

# NOTICE OF MEETING

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## CABINET

**THURSDAY, 3 DECEMBER 2015 AT 1.00 PM**

**THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL**

Telephone enquiries to Joanne Wildsmith, Democratic Services Tel 9283 4057  
Email: joanne.wildsmith@portsmouthcc.gov.uk

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## Membership

Councillor Donna Jones (Chair)

Councillor Luke Stubbs  
Councillor Ken Ellcome  
Councillor Lee Mason  
Councillor Robert New

Councillor Linda Symes  
Councillor Steve Wemyss  
Councillor Neill Young

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(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

**Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.**

## A G E N D A

- 1      Apologies for Absence**
- 2      Declarations of Interests**
- 3      Record of Previous Decision Meeting - 5 November 2015 (Pages 1 - 6)**

A copy of the record of the previous decisions taken at Cabinet on 5 November 2015 are attached.

**RECOMMENDED that the record of decisions taken at the Cabinet meeting of 5 November 2015 be agreed as a correct record and signed by the Leader.**

- 4      Still Human, Still Here (information item) (Pages 7 - 16)**

The report by the Director of Adult Services is to provide the Cabinet with information about the 'Still Human, Still Here' campaign.

**RECOMMENDED that Cabinet notes the report.**

**5      Process for Community Infrastructure Levy (CIL) Neighbourhood Proportion Spend (Pages 17 - 20)**

The report by the Director of Culture & City Development suggests a revised process for agreeing spend of the Community Infrastructure Levy (CIL) neighbourhood proportion.

**RECOMMENDED that the Cabinet agrees the revised process for agreeing the spending of the neighbourhood proportion of the levy, as set out in section 4 of this report. That is:**

- a) To delegate the function of decisions as to the expenditure of CIL to the Assistant Director of Culture & City Development in consultation with the S.151 Officer; and
- b) To adopt the procedure referred to in section 4 of the report.

**6      Property Investment Strategy (Pages 21 - 24)**

The report by the Director of Property seeks additional prudential borrowing in the financial year 2015/16 to further support the Council's commercial property investment activity in line with the aims and objectives in the Investment Property Strategy 2015/16 - 2019/20.

Expansion of the financial capacity of this fund will enable further property acquisition in 2015/16, with a view to generating long term rental income streams to support the delivery of Council services in the future and reduce dependence on Government grant.

**RECOMMENDED that the Cabinet recommends that to City Council that:**

- i) The Director of Finance & S151 Officer be authorised to amend the Corporate Capital Programme, Property Investment Fund by adding an additional £20m financed from Prudential borrowing in 2015/16, to acquire additional investment property.
- ii) That any unutilised borrowing ability within the Property Investment Fund in 2015/16 be automatically carried forward into 2016/17.

**7      Budget & Performance Monitoring Report Quarter 2 to end September 2015 (Pages 25 - 56)**

The purpose of the report by the Director of Finance and Information Service (S151 Officer) is to update members on the current Revenue Budget position of the Council as at the end of the second quarter for 2015/16 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council

Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19" report approved by the City Council on the 10<sup>th</sup> February 2015.

**RECOMMENDED to Council that:**

- (i) The forecast outturn position for 2015/16 be noted:
  - (a) An overspend of £2,695,900 before further forecast transfers from/(to) Portfolio Specific Reserves
  - (b) An overspend of £3,123,300 after further forecast transfers from/(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 2016/17 Cash Limit.
- (iii) Directors, 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 2016/17 Portfolio cash limit will be managed to avoid further overspending during 2016/17.

**8 Proposals to meet the underlying budget deficit of the Health & Social Care portfolio (Pages 57 - 64)**

The purpose of the report by the Director of Finance and Section 151 Officer and Director of Adults Services is to advise Cabinet of the current overall budget position within the Health and Social Care portfolio and the actions in place to mitigate the underlying deficit in 2015/16 and to remedy the full deficit in 2016/17.

**RECOMMENDED**

**That the following be approved:**

- (i) That the proposed savings as set out in Appendix A for the Health and Social Care Portfolio amounting, in total, to £2.4m in a full year be approved to enable appropriate consultation and notice periods to be given to affected parties.
- (ii) That Managers commence any necessary consultation process or notice process necessary to implement the approved Portfolio savings.

**2.2 That the following be noted:**

- (i) The savings proposals set out in Appendix A are indicative and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix A with alternative proposal(s) amounting to the same value within their Portfolio.
- (ii) The likely impact of savings as set out in Appendix A.

**9 Proposals to meet the underling budget deficit of the Children & Education portfolio (Pages 65 - 72)**

The purpose of the report by the Director of Finance and Section 151 Officer is to advise Cabinet of the current overall budget position within the Children & Education portfolio and the actions in place to mitigate the underlying deficit in 2015/16 and to remedy the full deficit in 2016/17.

## **RECOMMENDED**

**(1)That the following be approved:**

**(i) That the proposed savings as set out in Appendix A for the Children and Education Portfolio amounting, in total, to £2.7m in a full year be approved to enable appropriate consultation and notice periods to be given to affected parties.**

**(ii) That Managers commence any necessary consultation process or notice process necessary to implement the approved Portfolio savings.**

**(2) That the following be noted:**

**(i) The savings proposals set out in Appendix A are indicative and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix A with alternative proposal(s) amounting to the same value within their Portfolio.**

**(ii) The likely impact of savings as set out in Appendix A.**

- 10 Portsmouth City Council Revenue Budget - Savings Proposals (Pages 73 - 120)**

The report by the Director of Finance and Section 151 Officer will also be considered by the City Council on 8 December 2015.

## **RECOMMENDATIONS**

**(1) That the following be approved:**

**(a) That the Council's Budget for 2016/17 be prepared on the basis of a 2% Council Tax increase**

**(b) That in the event that the Council has the ability to increase the level of Council Tax beyond 2% in order to fund Adult Social Care pressures, and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care to provide for those otherwise unfunded cost pressures.**

**(c) The savings proposals for each Portfolio amounting, in total, to £11m for 2016/17 and continuing into future years as set out in Appendix A to enable appropriate consultation and notice periods to be given to affected parties**

**(d) That £500,000 be released from the MTRS Reserve to increase the Business Intervention Fund in order to increase the scale and pace of the programme of Service interventions described in paragraphs 10.17 and the funding to be used flexibly across years**

**(e) That the allocation of the Business Intervention Fund to Service interventions be delegated to the S151 Officer in consultation with the Leader of the Council.**

**(2) That the following be noted:**

**(a) The Budget Savings Requirement for 2016/17 of £11m approved by the City Council was based on a Council Tax increase of 2.0%; each 1% change (increase or decrease) in the Council Tax results in a change to the savings requirement of £625,000<sup>1</sup>**

**(b) The key themes arising from the budget consultation**

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<sup>1</sup> Tax increases will be subject to Council Tax referendum thresholds which are at this stage unknown

- (c) The indicative savings proposals set out in Appendix B which are provided for the purpose of demonstrating to the Council that the Portfolio savings as recommended in paragraph 3.1 (c) above are robust and deliverable
- (d) The likely impact of savings as set out in Appendix B based on the scale of the Portfolio savings as recommended in paragraph 3.1(c)
- (e) 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 within those Portfolios / Committees
- (f) That it is the responsibility of the individual Portfolio Holders (not the City Council) to approve the individual savings proposals and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix B with alternative proposal(s) amounting to the same value within their Portfolio
- (g) Managers will commence any necessary consultation process or notice process necessary to implement the approved Portfolio / Committee savings
- (h) That there is no general provision for Budget Pressures and that it is the responsibility of the Portfolio Holder to manage any Budget Pressures which arise from the overall resources available to the Portfolio (which includes their Portfolio Reserve)
- (i) In accordance with the approved financial framework, it is the responsibility of the Portfolio Holder, in consultation with the Director of Finance & Information Services (S151 Officer), to release funds from the Portfolio Reserve in accordance with the provisions set out in paragraph 10.14
- (j) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies currently holds a very modest uncommitted balance of £3.0m and will only be replenished from an approval to the transfer of any non-Portfolio underspends at year end into this reserve.

## **11 Exclusion of Press and Public**

**“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item on the grounds that the report(s) contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972”.**

**The public interest in maintaining the exemption must outweigh the public interest in disclosing the information.**

**Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012, regulation 5, the reasons for exemption of the listed item is shown below.**

**Members of the public may make representation as to why the item should be held in open session. A statement of the Council’s response**

**to representations received will be given at the meeting so that this can be taken into account when members decide whether or not to deal with the item under exempt business.**

(NB The exempt/confidential committee papers on the agenda will contain information which is commercially, legally or personally sensitive and should not be divulged to third parties. Members are reminded of standing order restrictions on the disclosure of exempt information and are invited to return their exempt documentation to the Local Democracy Officer at the conclusion of the meeting for shredding.)

<u>Item</u>	<u>Paragraph No</u>
12 Sports and Leisure Centres Strategic Contract Review (All the appendices)	3*

(\* paragraph 3 - Information relating to financial or business affairs)

## **12 Sports and Leisure Centres Strategic Contract Review (Pages 121 - 126)**

The report by the Director of Culture & City Development seeks to:

- (i) advise Members that officers from Finance, Legal, Procurement, Contract Management, Recreation, Property Services and Public Health undertook an extensive and systematic review of its major strategic contracts in response to austerity funding pressures but also as general good practice. As part of this review and as a result of the contractual benchmark process for the Mountbatten Centre (MBC) contract instigated by the current operator, the council has conducted a detailed delivery option appraisal in respect of the management contracts for the MBC and other associated sports and leisure sites.
- (ii) advise Members of the future options for the MBC and other sports and leisure facilities and seek authority for the Director of Culture and City Development to implement the agreed outcome in consultation with the Cabinet Member for Culture, Leisure and Sport and the Director of Finance & Information Services (S151 Officer).

