrangements

- 3.1 The HWB will appoint the Lead Member for Health and Social Care at the City Council and the Chief Clinical Officer of the CCG as joint chairs of the HWB, with chairmanship alternating between the two on an annual basis. The other joint-chair shall act as vice chair during that year.
- 3.2 In the event that neither Chair nor Vice chair are present but the meeting is quorate, the voting members present at the meeting shall choose a chair for that meeting from amongst their number who has power to vote on 'part B items'.

4. Quorum

- 4.1 It is important that sufficient members are present at all meetings so that decisions can be made and business transacted. The quorum for the Board will comprise of four voting members and must include at least one voting Member from the City Council and one voting member of the CCG. If a meeting has fewer members than

¹ The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 No.218 regulation 6

this figure it will be deemed inquorate - matters may be discussed but no decisions taken.

5. Substitutes

- 5.1 Nominating groups may appoint a named substitute member for each position. Substitute members will have full voting rights when taking the place of the ordinary member for whom they are designated substitute.

6. Appointments

- 6.1 In line with the Health and Social Care Act, before appointing another person to be a member of the Board (other than those that are statutorily obliged to be a member) the local authority must first consult the Health and Wellbeing Board. Nominations by the local authority must be in accordance with the Act.

7. Decisions and Voting

- 7.1 The HWB will be accountable for its actions to its individual member organisations and representatives will be accountable through their own organisation's decision making processes for the decisions they make.
- 7.2 It is expected that decisions will be reached by consensus, however, if a vote is required any matter will be decided by a simple majority of those members voting and present in the room at the time the motion is put. This will be by a show of hands, or if no dissent, by the affirmation of the meeting. If there are equal votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.
- 7.3 Decisions within the terms of reference will be taken at meetings and will not normally be subject to ratification or a formal decision process by partner organisations. However, where decisions are not covered by the HWB's statutory functions and power or within the delegated authority of the Board members, these will be subject to ratification by constituent bodies.
- 7.4 Decisions within the current terms of reference will be deemed 'part A items'. In the event that the city council or the CCG delegate additional decisions to the HWB, it will be for the delegating authority to determine whether these are deemed 'part B items' with reserved voting rights as set out above.

8. Status of Reports

- 8.1 Meetings of the Board shall be open to the press and public and the agenda, reports and minutes will be available for inspection at Portsmouth City Council's offices and on the City Council's website at least five working days in advance of each meeting. This excludes items of business containing confidential information or information that is exempt from publication in accordance with Part 5A and Schedule 12A to the Local Government Act 1972 as amended.

9. Members' Conduct

- 9.1 With the exception of those referred to at 9.2 below, the Councillors Code of Conduct of Portsmouth City Council will apply to all Board members, and such members should note in particular the obligations relating to Disclosable Pecuniary Interests

(so described within the Councillors Code of Conduct), which they must declare upon appointment to the committee to the Monitoring Officer (unless they have made such a declaration).

- 9.2 The Code of Conduct for Employees of Portsmouth City Council will apply to all Board members who are officers of Portsmouth City Council.
 - 9.3 The Monitoring Officer of Portsmouth City Council shall provide Board members with guidance in relation to these provisions
10. Review
- 10.1 This constitution and any conflicts of interest will be reviewed as and when required but at least annually.



Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	13 March 2015
Subject:	Review of Members' Code of Conduct and Committee Arrangements for Assessment, Investigation and Determination of Complaints
Report by:	City Solicitor
Wards affected:	N/A
Key decision:	No
Full Council decision:	Yes

1 Purpose of report

- 1.1 To update Members of the Committee on the Members' Code of Conduct and Committee Arrangements for Assessment, Investigation and Determination of Complaints following the resolution passed at the Committee on 30 January 2015
- 1.2 To agree proposed revisions to the Members' Code of Conduct and make recommendations to Council for approval.

2 Recommendations

RECOMMENDED that Members of the Committee

- 2.1 **Agree the proposed revisions to the Members' Code of Conduct and the Arrangements for Assessment, Investigation and Determination of Complaints that are annexed to this report as Appendices A to C**
- 2.2 **Consider whether any further action is required by them.**
- 2.3 **Recommend to Council that the revisions (if any) be approved.**

3 Background

- 3.1 The current Code of Conduct which was adopted in July 2012 was last updated by Members at the Council meeting of 15 July 2014.
- 3.2 At the Committee meeting of 30 January 2015 it was resolved that the City Solicitor produce a report concerning the options for amending and bringing up to date the following:
 - 3.2.1 Members' Code of Conduct (including submission of complaints).
 - 3.2.2 Arrangements for Assessment, Investigation and Determination of Complaints.

- 3.3 The proposed revisions to the Members' Code of Conduct and the Arrangements for Assessment, Investigation and Determination of Complaints are annexed to this report as Appendices A to C.
- 3.4 In the event that the Committee makes any change to these arrangements that decision will be required to be approved by Council.

Proposed Changes to the Code of Conduct

- 3.5 The proposed changes to the Code, although they may appear substantial, are mainly presentational. However, a new section has been introduced headed "Personal Interests".
- 3.6 The previous obligation to declare personal and prejudicial interest came to an end following the introduction of the Localism Act 2011 which also disbanded the former standards regime and revoked the model code of conduct. Since that time Members have only been obliged to declare "discloseable pecuniary interests". These are set out at paragraph 3 in the report and they are quite limited in nature. However if a Member were to fail to disclose such an interest and were to participate in the business of the Council, a criminal offence would be committed which can lead to a fine of up to £5,000 and disqualification from holding office as a councillor for up to five years.
- 3.7 It was always intended that the new code of conduct should have a provision to require further interests to be disclosed. Whilst these were not within the provisions of disclosable pecuniary interest, they could be considered to be of such significance as to affect your own wellbeing or financial position that they should be disclosed when you are taking part in the business of the Council. This proposed class of interest is set out in Paragraph 4 of the report and Paragraph 5 sets out the disclosure requirements. The principle difference with disclosable pecuniary interests is that whilst they need to be disclosed you may still participate in the business of the Council.

4 Proposed changes to the Assessment Investigation and Determination of complaints

- 4.1 The procedure which the Council adopted for complaints consideration substantially mirrored the approach taken under the old standards regime. This was considered to be tried and tested and had widespread support amongst Members. However, experience since the introduction of adoption of these procedures has suggested that some enhancements could be made.

4.2 Introduction of a filtering mechanism for complaints.

The vast majority of complaints which are made are not progressed beyond the initial Sub-Committee stage. This is usually because they are either not considered to amount to a breach of the code nor is it felt that the concern which has been raised could be dealt with in another way other than through the formal investigation and hearings procedure. In respect of the latter, this often means that the City Solicitor is asked to discuss the matter with the Member who is the subject of the Complaint and ask that they take some remedial action, perhaps writing a letter of apology.

At present there is no "filtering" process to deal with such complaints. Filtering processes have been adopted by other Councils as they have been considered to be a way of more expeditiously dealing with complaints. This can mean that complaints that have no merit can be concluded quickly and without the need to arrange for a formal sub-committee meeting. This is considered to be beneficial to all parties in that the complainant receives earlier notice of the outcome and the Member does not have the ongoing worry of an unresolved complaint.

It could also be used as a means to resolve complaints where other action is a more appropriate remedy.

If Members were to adopt this proposal it is suggested that the filtering could be carried out by the Chair of the Committee in consultation with the independent person and also the City Solicitor. It is hoped that in this way only the more serious matters which are of some merit would proceed to the Assessment Sub-Committee for consideration.

4.3 Time period for Assessment to make an initial assessment of the Complaint

At present 10 days is allowed from the receipt of the complaint to the initial Sub-Committee hearing. Practice has shown that due to Members' availability the time allowed is too short and it is proposed that this is increased to 15 days, although when possible Sub-Committee meetings will take place within a shorter time scale.

5 Reasons for recommendations

- 5.1 It is recommended that the Committee approve the revised Members' Code of Conduct and Arrangements for Assessment, Investigation and Determination of Complaints to bring clarity to the Code and enable the complaints procedure to be more efficient and less protracted.

6 Equality Impact Assessment (EIA)

- 6.1 It should be noted that the equalities submission form on the Councillors' Code of Conduct Complaint form has been removed. It is no longer required to submit this information and therefore this section of the form is no longer fit for purpose.

7 Legal implications

- 7.1 The City Solicitor's comments are included in this report.

8 Finance comments:

- 8.1 There are no financial implications arising from the recommendations set out in this report.

.....
City Solicitor

Appendices: Appendix A - Members' Code of Conduct
Appendix B - Councillors' Code of Conduct Complaint form (as amended)
Appendix C - Arrangements for Assessment, Investigation and Determination of Complaints

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

APPENDIX A

CODE OF CONDUCT FOR MEMBERS

Part 1: General Provisions and Interpretation

Introduction

This Code of Conduct is adopted by Portsmouth City Council ("the Council") pursuant to its statutory duty to promote and maintain high standards of conduct by Members and Co-opted Members ("Members") of the Council. This Code applies to all Members of the Council, and all members of the Health & Wellbeing Board (excluding a person who is an employee of the Council).

This Code is based on and is consistent with the following principles:

SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.

General obligations of Members ("member")

1. You must not bully any person.
2. You must not intimidate, or try to intimidate, anyone who has complained about you or who may be involved with a complaint about you.

3. You must not do anything which compromises the impartiality of the Authority's officers.
4. You must not disclose confidential information (other than in very limited circumstances permitted by law, and following consultation with the Authority's Monitoring Officer).
5. You must not prevent a person from gaining access to information to which they are entitled.
6. You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or Authority into disrepute.
7. You must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person an advantage or disadvantage.
8. You must, when using or authorising the use by others of the resources of the Authority, act in accordance with the Authority's reasonable requirements, and ensure that the resources are not used improperly for political purposes.
9. When reaching decisions, you must have regard to relevant advice from the Authority's officers, and give reasons for decisions.
10. You must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986 or otherwise*.
11. You must declare any lobbying that has taken place and those lobbied not to participate in Council business.
12. You should not lobby other members where you have a disclosable pecuniary interest in a matter.

2. Scope

This Code applies to all Members of the Council when acting in their official capacity, or when giving the impression that they are acting as a representative of the Council.

Where a Member is a member of more than one local authority, but acting on behalf of the Council, such Member is, for the avoidance of doubt, bound by this Code of Conduct.

* "Code of recommended practice in local authority publicity" issued under Section 2 and 4 of the Local Government Act 1986. From 30th March 2014 the Secretary of State has power to require specified local authorities to comply with the Code.