### **RECOMMENDED:**

- (1) **That the Cabinet approve the re-procurement option for the Mountbatten Centre Contract and other Leisure Management Contracts for the provision of these facilities.**
- (2) **That the City Solicitor, the Director of Finance and Information Services (Section 151 Officer) in consultation with the Cabinet Member for Culture, Leisure and Sport have delegated authority to conclude all necessary actions to implement the decision.**

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

# Agenda Item 3

## CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Thursday, 5 November 2015 at 12.00 pm at the Guildhall, Portsmouth

### Present

Councillor Donna Jones (in the Chair)

Councillors   Luke Stubbs  
                  Lee Mason  
                  Robert New  
                  Linda Symes  
                  Neill Young

#### **62. Apologies for Absence (AI 1)**

Councillor Steve Wemyss had sent his apologies for absence and Councillor Ellcome was on other council business. The Leader apologised for her late arrival, due to meeting with university students.

#### **63. Declarations of Interests (AI 2)**

There were no declarations of members' interests.

#### **64. Record of Previous Decision Meeting - 24 September 2015 (AI 3)**

The record of decisions of the Cabinet meeting held on 24 September 2015 was agreed as a correct record to be signed by the Leader.

#### **65. Community Safety Priorities 2016/17 - Conclusions from the Safer Portsmouth Partnership (SPP) Strategic Assessment (AI 4)**

Lisa Wills introduced the report by the Director of Regulatory Services, Troubled Families and Community Safety which summarised the specific analysis required by the Crime & Disorder Act. The strategic priorities had been approved by the Safer Portsmouth Partnership (which the city council is represented on) in September. The key drivers of Domestic Violence were discussed. The main Safer Portsmouth Partnership Plan would be submitted to Council in March 2016.

Councillor Young, Cabinet Member for Children & Education, reiterated the importance of links between Community Safety and Children's Services. Councillor New, as Cabinet Member for Environment and Community Safety, thanked the officers involved in producing this report, which illustrated that domestic abuse was at the core of many cases.

Councillor Jones, as Leader, commented on the rape figures in Portsmouth within the recently announced Hampshire statistics, with the city having the highest reporting levels. Portsmouth also had the lowest conviction rates.

Praise was due for the work being undertaken especially in the areas of domestic violence and rape.

**DECISION: The Cabinet endorsed the strategic priorities and encourage all members to take account of these priorities in their day to day decision making.**

## **66. Treasury Management Mid Year Review (AI 5)**

Chris Ward, Director of Finance and Section 151 Officer, presented his report and explained the implications of each of the recommendations to Council. A full version of Appendix B, setting out the Investment Counter Party List, was circulated at the meeting (and would also be submitted to Governance & Audit & Standards and the City Council).

Councillor Jones, as Leader, welcomed the approach being taken by the Director of Finance.

### **RECOMMENDED to Council:**

1. That the annuity method of calculating the minimum revenue provision (MRP) for the repayment of debt is applied with effect from 2015/16 to General Fund post 1 April 2008 self-financed borrowing excluding:
  - Finance Leases
  - Service concessions (including Private Finance Initiative schemes)
  - Borrowing to fund long term debtors (including finance leases);
2. That investments be made in enhanced or cash plus money market funds on the basis of a single credit rating and that these be treated as category 6 investments
3. That the investment counter party limits be revised as shown in Appendix B
4. That the following investment duration limits be approved:

	Maximum Duration Limit
<u>Category 1</u> United Kingdom Government including the Debt Management Office Deposit Facility	Up to 5 years
<u>Category 2</u> Local authorities in England, Scotland and Wales	Up to 5 years

	Maximum Duration Limit
<u>Category 3</u> RSLs with a single long term credit rating of Aa-	Up to 10 years
<u>Category 4</u> Banks (including equity trackers) with a short term credit rating of F1+ and a long term rating of Aa-. Aaa rated money market funds.	Up to 5 years
<u>Category 5</u> RSLs with a single A long term credit rating of A-	Up 10 years

<u>Category 6</u> Banks (including equity trackers) 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. Enhanced money market funds with a single AA credit rating.	Up to 5 years.
<u>Category 7</u> Banks (including equity trackers) 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-.	Up to 5 years
<u>Category 8</u> Banks (including equity trackers) and corporate bonds with a short term credit rating of F1 and a long term rating of A-.	Up to 5 years
<u>Category 9</u> Building societies with a short term credit rating of F2 and a long term rating of BBB.	Up to 2 years
<u>Category 10</u> Unrated building societies in the strongest financial position	Up to 2 years
<u>Category 11</u> Unrated building societies in a strong financial position	Up to 364 days

5. That the following actual Treasury Management indicators for the second quarter of 2015/16 be noted:

(a) The Council's debt at 30 September was as follows:

<b>Prudential Indicator 2015/16</b>	<b>Limit £M</b>	<b>Position at 30/9/15 £M</b>
Authorised Limit	503	469
Operational Boundary	484	469

(b) The maturity structure of the Council's borrowing was:

	<b>Under 1 Year</b>	<b>1 to 2 Years</b>	<b>3 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 20 Years</b>	<b>21 to 30 Years</b>	<b>31 to 40 Years</b>	<b>41 to 50 Years</b>
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	20%	20%	30%	30%	40%	40%	60%	70%
Actual	1%	4%	3%	4%	17%	11%	19%	41%

(c) The Council's interest rate exposures at 30 September 2015 were:

	<b>Limit £m</b>	<b>Actual £m</b>
Fixed Interest	304	218
Variable Interest	(358)	(242)

(d) Sums invested for periods longer than 364 days at 30 September 2015 were:

<b>Maturing after</b>	<b>Original Limit £m</b>	<b>Actual £m</b>
31/3/2016	243	159
31/3/2017	231	70
31/3/2018	228	5

67. Review of the Portsmouth Youth Offending Team Three Year Youth Justice Strategic Plan 2014-17 (AI 6)

Councillor Jones, as Leader, welcomed Sarah Newman to her first Cabinet meeting as the Acting Deputy Director of Children's Services (Children's Social Care). Sarah Newman presented the first annual report on the three year strategic plan, setting out the achievements so far in response to the February 2014 inspection and setting out the more favourable outcomes this year.

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Councillor Young, felt that the priorities were sensible and he had a particular concern regarding child sexual exploitation (CSE), so welcomed the good work taking place under the CSE Guardian Angel Scheme. The Leader joined Councillor Young in thanking the staff involved in this work to help prevent young people entering the criminal justice system and they were encouraged by the report.

**DECISION: Cabinet noted the achievements made by the Youth Offending Team in implementing the plan and endorsed the priorities for the team and Management Board in maintaining high levels of practice and performance.**

#### **68. A Blueprint for Health and Social Care in Portsmouth (AI 7)**

David Williams, Chief Executive, presented his report which set out the significant work taking place with the council's partners in health and social care. A paper had already been taken to the Health & Wellbeing Board (HWB) and had been endorsed there, with a further paper going to HWB on 2 December to show which steps can be taken now. He had met with Healthwatch, CCG and Solent NHS to discuss the document. The city council's view is that there is a lot of attention to clinical and A&E services and there is the need to ensure preventative services are supported in public health, children and adults social care.

Councillor Jones, as Leader, felt that the council's position with our health partners is very good and the joint commissioning puts the council in a strong position. She thanked Councillor Stubbs as Cabinet Member for Health and Social Care, David Williams and Matt Gummerson (at his last Cabinet meeting) for all of their hard work on taking forward the Portsmouth Blueprint.

#### **DECISIONS The Cabinet:**

- (1) Endorsed the Portsmouth Blueprint for health and care**
- (2) Require a more detailed report on the development of these proposals in early 2016.**

The meeting concluded at 12.30 pm.

Councillor Donna Jones, Leader of the Council



# Agenda Item 4

THIS ITEM IS FOR INFORMATION ONLY



Portsmouth  
CITY COUNCIL

Agenda item:

**Title of meeting:** Cabinet

**Subject:** "Still Human, Still Here"

**Date of meeting:** 3 December 2015

**Report by:** Robert Watt, Director of Adult Services

**Wards affected:** All

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## 1. Recommendation

That Cabinet notes the report

## 2. Purpose

To inform Cabinet about the 'Still Human, Still Here' campaign.

## 3. Information Requested

'Still Human Still Here' is a broad coalition of 71 organisations that are campaigning to end restrictions placed on refused asylum seekers through extending asylum support, granting permission to work and access to health and education until the time of departure from the United Kingdom or their grant of leave to remain. The coalition believes that the current policy is inhumane and ineffective and is urging the Government to:

- Provide asylum seekers who would otherwise be destitute with sufficient cash support so that they can meet their essential living needs until they are returned to their country of origin or are given permission to stay in the United Kingdom;
- Provide free access to healthcare for all asylum seekers while they are in the United Kingdom;
- Grant asylum seekers permission to work if their case has not been resolved within six months or they have been refused, but temporarily cannot be returned through no fault of their own;
- Improve decision making and ensure that all those in need of protection receive it.



'Still Human Still Here' seeks the following policy changes:

- If an asylum seeker's claim has not been concluded within six months through no fault of their own, they should be granted permission to work.
- Refused asylum seekers who temporarily cannot be returned to their country of origin through no fault of their own should be granted permission to work.
- The coalition brings together organisations that believe they can campaign more effectively with a common banner, by coordinating their resources, initiatives, skills and contacts.

#### **4. Getting Involved**

Individual organisations that (a) add value and resources to the campaign and/or; (b) tap into important constituencies of support or influence can sign up as supporters and are encouraged to engage in active campaigning on this issue. Key organisations that are interested but not actively involved in the work of the coalition can become observers.

The whole coalition meets quarterly with working groups meeting to follow up on specific advocacy issues related to the campaign, as required. These groups consist only of those with a direct contribution to make in that particular area and may operate by email.

No organisation can speak for 'Still Human Still Here', but rather as a supporter of it. Any organisation wishing to produce documents, undertake campaigning in the name of 'Still Human Still Here' or use the campaign's brand needs to get approval for this from the Advocacy Manager of 'Still Human Still Here'.

#### **5. Joining Instructions**

If the Council decided to join there are two pre-conditions which need to be fulfilled:

First, it would have to support Still Human's aims as outlined above.

Secondly, the Council would need to commit to actively supporting one or more of these goals, through service provision, awareness raising or campaigning. Currently there are 8 City Councils who have passed motions expressing concerns against the destitution of asylum seekers.

If the Council supports these goals it would have to give an idea of how it thinks it can actively support one or more of the objectives (e.g. through passing a motion in Council, having a debate on the consequences of destitution locally, lobbying the Government on the issue, etc.). The Council would then be put forward for membership at the next meeting of the coalition.

A list of campaign supporters are listed in Appendix A.

**6. Update to Report to Members - issued by Democratic Services.**

For information attached at Appendix B is an update to the report sent to Members on 10 February 2015, relating to Asylum Support in Portsmouth.

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Signed by (Director of Adult Services)

**Appendices:****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:

<b>Title of document</b>	<b>Location</b>

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## **Appendix A**

### **• Campaign supporters of 'Still Human, Still Here'**

- 38 Degrees
- African HIV Policy Network
- Amnesty International UK
- Archbishops' Council of the Church of England
- ASSIST Sheffield
- Association of Visitors to Immigration Detainees
- Asylum Aid
- Asylum Rights Campaign
- Asylum Support and Immigration Resource Team
- Asylum Support Appeals Project
- Asylum Welcome
- Bradford City Council
- Bristol City Council
- Bristol Refugee Rights
- Catholic Bishops' Conference of England and Wales
- Church Action on Poverty
- Citizens Advice Bureau
- City of Sanctuary
- Coventry City Council
- Crisis
- Doctors for Human Rights
- Doctors of the World
- Ekklesia
- Faith Matters
- Freedom from Torture
- Homeless Link
- Ice and Fire Theatre
- Immigration Law Practitioners' Association
- Jesuit Refugee Service
- Jewish Council for Racial Equality
- Jewish Social Action Hub
- Joint Council for the Welfare of Immigrants
- Kirkless City Council
- Leeds Asylum Seekers' Support Network
- Leicester City Council
- Leigh Asylum Seekers and Refugees Support
- Liverpool City Council
- London Churches Refugee Fund
- Manchester City Council
- Medact
- Migrants Resource Centre
- Migrants' Rights Network
- Mind
- National Aids Trust
- National Coalition of Anti-Deportation Campaigns
- NILE African Development

## **Appendix A**

- North of England Refugee Service
- Northern Refugee Centre
- Nottingham & Nottinghamshire Refugee Forum
- Oxfam
- Oxford City Council
- Positive Action in Housing
- Quaker Peace and Social Witness
- Red Cross
- Refugee Action
- Refugee Council
- Refugee Survival Trust
- Regional Refugee Forum North East
- Rights of Women
- Sahir House
- Samphire
- Scottish Refugee Council
- Social Work Christian Fellowship
- Somali Integration Society
- South Yorkshire Migration and Asylum Action Group
- Student Action for Refugees
- Swansea City Council
- The Boaz Trust
- The Children's Society
- The Diana, Princess of Wales Memorial Fund
- The Forum
- Trinity Project Cardiff
- TWOCO
- Waging Peace
- Welsh Refugee Council
- West End Refugee Service
- Women for Refugee Women
- Zimbabwe Association

**APPENDIX B to "Still Here, Still Human"****1. Asylum Seekers in Portsmouth:**

Since 2000 Portsmouth has been one of three designated 'cluster' areas in the south of England for the dispersal and accommodation of asylum seekers. Cluster areas were originally set up in locations across the country, to alleviate pressure on areas of concentration of asylum seekers, such as London.

Accommodation for asylum seekers is sourced by private organisations under contract with the Home Office who set targets for the number of people to be accommodated in each region.

Clearsprings, the local provider of housing support report, as at August 2015 are accommodating 165 people, 113 of which are in family units, 52 are singles. This figure has remained more or less constant over recent years, although fluctuates as and when decisions are made by the Home Office on each person's status. A report on all new arrivals into the city is requested to be sent to Housing Options each week. This should also include trends by nationality, family grouping, date of birth etc. Latest information on new claimants in the city suggest their origins are mainly Afghanistan and African countries such as Somalia, Kenya, Cameroon and Sudan, however, these trends also fluctuate.

Numbers accommodated in the three cluster areas are as follows (as August 2015 and not including Unaccompanied Asylum Seeking Children):

Portsmouth	165
Southampton	87
Hastings	100

**2. Support arrangements for asylum seekers entering the city:**

- Accommodation, support and advice provided by Clearsprings includes:  
Support with living expenses, access to local GP's, schools in the area and other support groups/networks. The Clearsprings manager will help with local orientation and access to other amenities.
- Migrant Help:  
A multi-lingual telephone support network which operates 24 hours a day. Also providing outreach workers with whom people can make an appointment.
- Portsmouth Refugee and Asylum Seeker orientation and support project:  
Red Cross provide food vouchers and assistance with learning English, IT skills and help to improve employment opportunities for those with refugee status.

## **THIS ITEM IS FOR INFORMATION ONLY**



**Portsmouth  
CITY COUNCIL**

## **APPENDIX B to "Still Here, Still Human"**

- Red Cross and Haslar visitors group:  
A drop - in service is held at All Saints Church for asylum seekers and refugees.
- Unaccompanied Asylum Seeking Children (UASC):  
Any unaccompanied asylum seeking child found in our area will be accommodated by PCC and be regarded as a looked after child. There are currently 18 UASC in the City and when reaching 18 years of age will continue to be supported as care leavers. PCC are currently supporting 17 UASC as "care leavers".
- Portsmouth Citizens Advice Bureau (CAB):  
CAB are authorised to give immigration advice

### **3. What happens when negative decision given?:**

If all rights are exhausted then there is an expectation they will be returned to their home country. "Section 4" support has now been repealed and support for refused asylum seekers will only be granted if there is a genuine obstacle to removal - this applies to singles and families.

Failure to co-operate with return can lead to people becoming destitute with no accommodation, and as they will have No Recourse to Public Funds (NRPF) they will have no access to financial support. They are not entitled to support from the LA. A Human Rights Assessment may have to be undertaken to decide if failure to provide LA support would breach their human rights.

### **4. What happens for those receiving a positive decision?**

If their application is successful they will have the right to access local services including support in finding accommodation.

### **5. PCC and Home Office liaison**

Over recent years there have been a number of meetings between PCC and Clearsprings at which any issue of concern can be raised, such as pressure on local services and any increase in the number already dispersed to the City.

With an increase in the number of applications for asylum nationally, together with other cluster areas reaching saturation point, there has been a wish to increase the number accommodated in some cluster areas. We have voiced concerns that such a move may increase pressure on local services and that we are already accommodating a higher number of asylum seekers compared to the other cluster areas in the region. Until now there appears to have been a reluctance to open up new cluster areas in the south, one possible reason being the availability of cheaper accommodation in Portsmouth, Southampton and Hastings than in some other areas across the South. The existing Home Office contract to supply accommodation allows for increases in numbers if deemed necessary.

## **THIS ITEM IS FOR INFORMATION ONLY**



**Portsmouth  
CITY COUNCIL**

## **APPENDIX B to "Still Here, Still Human"**

### **6. Impact on local services:**

#### **6.1 Education:**

The arrival of asylum seekers, particularly involving those with family units, will inevitably put further pressure on the availability of school places in the City. The availability of school places in Primary Schools is now very limited but as result of significant investment by the Council in primary school places, a surplus of 2% (equivalent to approx. two forms of entry) has been achieved for the medium term. For secondary places the issue is more serious with a forecast deficit in school places from 2018/19 onwards unless further investment is secured. The Council is currently undertaking a feasibility study to determine where the additional places should go.

In May 2014 PCC's Ethnic Minority Achievement Service (EMAS) delivered a workshop to schools, working with the Red Cross, on issues relating to Refugee and Asylum Seeking (RAS) pupils. Those schools who were aware of having RAS pupils engaged with the session, 10 in total. In general, school staff are not always aware of these pupils, as it is not required information, nor is it recorded on admission to schools.

EMAS offers support to new arrival pupils in schools that hold a service level agreement, either through first language (where available) or training for teaching staff, or both. Hampshire County Council produces excellent guidance for schools about supporting RAS pupils and we have their permission to use it. We are considering developing our own guidance based upon our experiences and some local case studies.