Part 2: Registration and Disclosure of Disclosable Pecuniary Interests and Personal Interests

1. Obligations

- 1.1 You must, within 28 days of taking office as a Member of the Council, supply the Council's Monitoring Officer with details of any disclosable pecuniary interests as set out at Part 3 of this Code.
- 1.2 In addition, you must, within 28 days of taking office as a Member of the Council, supply the Council's Monitoring Officer with details of any personal interest which the Council has decided should be included in Portsmouth City Council's Register of Members' Interests (as set out at Part 4A of this Code).
- 1.3 You must also, within 28 days of becoming aware of any new disclosable pecuniary interest or any personal interest notify Portsmouth City Council's Monitoring Officer of any change.
- 1.4 If you have an interest included on the Register of Members' Interests, you must disclose this interest at any meeting of the Council, its Committees or the Cabinet at which you are present and participating in the business. Where an interest is a 'sensitive interest'¹ you need only disclose the fact that you have a disclosable pecuniary or personal interest in the matter being considered and do not need to disclose details of the interest itself.
- 1.5 If an interest has not been entered onto the Council's Register of Interests, then you must also disclose the interest to any meeting of Portsmouth City Council, its Committees or the Cabinet at which you are present where you have such an interest in any matter being considered.
- 1.6 Unless a dispensation has been granted, you may not participate in any meeting where that interest is required to be disclosed (this would include making a deputation), discussed, voted on, or discharge any function related to any matter in which you have a disclosable pecuniary interest and must (save for in circumstances set out at 1.7 below) withdraw from the room where the meeting considering the business is being held, unless a dispensation has been granted by the Council's Governance and Audit and Standards Committee. If acting as a single Cabinet member you may not take any further steps in relation to the matter other than for the purpose of arranging for the matter to be dealt with otherwise than by yourself.

¹ A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest (disclosable pecuniary interest or otherwise), and the nature of the interest

Part 3: Disclosable Pecuniary Interests

1. Introduction

A disclosable pecuniary interest is an interest falling within the Schedule set out at Paragraph 3 below of:

- 1.1 Yourself; or
- 1.2 Your spouse or civil partner, or someone you are living with as if you were husband and wife or civil partners, where you are aware that that other person has the interest.

2. Interpretation

In the Schedule set out at Paragraph 3 below, the following words or expressions mean as follows:

- 2.1 'the Act' means the Localism Act 2011;
- 2.2 'body in which the relevant person has a beneficial interest' means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;
- 2.3 'director' includes a member of the committee of management of an industrial and provident society;
- 2.4 'land' excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;
- 2.5 'M' means a member of a relevant authority;
- 2.6 'member' includes a co-opted member;
- 2.7 'relevant authority' means Portsmouth City Council of which M is a member;
- 2.8 'relevant period' means the period of 12 months ending with the day on which M gives a notification for the purposes of Section 30(1) or Section 31(7), as the case may be, of the Act;
- 2.9 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

3. Schedule of disclosable pecuniary interests

Subject	Prescribed description
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Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a Member, or towards the election expenses of M.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992(2).</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority:</p> <ul style="list-style-type: none"> (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to M's knowledge):</p> <ul style="list-style-type: none"> (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	<p>Any beneficial interest in securities of a body where:</p> <ul style="list-style-type: none"> (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either: <ul style="list-style-type: none"> (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Note: 'M' means a member of a relevant authority.

4. **Personal interests**

4.1 You have a personal interest in the business of the Council when it relates to or is likely to affect:

a any body of which you are a member or in a position of general control or management, and to which you are appointed or nominated by the Council.

b any body:

i exercising functions of a public nature;

ii directed to charitable purposes; or

iii one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);

of which you are a member or in a position of general control or management

c any employment or business carried on by you other than for profit or gain;

d any person or body who employs you, or who has appointed you, other than for profit or gain;

e the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £50 in the last three years;

4.2 You also have a personal interest in the business of the Council when a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position, or the well-being or financial position of a relevant person (as defined at paragraph 4.3 below), to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the electoral ward within the administrative area of the Council affected by the decision;

4.3 In Paragraph 4.2, a “relevant person” is:

a your spouse or civil partner, or someone you are living with as if you were husband and wife or civil partners, where you are aware that that other person has the interest; or

b another member of your family, or any person with whom you have a close association, where you are aware that that other person has the interest; or

c any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or

- d any person or body in whom to the Member's knowledge such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000: or
- e any body of a type described in paragraph 4.1a or 4.1b above.

5. Disclosure of Personal Interests

- 5.1 Subject to paragraphs 5.2 to 5.5 below, where you have a personal interest in any business of the Council you must disclose this interest at any meeting of the Council, its Cabinet or Committees (including joint committees and sub-committees) at which you are present. Such interest should be disclosed at the commencement of consideration of the business or when the interest becomes apparent.
- 5.2 Where you have a personal interest in any business of the Council which relates to or is likely to affect a person described in Part 4 paragraphs 4.1 or 4.2 above, you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- 5.3 The requirement to declare a personal interest only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.
- 5.4 Where you have a personal interest in any business of the Council and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision (portfolio holder decision notice) records the existence and nature of that interest.
- 5.5 In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000.

6. Prejudicial Interests

6.1 Definition of Prejudicial Interest.

Subject to paragraph 6.2 below, where you have a personal interest in any business of the Council, you also have a prejudicial interest in that business when the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

6.2 Limitation on extent of prejudicial interests

- a You do not have a prejudicial interest in any business of the Council where that business does not affect your financial position, or the financial position of a body or relevant person as described in Part 4 of this Code; or

- b does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or a body or relevant person as described in Part 4 of this Code; or
- c relates to the functions of the Council in respect of
 - i housing, where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease;
 - ii statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of or are entitled to the receipt of such pay;
 - iii an allowance, payment or indemnity given to members;
 - iv any ceremonial honour given to Members; and
 - v setting council tax or a precept under the Local Government Finance Act 1992.

7. Effect of Prejudicial Interests on Participation

- 7.1 Unless a dispensation has been granted by the Council's Standard's Committee, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a personal interest which is also a prejudicial interest (as set out at Part 6 of this Code), and must as soon as it becomes apparent that you have such an interest (save for in circumstances set out at paragraph 7.2 below) withdraw from the room where the meeting considering the business is being held, and must not seek improperly to influence a decision about that business. If acting as a single Cabinet member you may not take any further steps in relation to the matter other than for the purpose of arranging for the matter to be dealt with otherwise than by yourself.
- 7.2 Without prejudice to paragraph 7.1 above, where you have a prejudicial interest in any business of the Council (including any meeting of an Overview and Scrutiny Committee of the Council) you may, notwithstanding such prejudicial interest, attend such meeting for the purpose of making representations, answering questions or giving evidence relating to such business, provided members of the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.
- 7.3 For the avoidance of doubt the procedure in paragraph 7.2 above cannot be used by the member where the interest comes within the statutory definition of a disclosable pecuniary interest.
- 7.4 In any case where paragraph 7.2 above applies, you must withdraw from the room immediately after making representations, answering questions, or giving evidence.

APPENDIX B

COMPLAINT FORM - Councillors' Code of Conduct

To be used if you wish to make an allegation that a Councillor of Portsmouth City Council has failed to comply with the Councillors' Code of Conduct.

1. Your details

Please provide us with your name and contact details

Title:	
First name:	
Last name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	

Your address and contact details will not usually be released unless necessary to deal with your complaint. The following people will be advised that you have made a complaint:

- The Member(s) you are complaining about
- The City Solicitor to Portsmouth City Council (City Solicitor)

We will:

- tell them your name
- provide them with a summary of your complaint(s)
- provide full details of your complaint where necessary or appropriate

If you do not wish details of your name and your complaint to be released, please complete section 6 of this form.

2. Please tell us which best describes you:

- ☐ Member of the public
- ☐ An elected or co-opted Member of Portsmouth City Council
- ☐ A Member of the Governance and Audit and Standards Committee
- ☐ Member of Parliament
- ☐ Portsmouth City council monitoring officer
- ☐ Council officer of Portsmouth City Council/service employee
- ☐ Other

3. Making your complaint

Once you have submitted your complaint, it will be considered by the Governance and Audit and Standards Assessment Sub-Committee. This consists of three Councillors (normally from different political groups represented on the Council) and an Independent Person. None of the Councillors will have any previous involvement in the substance of your complaint.

On the basis of your written submission and any additional relevant material that the City Solicitor may produce, the Sub-Committee will assess whether your allegation is likely to amount to a failure to comply with the Councillors' Code of Conduct. If it is considered necessary to do so, the Sub-Committee has a range of options available to it. This can include referral for a full investigation by the City Solicitor, mediation or no further action (if it is considered that any failure to comply with the Code of Conduct is of a trivial nature).

The Sub-Committee will meet to consider and determine the matter as soon as reasonably possible. If the Sub-Committee decides that no further action is required in respect of your complaint, you may, within 30 days of the meeting, ask for that decision to be reviewed. This review will be undertaken by the Governance and Audit and Standards Review Sub-Committee which consists of three different Councillors from those who originally considered your complaint. The Review Sub-Committee will have the same range of options available to it as the Assessment Sub-Committee. The Review Sub-Committee will have up to three months to consider and determine the review of your allegations and how they should be dealt with.

If either the Governance and Audit and Standards Assessment or Review Sub-Committee decide that an investigation is required into your complaint, the City Solicitor or someone appointed by him will be instructed to undertake it. You will be given further information at that time should an investigation be necessary.

4. Please provide us with the name of the Member(s) you believe have breached the Code of Conduct:

Title	First Name	Last Name

5. Please explain in this section (or on separate sheets) what the Member has done that you believe breached the code of Conduct.

If you are complaining about more than one Member you should clearly explain what each individual person has done that you believe breached the Code of Conduct.

A copy of the Portsmouth City Council Code of Conduct for Councillors can be found at the following Web address:

http://www.portsmouth.gov.uk/media/Constitution_P4.pdf

Alternatively, a paper copy can be supplied on request by contacting:

The City Solicitor to Portsmouth City Council, Civic Offices, Guildhall Square,
Portsmouth, PO1 2AL

- You should be specific, wherever possible, about exactly what you are alleging the Member said or did. For instance, instead of writing that the Member insulted you, you should state what it was they said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

Please provide us with the details of your complaint and the desired outcome from this complaints process. Continue on a separate sheet if there is not enough space on this form.

Signature.....

Date.....

6. Only complete this next section if you are requesting that your identity is kept confidential.

In the interests of fairness and natural justice, we believe Members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with a summary of the complaint. We are unlikely to withhold your identity or details of your complaint unless you have good reason to justify that Portsmouth City Council do so.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. The City Solicitor will consider the request alongside the substance of your complaint. We will then contact you with the decision. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

7. Additional Help

Complaints must be submitted in writing. This includes electronic submissions. However, in line with the requirements of the Disability Discrimination Act 2000, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing.

We can also help if English is not your first language.

If you need any support in completing this form, please let us know as soon as possible.

This complaint should be submitted to the City Solicitor by email to:
michael.lawther@portsmouthcc.gov.uk

Alternatively, by post to: The City Solicitor to Portsmouth City Council, Civic Offices, Guildhall Square, Portsmouth, PO1 2AL

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APPENDIX C

Governance and Audit and Standards Committee Arrangements for Assessment, Investigation and Determination of a Complaint that a Member has failed to Comply with the Members' Code of Conduct

1. Application of these Arrangements

- 1.1. These are the Arrangements to be followed by the Governance and Audit and Standards Committee of Portsmouth City Council ("the Council") in the assessment, investigation and determination of a complaint that any Member of the Authority has failed to comply with the Members' Code of Conduct. The Arrangements will be followed and applied in accordance with the requirements of the Localism Act 2011.