#### **6.2 Health:**

Increased numbers of asylum seekers being dispersed to Portsmouth does raise the level of demand on NHS resources; this tends to fall on specific services such as GP surgeries (because access to other NHS services relies on a person being registered with a GP), on community NHS services, particularly mental health services and also on urgent care services including ED but also walk-in centres. There is also an added pressure in respect of interpreting services required to conduct NHS appointments – most notably in GP surgeries and also translation services (where medical notes or advice need translating).

There is also an added burden on screening services – particularly TB – this impacts on Public Health who have had to resource TB (and other) screening services specifically for asylum seekers from local resource.

#### **6.3 Social Housing:**

The number of Asylum Seekers via the dispersal scheme, who are given leave to remain and become the immediate responsibility of Portsmouth City Council to accommodate under the homeless persons legislation, is on average 10

**APPENDIX B to "Still Here, Still Human"**

households per year. The impact on the social housing provision in this area was less than 1% of the 1219 properties that were available to let in the past year.

Whilst the numbers are relatively low there is an impact on budgets, as most households have to be placed in temporary homeless accommodation. This is often the result of the limited timescales given by the Home Office and the delay in benefit claims being processed by the DWP. Once a decision is made and households are given leave to remain, the notice period of 28 days does not give sufficient time to secure suitable alternative accommodation and any delay in benefit payments restricts the council's ability to discharge its duty, as landlords will not accept households who are not in a position to sustain a tenancy.

Other categories of applicants subject to immigration control, who have been given leave to enter/remain and access to public funds are eligible to join the housing waiting list. The impact on the social housing provision for this group is 5% of the 1219 properties available last year. This will include some refugees who have settled in the city but it is not possible to identify the exact number from the data available.

EEA nationals who are not subject to immigration control are also eligible for housing assistance if they are working and meet the criteria to be defined as a worker. Last year this group accounted for an additional 5% of the 1219 properties let.

**6.4 Social Care, Adults and Children:**

We have been required to undertake 5 Human Rights Assessments in respect of Asylum seekers to date. In 4 cases there was no duty to provide a service. One Asylum Seeker was supported by Adult Social Care as a result of their personal care requirement and subsequently assisted to return home.

Children's services have an extra demand on their service through the requirement to support UASC as detailed above.

**6.5 Police - PCC liaison:**

In line with the government's counter terrorism strategy (CONTEST), Portsmouth City Council operates and chairs a 'Channel' Panel.

The aim of the panel is to allow local agencies the opportunity to meet and discuss issues linked to potential acts of terrorism and to offer vulnerable people who are at risk from being drawn into extreme terrorist activity, appropriate interventions to prevent this happening. The panel is made up of members from various agencies who offer services such as housing, health, social services and police.

Robert Watt - Director of Adult Services  
9 October 2015

# Agenda Item 5



Portsmouth  
CITY COUNCIL

**Decision maker:** Cabinet 3 December 2015

**Subject:** Community Infrastructure Levy (CIL) - Neighbourhood Proportion

**Report by:** Director of Culture & City Development

**Wards affected:** all

**Key decision (over £250k): no**

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## 1. Purpose of report

- 1.1 To suggests a revised process for agreeing spend of the Community Infrastructure Levy (CIL) neighbourhood proportion.

## 2. Recommendations

- 2.1 That the Cabinet agrees the revised process for agreeing the spending of the neighbourhood proportion of the levy, as set out in section 4 of this report. That is
  - a) To delegate the function of decisions as to the expenditure of CIL to the Assistant Director of Culture & City Development in consultation with the S.151 Officer; and
  - b) To adopt the procedure referred to in section 4 of the report.

## 3. Background

- 3.1 On 1 July 2013, following the introduction of regulations governing the CIL neighbourhood proportion, a report was brought to Cabinet to agree the way these funds would be administered in the city.
- 3.2 It was agreed that the 'neighbourhood' would be defined as the ward in which development takes place. As CIL payments are received, 15% of each receipt is held in an earmarked reserve for the ward, to accumulate over time as additional development takes place in that neighbourhood.
- 3.3 The CIL Regulations provide that the neighbourhood CIL can be spent on:
  - (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
  - (b) anything else that is concerned with addressing the demands that development places on an area.
- 3.3 In consultation with their local communities, ward members can bring forward their ideas for spend within these parameters. As ward members do not have the authority to make spending decisions, the agreed process is that formal sign-off is through a report to the Cabinet Member for Planning, Regeneration and Economic Development (PRED).



- 3.4 In the first two years since this process was agreed, there was insufficient money in the fund, but during 2015, five schemes have been funded using this mechanism.

#### 4. **Suggested Revised Process**

- 4.1 While the process has worked, it is considered to be unnecessarily resource intensive and slow, in that it is restricted by meeting cycles and relies on formal reports. In addition, the Cabinet member for PRED considers that in most cases, unless there are very unusual circumstances, the decision is likely to be made in line with ward members' wishes, making the agreement at PRED a formality rather than a necessity.
- 4.2 It is therefore proposed to simplify the process. Instead of a report being taken to the PRED meeting for decision, a planning officer, acting under delegation from the Assistant Director of Culture & City Development will prepare an item for the Members Information Service (MIS) setting out the proposed project and level of support sought from the CIL neighbourhood fund.
- 4.3 The MIS route allows all members to see what spending suggestions are being made, and if they feel further scrutiny is needed, there is the possibility for call-in. However the decision will be retained by the Assistant Director of Culture & City Development.
- 4.4 Planning officers will maintain the overview of the requirements of the regulations. It is suggested that going forward, planning officers will take a more proactive role in identifying opportunities for infrastructure projects, considering needs arising from development in the area and working with ward members and communities. Ward members will retain the ability to bring forward their own ideas for projects.
- 4.5 It also remains important that the correct financial processes are followed, so planning officers will continue to consult in detail with Finance prior to seeking use of the CIL funds.

#### 5. **Exceptions and limitations to ward level spend:**

- 5.1 Some developments will be of city wide importance and will, by virtue of their size, generate substantial amounts of CIL. Examples of this could be developments in the city centre or at Tipner. These could generate disproportionate amounts of neighbourhood CIL in those wards. It is suggested that the process for this remains unchanged: i.e. that CIL receipts above £1 million from an individual development are not linked to wards, but instead go into a separate reserve. Spending decisions for this will be determined by the Cabinet and will be for the benefit of the whole city. Again, planning officers will take a proactive role in identifying infrastructure needs arising from development.
- 5.2 Areas that have a neighbourhood plan in place are eligible for 25% of the CIL collected in that area. Neighbourhood plans should identify infrastructure needs, and spending decision in those areas should be made in line with the



neighbourhood plan. A neighbourhood plan is currently being developed in Milton. No neighbourhood plans have yet been adopted in the city.

## 6. Reasons for recommendations

- 6.1 The current process for sign off of spend from the CIL neighbourhood proportion is considered to be unnecessarily resource intensive and slow. In the interest of saving time and resources, a simpler process is proposed.

## 7. Equality impact assessment (EIA)

- 7.1 The report deals purely with financial process matters and an EIA is therefore not needed.

## 8. Legal Implications

- 8.1 Decisions on the expenditure of CIL are executive functions, currently reserved to the Cabinet Member for PRED. This report advocates a delegation of functions to officers. While the MIS process may be adopted it cannot supplant the authority of the Cabinet Member or officers acting under his/her delegation.

## 9. Director of Finance's comments

- 9.1 The CIL Neighbourhood contributions are held in separate reserve accounts, identified by Ward.
- 9.2 There is close financial monitoring of these funds and this will continue upon implementation of the recommendation contained in this report.
- 9.3 Whilst the use of Neighbourhood CIL Funds are to be proposed by Members for expenditure in their Wards, the Council and the S.151 Officer have an obligation for the safeguarding and proper stewardship of all Council spending as well as an obligation to ensure that all expenditure is legal and value for money. For this reason the S.151 Officer will need to be consulted on the proposed use of the Funds prior to its approval.

Signed by:

### 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
Community Infrastructure Levy (Amendment) Regulations 2013	<a href="http://www.legislation.gov.uk/ukdsi/2013/9780111534465_en.pdf">http://www.legislation.gov.uk/ukdsi/2013/9780111534465_en.pdf</a>



Portsmouth  
CITY COUNCIL

Community Infrastructure Levy  
Guidance, CLG

<http://planningguidance.communities.gov.uk/blog/guidance/community-infrastructure-levy/spending-the-levy/>

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

.....  
Signed by:

# Agenda Item 6



Portsmouth  
CITY COUNCIL

<b>Title of meeting:</b>	Cabinet / City Council
<b>Date of meeting:</b>	3 <sup>rd</sup> December / 8 <sup>th</sup> December 2015
<b>Subject:</b>	Property Investment Strategy
<b>Report by:</b>	Director of Property
<b>Wards affected:</b>	All
<b>Key decision:</b>	Yes
<b>Full Council decision:</b>	Yes

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## 1. Purpose of report

- 1.1 This report seeks additional prudential borrowing in the financial year 2015/16 to further support the Council's commercial property investment activity in line with the aims and objectives in the Investment Property Strategy 2015/16 - 2019/20.
- 1.2 Expansion of the financial capacity of this fund will enable further property acquisition in 2015/16, with a view to generating long term rental income streams to support the delivery of Council services in the future and reduce dependence on Government grant.

## 2. Recommendations

- 2.1 That Cabinet recommends to the City Council that:
  - i. The Director of Finance & S151 Officer be authorised to amend the Corporate Capital Programme, Property Investment Fund by adding an additional £20m financed from Prudential borrowing in 2015/16, to acquire additional investment property.
  - ii. That any unutilised borrowing ability within the Property Investment Fund in 2015/16 be automatically carried forward into 2016/17.

## 3. Background

- 3.1 The Property Investment Fund was approved by Full Council on the 7<sup>th</sup> July 2015.



- 3.2 At the time of writing approximately £22m of the initial £30m allocation is being invested in two sizable commercial assets which are anticipated to produce a combined unleveraged return of 6.1%, or 1.6% after borrowing costs.
- 3.3 In order to further improve the Council's return, officers would like to extend the Property Investment Fund by an additional £20m to enable further property investment to be pursued in the current financial year.

#### **4 Equality impact assessment (EIA)**

- 4.1 An EIA has been undertaken for investment property purchases and there is no adverse effect.

#### **5. Legal implications**

- 5.1 The Council is empowered to buy and sell land pursuant to section 120 of the Local Government Act 1972. Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment
- 5.2 In order to lawfully implement the investment strategy, each proposal (including the funding strategy for purchases) should be reviewed as part of a decision to purchase or sell, and tested for value for money, and regulatory compliance.
- 5.3 The Council is able to invest in the manner contemplated here, under section 12 of the Local Government Act 2003, and may borrow to do so. There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer owe a fiduciary duty in relation to given transactions.
- 5.4 Given the limited nature of the investment work, the current levels do not suggest that the Council is engaged in commercial investment work, though this matter would need to be reviewed as this project develops: concluding that it is commercial work, would necessitate a conduct of business through a company.

#### **6. Finance comments**

- 6.1 This report seeks to build on the success of the initial commercial asset purchases, and requests further borrowing approval to allow the Council to continue to adopt a proactive and commercial approach to managing its investment property portfolio, with a view to increase the income to the Council and reduce its dependence on Government grant.
- 6.2 It should be noted that any request to draw down on the additional £20m requested, will continue to require the completion of a robust and detailed financial appraisal approved by the Director of Finance & S151 Officer, that not



only delivers best value but also meets the criteria contained within the Property Investment Strategy 2015/16 - 2019/20 and has proper regard to the following:

- The relevant capital and revenue costs and income resulting from the investment over the whole life of the asset.
- The extent to which the investment is expected to deliver a secure ongoing income stream.
- The level of expected return on the investment.
- The payback period of the capital investment.

6.3 In order to ensure that the Council is able to compete responsively in this market, the ability to react to a favourable financial appraisal is essential, and as a result it is recommended that delegated authority continues to be given to the Director of Property and the Director of Finance & Section 151 Officer, in consultation with the Leader of the City Council and the Cabinet Member for PRED, to approve the completion of investment purchases upon the completion of a financial appraisal as set out above, and in accordance with the Property Investment Strategy 2015/16 - 2019/20.

Signed by:

**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
Property Investment Strategy report - Full Council 7 <sup>th</sup> July 2015	web

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

Signed by:

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# Agenda Item 7

Agenda item:

<b>Decision maker:</b>	Cabinet 3rd December 2015 City Council 8 <sup>th</sup> December 2015
<b>Subject:</b>	Budget & Performance Monitoring 2015/16 (2 <sup>nd</sup> Quarter) to end September 2015
<b>Report by:</b>	Director of Finance & Information Service (s151 Officer)
<b>Wards affected:</b>	All
<b>Key decision (over £250k):</b>	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 second quarter for 2015/16 in accordance with the proposals set out in the “Portsmouth City Council - Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19” report approved by the City Council on the 10<sup>th</sup> February 2015.

## 2. Recommendations

- 2.1 It is recommended that:

- (i) The forecast outturn position for 2015/16 be noted:
  - (a) An overspend of £2,695,900 before further forecast transfers from/(to) Portfolio Specific Reserves
  - (b) An overspend of £3,123,300 after further forecast transfers from/(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 2016/17 Cash Limit.
- (iii) Directors, 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 2016/17 Portfolio cash limit will be managed to avoid further overspending during 2016/17.

## 3. Background

- 3.1 A Budget for 2015/16 of £168,340,900 was approved by City Council on the 10<sup>th</sup> February 2015. This level of spending required a contribution from General Reserves of £1.15m since in year spending exceeds in year income.
- 3.2 Since the 10<sup>th</sup> February City Council meeting, the Council has been allocated additional one off non ring-fenced grants totalling £887,200 in 2015/16. In order to

achieve the government's priorities in these areas, service budgets have been adjusted as appropriate. In addition, the adjusted budget includes £332,000 grant income relating to an improvement in the Final 2015/16 Local Government Settlement and a transfer from the Parking Reserve in respect of overheads and insurances chargeable to the On-Street Parking Service.

- 3.3 In summary, changes to the budget as approved on 10<sup>th</sup> February 2015 are as follows:

	£
<b>Budget Approved 10<sup>th</sup> February 2015</b>	<b>168,340,900</b>
Budget Increases (funded by additional grants received)	
Transformation Challenge Award (Up to You)	305,000
Independent Living Fund	388,400
Deprivation of Liberties	95,000
Individual Electoral Registration 2015/16	98,800
Transfer From Parking Reserve	(100,000)
 <b>Adjusted 2015/16 Budget</b>	 <b>169,128,100</b>

- 3.4 Once the above budget changes are taken into account, the Budget (as adjusted) for 2015/16 has increased to £169,128,100. After the additional non ring fenced grant funding is taken into account this results in an overall contribution from General Reserves of £0.718m for 2015/16 (i.e. assuming no overall budget variance).

- 3.5 This is the second quarter monitoring report of 2015/16 and reports on the forecast 2015/16 outturn as at the end of September 2015. 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.

- 3.6 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 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 financial position of the Council. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue centrally to the Council.

- 3.7 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 10<sup>th</sup> February 2015. The format presented at Appendix A has been amended to aid understanding 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 2015/16 – As at end September 2015

- 4.1 At the second quarter stage, the revenue outturn for 2015/16 after further forecast transfers from/to Portfolio Specific Reserves (Underspends are retained by right) is forecast to be overspent by £3,123,300 representing an overall budget variance of 1.8%.
- 4.2 The quarter 2 variance consists of a number of forecast under and overspends.

Before forecast transfers from Portfolio Reserves the most significant overspendings at the quarter 2 stage are:

Quarter 1 Forecast Variance £		Quarter 2 Forecast Variance £	Quarter 2 Forecast Variance (After Transfers From Portfolio Reserves) £
2,312,200	Children and Education	2,292,300	2,292,300
	Environment and Community Safety	291,500	Nil
2,926,500	Health and Social Care	2,152,500	2,128,700
292,100	PRED		
650,000	Other Expenditure	650,000	650,000

These are offset by the following significant forecast underspends at the quarter 2 stage:

Quarter 1 Forecast Variance £		Quarter 2 Forecast Variance £	Quarter 2 Forecast Variance (After Transfers To Portfolio Reserves) £
208,600	Commercial Port	870,400	500,000
	Traffic & Transportation	141,500	Nil
450,300	Asset Management Revenue Account	1,433,500	1,433,500

#### 5 Quarter 2 Significant Budget Variations – Forecast Outturn 2015/16

##### 5.1 Children and Education – Overspend £2,292,300 (or 7.4%)

The cost of Children and Education Services is forecast to be £2,292,300 higher than budgeted.

The key variances are:

- Education Improvement is forecasting an underspend of £203,200 as a result of posts being held vacant pending a service review.
- Inclusion Services is forecast to overspend by £413,800. Of this, home to school and college transport is forecasting an overspend of £206,000 due to the number of children being supported. New transport policies were implemented from September 2014 and the cost of travel compared to 2013/14 has already reduced. In addition the Psychology service is experiencing difficulty in recovering sufficient income to meet staffing costs.
- Children's Social Care is forecasting an overspend of £2,046,700.
  - Assessment and Intervention is forecast to overspend by £186,000 due to:
    - changes in the Council's parking charging policy, implemented in 2014/15. This has resulted in additional staff parking costs being charged to the service; whilst some opportunities to reduce this have been taken, a pressure of £130,000 remains. Opportunities for further changes in working practices and provision of parking support are currently being explored for further reduction opportunities.
    - Expenditure incurred under Section 17 of the Children's Act in support of needs that also avoid care arrangements is also in excess of budget provision but in line with previous years, is expected to overspend by around £76,000.
    - Current vacancy levels indicate that staffing costs will be £20,000 lower than budgeted.
  - Looked After Children is forecasting an overspend of £1,682,000. The reason for the overspend is largely related to higher than budgeted numbers of Looked After Children.
    - Whilst the continuing review of placements and placement plans has produced a reduction in external residential numbers in the first part of this year, this has not yet matched budgeted numbers. Similarly numbers in Independent Fostering placements are also reducing but at a slower rate than planned and in house placements continue to rise (£965,000).
    - In addition staffing costs are currently projected to exceed the budget provision by around £318,000, largely as a result of the loss of one-off funding allocations which have not been able to be matched with similar spending reductions or savings arising from reduced placement numbers as anticipated.
    - The added focus on Adoption Support, in line with the government's adoption agenda, to move children into permanent arrangements has led to an anticipated pressure of £210,000 associated with the purchase of placements. It is

likely that this may be reduced following the recent announcement by the Government that they will pay the inter-agency fee for a targeted group of children. The impact of this announcement is currently being assessed.