2. Receipt of Complaint

- 2.1. A complaint shall be made by email to michael.lawther@portsmouthcc.gov.uk or by post addressed to the City Solicitor to Portsmouth City Council (Civic Offices, Guildhall Square, Portsmouth PO1 2AL). The Complaint Form at Appendix 3 (Part 3) shall be used for this purpose.
- 2.2. Anonymous complaints will not normally be considered unless the complaint is accompanied by documentary or photographic evidence indicating an exceptionally serious or significant matter.

3. Notification to Member

- 3.1. The City Solicitor shall provide the Member who is the subject of the allegation with written notification that a complaint has been made.

4. Initial filtering of complaints

- 4.1. The City Solicitor, upon receipt of a complaint, will arrange a meeting with the Chair of Governance and Audit and Standards Committee and one of the Independent Persons.
- 4.2. The purpose of the meeting will be for the Chairman to decide in consultation with the City Solicitor and Independent Person if the complaint should proceed to Governance and Audit and Standards Assessment Sub-Committee ("the Assessment Sub-Committee").
- 4.3. A complaint will not proceed in the event that the Chair decides:
 - 4.3.1. The complaint concerns someone who is no longer a member of the Council;
 - 4.3.2. There has been a delay of more than 12 months prior to the complaint being made;
 - 4.3.3. In order to resolve the matter, the complainant is prepared to accept and the subject member has given a written apology;

- 4.3.4. The complaint does not warrant the expenditure of public funds on an investigation;
- 4.3.5. It is considered appropriate that the complaint is dealt with in a way other than the formal investigation and hearings procedure, such as mediation.

5. **Terms of Reference of Governance and Audit and Standards Assessment Sub-Committee**

- 5.1. The Assessment Sub-Committee is established to receive allegations that a Member of the Council has failed to comply with the Members' Code of Conduct.
- 5.2. The Assessment Sub-Committee shall comprise three members and shall in so far as practicable have a Member of each political group represented upon it.
- 5.3. Following the initial filtering process set out in section 4 above the City Solicitor will set up an Assessment Sub-Committee which shall then do one of the following:
 - 5.3.1. Refer the allegation to the City Solicitor with an instruction that he/she arrange a formal investigation of the allegation or (after consultation with the City Solicitor) directing that he/she arrange training, conciliation or such other appropriate alternative steps; or
 - 5.3.2. Decide that no action should be taken in respect of the allegation; or
 - 5.3.3. Where the allegation is in respect of a person who is no longer a Member of the Council but is a Member of another relevant authority (as defined in Section 27(6) of the Localism Act 2011) refer the allegation to the City Solicitor of that other Authority.
- 5.4. In reaching its decision, the Sub-Committee shall have regard to the Local Assessment Criteria in Appendix 3 (Part 1).
- 5.5. The Assessment Sub-Committee shall instruct the City Solicitor to take reasonable steps to notify the person making the allegation, and the Member the subject of it, of that decision. Where the decision is that no action should be taken, reasons for the decision shall be given, and reference made to the right to request a review of that decision under Paragraph 6 below. This notification shall normally be given within ten working days of the decision being made.
- 5.6. The notification to the Member concerned shall include the name of the complainant and a written summary of the allegation, unless the Sub-Committee determines that to do so would be contrary to the public interest or would prejudice any person's ability to investigate the allegation.
- 5.7. When a matter is referred to the City Solicitor for investigation or other action, it does not mean that the Sub-Committee has made up its mind about the allegation.

The Sub-Committee makes no findings of fact on the matter. It simply means that the Sub-Committee believes the alleged conduct, if proven, may amount to a failure to comply with the Code of Conduct, and that some action should be taken in response to the complaint.

6. Right to Request a Review

6.1. Where a decision is made by the Assessment Sub-Committee that no action should be taken in respect of the allegation, the person who made the allegation may make a request for that decision to be reviewed. The request shall be made in writing addressed to the Chair, Governance and Audit and Standards Committee. The request must be received within 30 days of notification being given under paragraph 5.5 above.

6.2. On receipt of a request for review, it shall be passed to the City Solicitor

7. Convening of Meeting of the Governance and Audit and Standards Review Sub-Committee

7.1. In consultation with the Chair, the City Solicitor shall appoint, and convene a meeting of, the Governance and Audit and Standards Review Sub-Committee, ("the Review Sub-Committee") from amongst the Members of the Governance and Audit and Standards Committee, provided that at all times the composition of the Sub-Committee complies with paragraphs 7.2 and 7.3. The meeting shall take place within 20 working days of the date of receipt of the request for review, where practicable, and certainly within a maximum of three months from that date.

7.2. The Review Sub-Committee shall comprise three members.

7.3. The Review Sub-Committee shall not include any member who was a member of the Assessment Sub-Committee whose decision to take no action is subject to review. This is to minimise the risk of conflicts of interest and ensure fairness for all parties.

8. Notification to Member

8.1. The City Solicitor shall notify the Member who is the subject of the allegation that a request for review has been received.

9. Terms of Reference of Governance and Audit and Standards Review Sub-Committee ("the Review Sub-Committee")

9.1. The Governance and Audit and Standards Review Sub-Committee is established to review, upon the request of the person who has made an allegation that a Member of the Authority has failed or may have failed to comply with the Council's Code of Conduct, a decision of the Governance and Audit and Standards Assessment Sub-Committee that no action be taken in respect of that allegation.