- A further £166,000 projected overspend relates to savings proposals on income generation that are proving difficult to implement, £40,000 of which relates to the decision not to pursue parental contributions (means tested contributions in respect of placements under s.20 of the Children's Act 1989)
- Safeguarding & Monitoring is forecasting an overspend of £198,000. Of this, £97,000 relates to a reduction in budget arising from an anticipated improvement in service absence management. A further £61,000 relates to the delayed implementation of savings plans together with increased recharges and a further £40,000 is as a result of the enhancement of contracted Family Group conferencing and Information governance arrangements.
- Youth Support Activities are forecast to underspend by £20,000: This projected underspend is predominantly related to staffing and other savings in the Youth Offending Service (£166,000) which have been offset by the spending requirements on care leavers accommodation and allowance payments related to the current numbers of care leavers. At this stage there is also a possibility of an underspend on remand and secure placements, but given the volatility and high cost of such placements the forecast does not incorporate this at the present time.

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

As explained elsewhere on the Cabinet agenda, the Children and Education Portfolio is reporting an underlying annual budget deficit of £2.7m. As a result of this forecast overspending an ongoing process of budget review has been implemented.

Recommended proposals to mitigate the in year forecast overspend and to balance future year's budget positions are contained elsewhere on the Cabinet agenda.

## 5.2 Environment and Community Safety – Overspend £291,500 (or 1.9%) (No variance after transfer from Portfolio Reserve)

The Portfolio is currently forecasting an overspend of £291,500.

The Waste Disposal service is forecast to overspend by £391,300 due to an underlying budget pressure of £181,000, which will be met from Portfolio Specific Reserves in 2015/16 while a plan to resolve the deficit is formulated. A shortfall in income received from the sale of recyclable material (£210,300) is also now expected due to reduced market prices arising from a fall in world demand.

Clean City is forecasting an overspend of £106,700. A service review is currently underway to address this overspending, however the full year effect of the review will now not be achieved until 2016/17.

These overspending areas are offset by underspends within Hidden Violence & Abuse and Community Safety Strategy & Partnership (£85,600) as a result of posts being held vacant in anticipation of future savings requirements, salary charges to major sea defence capital schemes (£40,500) and reduced spending on Coastal Partnership (£63,000) primarily as a result of surplus funds being returned to the partner authorities in 2015/16.

#### **5.3 Health and Social Care – Overspend £2,152,500 (or 5.3%) (£2,128,700 Overspend after transfer from Portfolio Reserve)**

The cost of Health & Social Care is forecast to be £2,152,500 higher than budgeted.

Overspending has arisen in the following areas:

- A greater volume of older persons domiciliary care being required due to demographic pressures and unforeseen delays in the implementation of savings in 2015/16 has resulted in a forecast overspend of £1,671,300.
- Learning Disability Support is forecasting an overspend of £901,500 due to an increased volume of clients transitioning from Children's Services, a delayed initiation of the review of day care services and claims for funding from other Local Authorities under the ordinary residence ruling.
- Due to an increased volume of clients requiring residential care placements Mental Health Support is forecasting an overspend of £286,600

These overspends are offset by underspending elsewhere totalling £706,900 primarily as a result of increased funding from the Better Care Fund.

As explained elsewhere on the Cabinet agenda, the Health and Social Care Portfolio is reporting an underlying annual budget deficit of £2.4m. As a result of this forecast overspending an ongoing process of budget review has been implemented.

Recommended proposals to mitigate the in year forecast overspend and to balance future year's budget positions are contained elsewhere on the Cabinet agenda.

#### **5.4 Other Expenditure – Overspend £650,000 (or 4.2%)**

MMD trading results are not improving as quickly as originally expected, although the overall financial position relating to MMD activities continues to exceed the breakeven position.

#### **5.5 PRED (Commercial Port) - Underspend £870,400 (or 19.2%) (No variance after transfer to Portfolio Reserve)**

Overall net income from the Port is forecast to be £870,400 above target income.

The improvement over the target net income is as a result of increased operational dues following the introduction of the new Transfennica and Brittany Ferries Etretat services coupled with a reduction Operational Employee, security and berthing costs.

This is offset by higher Management and General Expenses as a result of higher pilotage costs, the provision of consultant advice to mitigate risk attached to an IT project and lower staff charges to capital projects as a result of slippage.

**5.6 Traffic & Transportation – Underspend £141,500 (or 0.9%) (No variance after transfer to Portfolio Reserve)**

The cost of Traffic and Transportation is forecast to be £141,500 lower than budgeted primarily as a result of delays in the recruitment into vacant posts and posts being held vacant in anticipation of future savings requirements.

**5.7 Governance and Audit Committee – Underspend £169,300 (or 43.7%) (No variance after transfer to Portfolio Reserve)**

The principle reason for the forecast underspend is higher income than budgeted of £134,000 within the Registrars Service due to increased income generated from new initiatives and higher demand for existing services.

**5.8 Asset Management Revenue Account – Underspend £1,433,500 (or 6.0%)**

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.

The forecast underspend relates to:

Increased interest earned due to higher cash balances than originally expected, higher investment returns arising from an active shift in the portfolio towards both higher yielding and longer term investments and a reduced level of contingency to guard against interest rate fluctuations.

The amount the Council is required to set aside to repay debt is lower than originally budgeted due to a lower level of capital expenditure being financed from borrowing in 2014/15 than originally anticipated and a revised Minimum Revenue Provision policy which was approved by City Council on 10<sup>th</sup> November 2015.

**6 Other Minor Budget Variations – Forecast Outturn 2015/16**

**6.1 Culture, Leisure & Sport – Minor Overspend £26,100 (0.4%) (no variance after transfer from Portfolio Reserve)**

**6.2 Housing – No variance**

**6.3 Leader – Minor Overspend £25,500 (or 11.8%) (£19,300 overspend after transfer from Portfolio Reserve)**

Minor overspend primarily as a result of lower than expected income from the letting out, for private functions, of the mayors banqueting suite.

**6.4 PRED - Underspend £77,600 (or 3.7%) (No variance after transfer to Portfolio Reserve)**

Small forecast underspend primarily as a result of fluctuations in income across the portfolio.

**6.5 Resources – Underspend £16,500 (or 0.1%) (No variance after transfer to Portfolio Reserves)**

**6.6 Licensing Committee – No variance**

**6.7 Levies – Minor underspend £33,500 (3.7%)**

**6.8 Insurance – No Forecast Variance**

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

**7.1 In November 2013 Full Council approved the following changes to the Councils 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

**7.2 The forecast balance of each Portfolio Specific Reserve that will be carried forward into 2016/17 is set out below:**

Portfolio/Committee Reserve	Balance Brought Forward	Approved Releases 2015/16	Forecast		Balance Carried Forward
			Under/ (Over) Spending	£	
Children & Education	42,000	(42,000)			0
Culture, Leisure & Sport	409,800		(26,100)		383,700
Environment & Community Safety	1,241,300	(98,500)	(291,500)		851,300
Health & Social Care	730,700	(706,900)	(23,800)		0
Housing	541,700		(300)		541,400
Leader	6,900	(700)	(6,200)		0
PRED	919,400		77,600		997,000
Port	879,900		370,400		1,250,300
Resources	1,397,600	(573,700)	16,500		840,400
Traffic & Transportation	32,700		141,500		174,200
Licensing	0				0
Governance, Audit & Standards	255,300	(30,000)	169,300		394,600
<b>Total</b>	<b>6,457,300</b>	<b>(1,451,800)</b>	<b>427,400</b>		<b>5,432,900</b>

## 8. Conclusion - Overall Finance & Performance Summary

- 8.1 The overall forecast outturn for the City Council in 2015/16 as at the end of September 2015 is forecast to be £172,251,400. This is an overall overspend of £3,123,300 against the Adjusted Budget and represents a variance of 1.8%.
- 8.2 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.
- 8.3 The overall financial position is deemed to be “RED” since the forecast outturn is higher than budget. The scale of some Portfolio overspends being reported at the Quarter 2 stage indicates that some services are experiencing some degree of financial stress.
- 8.4 In financial terms, the forecast overspend within the Children and Education and Health and Social Care Portfolios represent the greatest concerns in terms of the impact that they have on the overall City Council budget for 2015/16. Furthermore, a significant proportion of the overspend is of an ongoing nature representing an underlying deficit. For both Children & Education and Health & Social Care Portfolios, proposals to remedy these underlying deficits have been formulated and are contained elsewhere on this agenda.
- 8.5 In terms of the overall budget position for 2015/16, the Council has set aside funding within the Contingency Provision to guard against potential overspending. So, whilst the forecast overspend of £3.1m in the current year can be mitigated to a large extent, this underlying deficit will need to be addressed in 2016/17.

- 8.6 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2015/16 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2016/17 and therefore the appropriate Directors in consultation with Portfolio Holders should prepare an action plan outlining how their 2015/16 forecast outturn or 2016/17 budget might be reduced to alleviate the adverse variances currently being forecast.
- 8.7 Based on the Budget (as adjusted) of £169,128,100 the Council will remain within its minimum level of General Reserves for 2015/16 of £6.5m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2015	14.864
<u>Less:</u>	
Forecast Overspend 2015/16	(3.123)
Planned Contribution from General Reserves 2015/16	(0.718)
<u>Add:</u>	
Contingency Provision to guard against overspending	4.134
<b>Forecast General Reserves carried forward into 2016/17</b>	<b>15.157</b>

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

- 8.8 Financial resources are not seen as a primary barrier during the current year to either performance achievement or performance improvement. Although there are currently no specific requests for additional resourcing within this report to ensure that targets are achieved or objectives met, in the future, resources are more likely to pose a risk to future delivery and this ought to be considered in the context of all other current and emerging budget pressures and evaluated in context with each other.