9.2. Upon receipt of such request for a review and any accompanying report by the City Solicitor the Governance and Audit and Standards Review Sub-Committee shall, within 20 working days, review the decision of the Assessment Sub-Committee and shall then do one of the following:

- 9.2.1. Refer the allegation to the City Solicitor with an instruction that he/she arrange a formal investigation of the allegation or (after consultation with the Deputy City Solicitor where appropriate) directing that he/she arrange training, conciliation or such other appropriate alternative steps; or
- 9.2.2. Decide that no action should be taken in respect of the allegation; or
- 9.2.3. Where the allegation is in respect of a person who is no longer a Member of the Authority but is a Member of another relevant authority (as defined in Section 27(6) of the Localism Act 2011) refer the allegation to the City Solicitor of that other Authority.
- 9.3. In reaching its decision, the Sub-Committee shall have regard to the Local Assessment Criteria in Appendix 3 (Part 1).
- 9.4. The Sub-Committee shall instruct the City Solicitor to take reasonable steps to notify the person making the allegation, and the Member concerned, of that decision. Where the decision is that no action should be taken, reasons for the decision shall be given. This notification shall normally be given within ten working days of the decision being made.
- 9.5. When a matter is referred for investigation or other action, it does not mean that the Sub-Committee has made up its mind about the allegation. The Sub-Committee makes no findings of fact on the matter. It simply means that the Sub-Committee believes the alleged conduct, if proven, may amount to a failure to comply with the Code of Conduct, and that some action should be taken in response to the complaint.

10. **Referral for Steps other than Investigation**

- 10.1. Where the Assessment Sub-Committee or Review Sub-Committee has consulted the City Solicitor with a view to making a direction to take steps other than investigation that involve conciliation, the City Solicitor shall contact the person making the allegation, and the Member the subject of it, seeking confirmation that they would co-operate with the action proposed if such a direction were made. It must be made clear that the decision to take other action, if pursued, will close the opportunity for the complaint to be fully investigated. The City Solicitor shall inform the Sub-Committee of the responses received from the complainant and member.
- 10.2. Where a direction is then made to take steps other than investigation, the City Solicitor shall produce a written report of the action taken or proposed. The report shall be considered by the Governance and Audit and Standards Committee within three months of the direction being given. This meeting shall normally be open to the press and public, unless the Committee decides that, in accordance with Part VA of and Schedule 12A to the Local Government Act 1972, the report should be considered in private session.
- 10.3. If the Governance and Audit and Standards Committee is not satisfied with the action specified in the report, it shall give a further direction to the City Solicitor to take such further steps as appear appropriate.

- 10.4. If the Governance and Audit and Standards Committee is satisfied with the action specified in the report, it shall authorise the City Solicitor to give written notice to that effect to the person making the allegation and the member the subject of it. A written summary of the main points considered at the meeting, including the conclusion reached in respect of the allegation, and the reasons for it, shall be recorded.

11. Referral to the Governance and Audit and Standards Committee

Where the decision of the Assessment Sub-Committee, or Review Sub-Committee is that the matter should be referred to the Governance and Audit and Standards Committee, the City Solicitor shall notify the Governance and Audit and Standards Committee in writing.

Where the referral is accepted by the Governance and Audit and Standards Committee, the further handling of the matter shall be the responsibility of the Governance and Audit and Standards Committee.

12. Referral for Investigation

- 12.1. Where the Assessment Sub-Committee or Review Sub-Committee has referred the matter to the City Solicitor for investigation, the City Solicitor shall arrange for such investigation to be carried out by the Deputy City Solicitor, or other person the City Solicitor considers to be suitably qualified and experienced to undertake the task ("the Investigating Officer"). This may include:

- 12.1.1. Making inquiries of such persons as the Investigating Officer considers necessary or expedient;
- 12.1.2. Requiring such persons to give such information or explanation as the Investigating Officer considers expedient;
- 12.1.3. Inspection of such documents as the Investigating Officer considers expedient.

The City Solicitor may refer the matter back to the Assessment Sub-Committee if, as a result of new evidence or information, he is of the opinion that the matter is materially more or less serious than may have been apparent when the decision to refer the matter for investigation was made, and that the Sub-Committee would have made a different decision had it been aware of that new evidence or information. The City Solicitor may also refer the matter back to the Sub-Committee if the Subject-Member has died, resigned, or is seriously ill, and he is of the opinion that it is no longer appropriate to continue with an investigation.

- 12.2. Where the matter is referred back to the Assessment Sub-Committee under Paragraph 12.1, the Sub-Committee may make any of the decisions referred to in Paragraph 5.3.
- 12.3. On completion of an investigation, the Investigating Officer shall prepare a written report of the investigation containing one of the following findings:

12.3.1. That there has been a failure to comply with the Code of Conduct; or

12.3.2. That there has not been a failure to comply with the Code of Conduct

12.4. The City Solicitor shall send a copy of the Investigating Officer's report to the Member the subject of the allegation, and to the Governance and Audit and Standards Committee. The Governance and Audit and Standards Committee shall then arrange for the report to be considered at a hearing of the Governance and Audit and Standards Consideration Sub-Committee ("Consideration Sub-Committee").

13. Convening a meeting of the Consideration Sub-Committee

13.1. In consultation with the Chair, the City Solicitor shall appoint, and convene a meeting of, the Consideration Sub-Committee, from amongst the Members of the Governance and Audit and Standards Committee, provided that at all times the investigation shall be carried out in accordance with any guidance issued by the Governance and Audit and Standards Committee and the composition of the Sub-Committee complies with Paragraph 13.2.

13.2. The Consideration Sub-Committee shall comprise three members. Membership may include any member who has participated in consideration of the allegation at a meeting of the Assessment Sub-Committee or Governance and Audit and Standards Review Sub-Committee at an earlier stage.

13.3. This meeting shall not normally be open to the press and public, provided that the Sub-Committee decides that, in accordance with Part VA and Schedule 12A to the Local Government Act 1972, the report should be considered in private session.

14. Terms of Reference of the Governance and Audit and Standards Consideration Sub-Committee ("the Consideration Sub-Committee")

14.1. The Consideration Sub-Committee shall be responsible for determining whether:

14.1.1. It accepts the City Solicitor's finding of no failure to observe the Code of Conduct; or

14.1.2. The matter should be referred to consideration at a hearing before the Governance and Audit and Standards Hearings Sub-Committee

15. Finding of No Failure

15.1. Where a finding of no failure is made, the City Solicitor shall give written notification of this to the person who made the allegation, and the Member the subject of it.

15.2. The City Solicitor shall also arrange for a notice to be published on the Council's website, within 10 working days stating that there has been no failure to comply with the Code of Conduct, unless the Member the subject of the allegation requests that no such notice be published.

16. Convening a meeting of the Governance and Audit and Standards Hearings Sub-Committee ("the Hearings Sub-Committee")

- 16.1. Where the Assessment Sub-Committee decides that the matter should be referred for consideration at a hearing before the Hearings Sub-Committee, then, in consultation with the Chair, the City Solicitor shall appoint, and convene a meeting of, the Hearings Sub-Committee for this purpose. The Sub-Committee shall be appointed from amongst the Members of the Governance and Audit and Standards Committee, provided that at all times the composition of the Sub-Committee complies with Paragraph 5.2.
- 16.2. The Hearings Sub-Committee shall comprise three members. Membership may include any member who has participated in consideration of the allegation at a meeting of the Assessment Sub-Committee, Review Sub-Committee or Consideration Sub-Committee at an earlier stage.
- 16.3. The meeting shall be held within three months of the date of completion of the Investigating Officer's report (or as soon as reasonably practicable thereafter) and at least fourteen days after the date on which the City Solicitor sent the Investigating Officer's report to the member the subject of the allegation, (unless the member agrees to it being held earlier).
- 16.4. This meeting shall normally be open to the press and public, unless the Sub-Committee decides that, in accordance with Part VA and Schedule 12A to the Local Government Act 1972, the report should be considered in private session.
- 16.5. The meeting of the Hearings Sub-Committee may consider the report in the subject member's absence if the subject member does not attend the hearing. If the Sub-Committee is satisfied with the subject member's reasons for not being able to attend the meeting, it may arrange for the hearing to take place on another date.

17. Terms of Reference of Hearings Sub-Committee

- 17.1. The Hearings Sub-Committee is established to hold a hearing and make one of the following findings:
 - 17.1.1. That the Member did not fail to comply with the Code of Conduct; or
 - 17.1.2. That the Member did fail to comply with the Code of Conduct, but that no action needs to be taken in respect of the matters considered at the hearing; or
 - 17.1.3. That the Member did fail to comply with the Code of Conduct and that one of, or any combination of, the following sanctions should be imposed:
 - 17.1.3.1. Censure of the Member:
 - 17.1.3.2. Restriction for a period not exceeding six months of that

Member's access to the premises of the Authority or that Member's use of the resources of the Authority, provided that those restrictions are reasonable and proportionate to the nature of the breach, and do not unduly restrict the Member's ability to perform the functions of a Member;

17.1.3.3. Recommending to the Member's Group Leader that he/she be removed from any or all Committees or Sub-Committees of the Authority;

17.1.3.4. Reports its findings to the Authority and/or the relevant authority responsible for appointing the Member to the Authority.

17.2. Any sanction imposed shall take effect immediately, except where the Sub-Committee directs that it shall take effect on a later date within the following six months.

18. Pre-Hearing Procedure

18.1. In consultation with the Chair of the Governance and Audit and Standards Committee, the City Solicitor shall write to the Subject Member proposing a date for the hearing. The letter shall outline the hearing procedure, and the member's rights, asking for a response within a set time. The letter shall enquire whether the subject member:

18.1.1. Wants to be represented at the hearing by a solicitor, barrister or other person;

18.1.2. Disagrees with any of the findings in the investigation report, including reasons for any disagreements;

18.1.3. Wants to give evidence at the hearing, either verbally or in writing;

18.1.4. Wants to call relevant witnesses to give evidence and, if so to provide outlines or statements of the evidence those witnesses intend to give;

18.1.5. Wants any part of the hearing to be held in private:

18.1.6. Wants to have any part of the investigation report or other documents withheld from the public, and

18.1.7. Can attend the hearing.

18.2. The City Solicitor shall send a copy of the Subject Member's response to the Investigating Officer, inviting them to say by a set date whether they wish to:

18.2.1. Be represented at the hearing:

18.2.2. Call relevant witnesses to give evidence;

18.2.3. Have any part of the hearing held in private; and

18.2.4. Have any part of the investigation report or other documents withheld from the public.

18.3. The City Solicitor shall advise the Hearings Sub-Committee as necessary on any matter arising out of the Subject Member's response. At least two weeks before the hearing, the City Solicitor shall send a pre-hearing process summary to everyone involved in the complaint. This should set the date, time and place for the hearing, summarise the allegation, outline the main facts that are agreed and those which are not agreed, note whether the subject member will attend and be represented, list the witnesses who intend to give evidence, and outline the procedure to be followed at the hearing.

19. Hearing Procedure

19.1. The hearing is a formal meeting of the Authority and is not a court of law. It does not hear evidence under oath, but it does decide factual evidence on the balance of probabilities. The hearing will be conducted in a demonstrably fair, independent and politically impartial way, so that members of the public and members of the Authority have confidence in the Council's procedures and findings.