## **9. 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.

## **10. 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.
- .....

**Chris Ward**

**Director of Finance & Information Service (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 –

<b>Title of Document</b>	<b>Location</b>
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 3<sup>rd</sup> December, 2015

Signed: .....

Approved / Approved as amended / Deferred / Rejected by the City Council on 8<sup>th</sup> December, 2015

Signed: .....

## **APPENDIX A**

# **FINANCIAL & SERVICE PERFORMANCE**

**QUARTER 2  
2015/16**

**INFORMATION PACK**

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** City Council General Fund

**BUDGET** Total General Fund Expenditure

**TOTAL CASH LIMIT** 169,128,100

**CHIEF OFFICER** All Budget Holders

**MONTH ENDED** September 2015

ITEM No.	BUDGET HEADING
1	Children & Education
2	Culture, Leisure & Sport
3	Environment & Community Safety
4	Health & Social Care
5	Housing
6	Leader
7	PRED
8	Port
9	Resources
10	Traffic & Transportation
11	Licensing Committee
12	Governance, Audit & Standards Com
13	Levies
14	Insurance
15	Asset Management Revenue Account
16	Other Miscellaneous

BUDGET FORECAST 2015/16			
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
£	£	£	%
30,891,000	33,183,300	<b>2,292,300</b>	7.4%
7,245,900	7,272,000	<b>26,100</b>	0.4%
15,050,000	15,341,500	<b>291,500</b>	1.9%
40,680,200	42,832,700	<b>2,152,500</b>	5.3%
3,853,800	3,854,100	<b>300</b>	0.0%
216,300	241,800	<b>25,500</b>	11.8%
(2,106,400)	(2,184,000)	<b>(77,600)</b>	(3.7%)
(4,538,300)	(5,408,700)	<b>(870,400)</b>	(19.2%)
20,238,100	20,221,600	<b>(16,500)</b>	(0.1%)
15,877,200	16,095,300	<b>218,100</b>	1.4%
(241,900)	(241,900)	<b>0</b>	0.0%
387,700	218,400	<b>(169,300)</b>	(43.7%)
907,000	873,500	<b>(33,500)</b>	(3.7%)
1,299,800	1,299,800	<b>0</b>	0.0%
23,875,000	22,441,500	<b>(1,433,500)</b>	(6.0%)
15,492,700	16,142,700	<b>650,000</b>	4.2%

<b>TOTAL</b>	<b>169,128,100</b>	<b>172,183,600</b>	<b>3,055,500</b>	<b>1.8%</b>
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<b>Total Value of Remedial Action (from Analysis Below)</b>	<b>(359,600)</b>
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<b>Forecast Outturn After Remedial Action</b>	<b>169,128,100</b>	<b>171,824,000</b>	<b>2,695,900</b>	<b>1.6%</b>
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<b>Forecast Transfers From Portfolio Specific Reserves</b>	<b>427,400</b>
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<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>	<b>169,128,100</b>	<b>172,251,400</b>	<b>3,123,300</b>	<b>1.8%</b>
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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	(26,100)
3	Environment & Community Safety	0	(291,500)
4	Health & Social Care	0	(23,800)
5	Housing	0	(300)
6	Leader	0	(6,200)
7	PRED	0	77,600
8	Port	0	370,400
9	Resources	0	16,500
10	Traffic & Transportation	(359,600)	141,500
11	Licensing Committee	0	0
12	Governance, Audit & Standards Com	0	169,300
13	Levies	0	
14	Insurance	0	
15	Asset Management Revenue Account	0	
16	Other Miscellaneous	0	
<b>Total Value of Remedial Action</b>		<b>(359,600)</b>	<b>427,400</b>

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** Children and Education

**BUDGET**

6,833,200	Education
22,403,200	Children's Social Care & Safeguarding
1,257,800	Public Health
396,800	Regulatory Services Community Safety & Troubled Families

**TOTAL CASH LIMIT** **30,891,000**

**CHIEF OFFICER** Di Smith

**MONTH ENDED** September 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Individual Schools Budget - DSG
2	Other School Expenditure
3	DSG & Pupil Premium Funding
4	Strategic Commissioning
5	Early Support
6	Children's Centres
7	Education Improvement
8	Inclusion Services
9	Troubled Families & MST
10	Assessment & Intervention
11	Looked After Children
12	Safeguarding & Monitoring
13	Youth Support [YSS]
14	Support Activities

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
77,162,000	77,110,300	(51,700)	(0.1%)	L
20,282,000	20,390,900	108,900	0.5%	L
(97,444,000)	(97,501,200)	(57,200)	(0.1%)	L
1,173,800	1,160,800	(13,000)	(1.1%)	L
891,100	849,800	(41,300)	(4.6%)	L
1,257,800	1,347,100	89,300	7.1%	L
748,300	545,100	(203,200)	(27.2%)	L
4,020,000	4,433,800	413,800	10.3%	M
396,800	396,800	0	0.0%	M
5,536,500	5,722,700	186,200	3.4%	M
13,092,600	14,774,900	1,682,300	12.8%	M
2,001,200	2,199,000	197,800	9.9%	H
1,382,000	1,362,400	(19,600)	(1.4%)	H
390,900	390,900	0	0.0%	M

**TOTAL** **30,891,000** **33,183,300** **2,292,300** **7.4%**

**Total Value of Remedial Action (from Analysis Below)** **0**

**Forecast Outturn After Remedial Action** **30,891,000** **33,183,300** **2,292,300** **7.4%**

**Forecast Transfers From Portfolio Specific Reserves** **0**

**Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves** **30,891,000** **33,183,300** **2,292,300** **7.4%**

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 2015/16**

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial
4	Staffing turnover and vacancies.	(13,000)		
5	Staffing turnover and vacancies held in anticipation of future savings requirements and during the direcorate transfer of Children's Centres.	(41,300)		
6	Delay in the implementation of staff savings.	89,300		
7	Staffing vacancies held in anticipation of future savings requirements and pending service review.	(203,200)		
8	An overspend on the Home to School / College transport is projected at £206,000 based on pre-September contracts and numbers and is now being reviewed with expectation of reduction reflecting the effect of the new transport policies implemented in September 2014 and reduced numbers. Additionally the Psychology service is facing difficulty in recovering sufficient income to meet the staffing costs.	413,800	Proposed savings plan being implemented and tracked with regular member updates	
10	An increase in parking permit charges have created a budget pressure of £130,000. Increased Section 17 spending on support requirements is likely to add a further £70,000 with in-year savings from staffing vacancies currently projected to only partially offset these cost pressures.	186,200		
11	Placement numbers and costs are set to lead to a projected overspend of around £1m. Loss of prior year funding together with an inability to deliver anticipated income levels together with ongoing spending in support of Fostering and Adoption activities have further added to the budget pressure currently being identified.	1,682,300		
12	Staffing requirements, delayed delivery of savings and increased project funding requirements all contribute to a current budget overspend projection.	197,800		
14	Current numbers and support requirements of care leavers suggest a projected pressure on the budget provision. Whilst reduced numbers in Youth Offending are allowing vacancies to be held and provide offsetting savings and a forecast underspend.	(19,600)		
<b>TOTAL PROJECTED VARIANCE</b>		<b>2,292,300</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16			
PORTFOLIO	Culture, Leisure & Sport		
BUDGET	7,246,900 (1,000)	City Development & Cultural Services Public Health	
<b>TOTAL CASH LIMIT</b>	<b>7,245,900</b>		
CHIEF OFFICER	Various		
MONTH ENDED	September 2015		

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16			RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
	£	£	£	£	
1	Parks, Gardens & Open Spaces	2,171,100	2,128,100	(43,000)	(2.0%) H
2	Seafront Management	135,500	143,600	8,100	6.0% H
3	Golf Courses	(199,900)	(213,900)	(14,000)	(7.0%) H
4	Pyramids	191,000	191,000	0	0.0% M
5	Mountbatten & Gymnastic Centres	312,600	376,600	64,000	20.5% M
6	Other Sports & Leisure Facilities Inc. (POC)	282,500	282,500	0	0.0% M
7	Sports Development	255,100	279,100	24,000	9.4% L
8	Departmental Establishment (Leisure)	475,400	475,400	0	0.0% H
9	Libraries	2,047,400	2,003,400	(44,000)	(2.1%) M
10	Museum Services	786,100	786,100	0	0.0% M
11	Cultural Partnerships (Previously Arts Service)	321,200	321,200	0	0.0% L
12	Community Centres	341,600	317,600	(24,000)	(7.0%) L
13	Events	126,300	181,300	55,000	43.5% H
<b>TOTAL</b>		<b>7,245,900</b>	<b>7,272,000</b>	<b>26,100</b>	<b>0.4%</b>
<b>Total Value of Remedial Action (from Analysis Below)</b>				0	
<b>Forecast Outturn After Remedial Action</b>		<b>7,245,900</b>	<b>7,272,000</b>	<b>26,100</b>	<b>0.4%</b>
<b>Forecast Transfers From Portfolio Specific Reserves</b>			26,100		
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>		<b>7,272,000</b>	<b>7,272,000</b>	<b>0</b>	<b>0.0%</b>