19.2. The procedure followed at the hearing will be confirmed in the pre-hearing process summary referred to in Paragraph 18.3.

20. Notification of Findings

20.1. As soon as reasonably practicable after the Hearings Sub- Committee makes its finding on the matter, the City Solicitor shall give written notice of the finding and the reasons for it to the Subject-Member and the person who made the allegation. A summary of the finding and reasons for it shall be placed on the Council's website.

20.2. Where the finding is that there was no failure to comply with the Code of Conduct, a summary of the finding and reasons for it shall not be placed on the Council's website if the Subject-Member the subject of the finding so requests.

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Agenda Item 17



Portsmouth
CITY COUNCIL

COUNCIL MEETING

QUESTIONS FOR THE CABINET OR CHAIR UNDER STANDING ORDER NO 17

CITY COUNCIL MEETING – 17 March 2015

QUESTION NO 1

FROM: COUNCILLOR JULIE SWAN

**TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR DONNA JONES**

Further to the Full Council Meeting dated 15 July 2014 notice of motion b point 3 could the leader of the council please update us as to the progress of the 'Social Supermarket'?

QUESTION NO 2

FROM: COUNCILLOR STEVE HASTINGS

**TO REPLY: CABINET MEMBER FOR HOUSING
COUNCILLOR STEVE WEMYSS**

Can the Cabinet Member for Housing confirm how much has been spent on IT infrastructure and IT provision within the housing department over the last 5 years?

QUESTION NO 3

FROM: COUNCILLOR GERALD VERNON-JACKSON

**TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR DONNA JONES**

Could the Leader of the council update the council on progress on the East Lodge Dementia Care Home?

QUESTION NO 4

FROM: COUNCILLOR LYNNE STAGG

TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR DONNA JONES

Has the new litter and dog poo team started yet and if not, when is it due to start?

QUESTION NO 5

FROM: COUNCILLOR HUGH MASON

TO REPLY: CABINET MEMBER FOR ENVIRONMENT &
COMMUNITY SAFETY
COUNCILLOR ROB NEW

Would the Cabinet Member inform the Council of the action which he intends to take to facilitate the recycling of compact fluorescent lamps (low energy light bulbs containing mercury vapour) as required by the Waste Electrical and Electronic Equipment Regulations 2013 now that only one collection point remains in the south of the City?

QUESTION NO 6

FROM: COUNCILLOR LEO MADDEN

TO REPLY: CABINET MEMBER FOR ENVIRONMENT &
COMMUNITY SAFETY
COUNCILLOR ROB NEW

Does the Cabinet member agree that the Council should continue the policy of the previous Liberal Democrat Administration of placing solar panels on all our buildings, not only in pursuit of a green agenda, but also to save substantial amounts of money on electricity?"

QUESTION NO 7

FROM: COUNCILLOR ALICIA DENNY

TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR DONNA JONES

Following the circumstances surrounding the family of Southsea resident Ashya King leaving England, can the Leader of the Council tell me how far the Portsmouth Safeguarding Children Board's inquiries have progressed and when the council is likely to receive a report?

QUESTION NO 8

FROM: COUNCILLOR MATTHEW WINNINGTON

TO REPLY: CABINET MEMBER FOR TRAFFIC &
TRANSPORTATION
COUNCILLOR KEN ELLCOME

There has been much confusion recently caused by contradictory public statements made about traffic issues in the city. Could the Cabinet Member please tell me who makes Traffic and Transportation decisions in this city, himself or the Leader of the Council?

QUESTION NO 9

FROM: COUNCILLOR DARREN SANDERS

TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR DONNA JONES

To which Cabinet briefings have non-Conservative councillors been invited since your administration assumed office?

QUESTION NO 10

FROM: COUNCILLOR MICHAEL ANDREWES

TO REPLY: CABINET MEMBER FOR CULTURE, LEISURE AND
SPORT
COUNCILLOR LINDA SYMES

While welcoming the America's Cup Series races as beneficial to both businesses and residents in the city, there is obviously the potential for quite a deal of disruption to residents. Will the cabinet member ensure that residents are kept informed and involved in plans to minimise this disruption and there is continual liaison with ward councillors?

QUESTION NO 11

FROM: COUNCILLOR MICHAEL ANDREWES

TO REPLY: CABINET MEMBER FOR TRAFFIC &
TRANSPORTATION
COUNCILLOR KEN ELLCOME

I have noticed in recent weeks that there are a lot of broken pavements, which I have reported to the council, particularly in shopping areas and some that are dangerous. Will the cabinet member ensure that repairs are carried out as quickly as possible and a survey of the pavements in shopping areas is carried out so that the council is not open to possibly paying compensation?

QUESTION NO 12

FROM: COUNCILLOR MICHAEL ANDREWES

TO REPLY: CABINET MEMBER FOR PLANNING,
REGENERATION AND ECONOMIC DEVELOPMENT
COUNCILLOR LUKE STUBBS

Does the current administration continue to support the three centre shopping centre strategy of Gunwharf Quays, City Centre and Southsea and if so will he bring a report to his decision meeting as to how this can be taken forward in the future, particularly with regard to Southsea?

QUESTION NO 13

FROM: COUNCILLOR MICHAEL ANDREWES

**TO REPLY: CABINET MEMBER FOR TRAFFIC &
TRANSPORTATION
COUNCILLOR KEN ELLCOME**

While it is something of an intractable problem, does the Cabinet member for Traffic and Transport agree with me and many residents that chewing gum on pavements looks unsightly and will he look to finding ways to mitigate this problem, and work with the manufacturers of chewing gum who make many millions of pounds in profit from selling it to alleviate the problem in Portsmouth and Southsea?

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