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial
1	Vacancy for Parks Manager post which will not be filled	(43,000)		
2	Additional staff costs were incurred to backfill a post during a staff absence	8,100		
3	Income is expected to exceed the budget. The golf course management team now have the flexibility to introduce short term offers and proactively respond to market conditions. This has meant that opportunities can be realised as they arise and footfall increased.	(14,000)		
5	The insurance premium renewal for Mountbatten Centre has increased by £64,000 as a result of recent accidents at the Centre. An insurance review is carried out every two years in accordance with the contract.	64,000		
7	2014/15 savings for the Interaction service were not achieved, this is a continued pressure in 2015/16. It is anticipated that the Service will soon transfer to a external provider but in the short term Community Centre budgets are being used to partially offset this overspend.	24,000		
9	The full 2015/16 savings will not be achieved as the staff consultation process was not completed by the 1st April and staff were still in post. A revaluation of the business rates for Southsea Library has resulted in an additional cost of £10,000. These overspends will be offset by a reduction in costs associated with the Windows 7 upgrade project of £74,000.	(44,000)		
12	Expenditure at Hillside and Wymering Community Centre for supplies and services is lower than anticipated.	(24,000)		
13	The cost of programmed events taking place in 2015/16 is higher than budgeted. The additional cost of these events will be met from planned underspends elsewhere within the Portfolio.	55,000		
<b>TOTAL PROJECTED VARIANCE</b>		<b>26,100</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** Environment & Community Safety

<b>BUDGET</b>	442,400	Transport Environment & Business Support
	176,900	Culture & City Development
	11,600,900	Property & Housing Services
	2,829,800	Regulatory Services Community Safety & Troubled Families

**TOTAL CASH LIMIT** 15,050,000

**CHIEF OFFICER** Various

**MONTH ENDED** September 2015

Risk indicator		
Low	M	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16			
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
		£	£	£	%
1	Environmental Protection	320,800	320,800	0	0.0%
2	Environment Admin & Management	34,600	34,600	0	0.0%
3	Community Safety Administration & Management	14,400	13,900	(500)	(3.5%)
4	Environmental Health - Commercial Services	315,100	313,700	(1,400)	(0.4%)
5	Port Health	(24,200)	(24,200)	0	0.0%
6	Trading Standards	295,100	299,600	4,500	1.5%
7	Welfare Burials	31,400	31,300	(100)	(0.3%)
8	Refuse Collection	3,310,900	3,302,800	(8,100)	(0.2%)
9	Waste Disposal	4,494,600	4,885,900	391,300	8.7%
10	Waste Recycling	138,900	142,200	3,300	2.4%
11	Public Conveniences	335,200	339,400	4,200	1.3%
12	Street Cleansing	3,023,500	3,023,500	0	0.0%
13	Clean City	69,300	176,000	106,700	154.0%
14	Built Environment	0	0	0	-
15	Control Of Dogs	87,800	87,800	0	0.0%
16	Projects & Procurement Management			0	-
17	Sea Defences And Drainage	278,900	238,400	(40,500)	(14.5%)
18	Coastal Partnership	163,500	100,500	(63,000)	(38.5%)
19	Cemeteries	(3,600)	(3,600)	0	0.0%
20	Contaminated Land	118,300	118,300	0	0.0%
21	Carbon Allowances	48,600	48,600	0	0.0%
22	Carbon Management Team	62,200	62,200	0	0.0%
23	Motiv8			0	-
24	Hidden Violence And Abuse	993,800	928,900	(64,900)	(6.5%)
25	Community Safety Strategy And Partnership	145,500	124,800	(20,700)	(14.2%)
26	CCTV	236,100	236,100	0	0.0%
27	Community Wardens	179,900	174,000	(5,900)	(3.3%)
28	Anti Social Behaviour Unit	190,000	178,700	(11,300)	(5.9%)
29	Substance Misuse (including Alcohol)	0	(2,100)	(2,100)	-
30	Civil Contingencies (Emergency Planning)	189,400	189,400	0	0.0%

**TOTAL** 15,050,000 15,341,500 291,500 1.9%

**Total Value of Remedial Action (from Analysis Below)** 0

**Forecast Outturn After Remedial Action** 15,050,000 15,341,500 291,500 1.9%

**Forecast Transfers From Portfolio Specific Reserves** 291,500

**Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves** 15,341,500 15,341,500 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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
9	An underlying budget deficit of £181,000 will be met from Portfolio Specific Reserves while an action plan to resolve the deficit is developed. In addition, due to reduced prices paid for recycled material (e.g. wood and paper) income from the sale of recyclable materials is forecast to be £210,300 lower than budgeted.	391,300		
13	Budget reductions relating to a city wide anti-social behaviour review have yet to be identified in full.	106,700	Service continues to seek to identify opportunities to meet this saving requirement	
17	Fee income has been generated by the Coastal and Drainage Manager during the first and second quarter of 2015/16 as a result of their involvement in the Portsea Island Coastal Protection Capital scheme and the emergency repair work to sea defences required to be undertaken as a result of the flooding that occurred in Southsea in 2014.	(40,500)		
18	£65,170 has been returned following the 2014/15 annual reconciliation of the Eastern Solent Coastal Partnership accounts. The net position on Partnership's 2014/15 accounts was a surplus of £162,925, of which PCC has been returned 40%. The Eastern Solent Coastal Partnership comprises Portsmouth, Havant, Fareham and Gosport Local Authorities.	(63,000)		
24	Staffing vacancies held in anticipation of future savings requirements	(64,900)		
25	Staffing vacancies held in anticipation of future savings requirements	(20,700)		
	Other Minor Variations	(17,400)		
	<b>TOTAL PROJECTED VARIANCE</b>	<b>291,500</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

## **FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015**

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** Health & Social Care

**BUDGET** 40,680,200

**TOTAL CASH LIMIT** 40,680,200

**CHIEF OFFICER**

**MONTH ENDED** September 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Physical Support
2	Sensory Support
3	Memory & Cognition
4	Learning Disability Support
5	Mental Health Support
6	Social Support: Substance Misuse Support
7	Asylum Seeker Support
8	Support for Carer - Direct Payments
9	Social Support: Other Support for Carer
10	Assistive Equipment & Technology
11	Social Care Activities
12	Information & Early intervention
13	Commissioning and Service Delivery
14	Supporting People - Housing
18	Sexual Health Mandatory - services
19	Sexual Health Non Mandatory - services
20	Smoking
21	Children 5-19 Programme
22	Health Checks
23	Obesity
24	Substance Misuse
25	Public Health Advice
26	Miscellaneous Public Health Services

BUDGET FORECAST 2015/16				RISK
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		INDICATOR
£	£	£	%	ATOP
12,622,300	13,295,000	672,700	5.3%	H
240,000	240,000	0	0.0%	L
2,191,400	3,190,000	998,600	45.6%	H
16,298,500	17,200,000	901,500	5.5%	H
2,014,700	2,301,300	286,600	14.2%	H
138,700	138,700	0	0.0%	L
0	0	0	0.0%	L
0	0	0	0.0%	L
0	0	0	0.0%	L
692,100	815,000	122,900	17.8%	H
3,664,700	3,597,000	(67,700)	(1.8%)	M
65,300	36,000	(29,300)	(44.9%)	H
1,401,800	669,000	(732,800)	(52.3%)	H
1,350,700	1,350,700	0	0.0%	L
3,495,900	3,569,400	73,500	2.1%	L
228,900	228,900	0	0.0%	L
630,400	583,300	(47,100)	(7.5%)	L
2,636,800	2,634,900	(1,900)	(0.1%)	L
362,800	385,500	22,700	6.3%	L
306,400	293,700	(12,700)	(4.1%)	L
4,263,800	4,268,600	4,800	0.1%	L
173,000	122,700	(50,300)	(29.1%)	L
(12,098,000)	(12,087,000)	11,000	(0.1%)	L

**TOTAL**

**40,680,200**      **42,832,700**      **2,152,500**      **5.3%**

**Total Value of Remedial Action (from Analysis Below)**

0

### **Forecast Outturn After Remedial Action**

**40,680,200**      **42,832,700**      **2,152,500**      **5.3%**

## Forecast Transfers From Portfolio Specific Reserves

23,800

### **Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves**

All figures included above exclude Capital Charges, Levies and Insurances

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1-3	Greater volume of older persons domiciliary care required due to demographic pressures. There have also been unforeseen delays in implementing 2015/16 savings proposals for this area of the budget.	1,671,300	The service is currently reviewing options to reduce the currently forecast overspend.	
4	Increased volume of clients transitioning from Children's Service's in conjunction with a delayed initiation of the review of day care services. There have also been ongoing claims for funding from other authorities under the ordinary residence ruling.	901,500		
5	Increased volume of clients with mental health support needs requiring residential care placements.	286,600		
10--13	Other Miscellaneous primarily increased funding from Better Care Fund	(706,900)		
	<b>TOTAL PROJECTED VARIANCE</b>	<b>2,152,500</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

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

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** Housing

**BUDGET**

3,853,800

**TOTAL CASH LIMIT** 3,853,800

**CHIEF OFFICERS** Owen Buckwell

**MONTH ENDED** September 2015

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2015/16				RISK INDICATOR
		Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget To September 2015 £	%	
1	Housing Strategy - General	75,300	35,300	(40,000)	(53.1%)	L
2	Registered Social Landlords	40,300	40,300	0	0.0%	L
3	Housing Advisory Service	192,400	176,200	(16,200)	(8.4%)	L
4	Housing Enabling	65,700	65,700	0	0.0%	L
5	Homelessness	676,900	645,700	(31,200)	(4.6%)	L
6	Telecare	(167,000)	(167,000)	0	0.0%	M
7	Youth & Play Shared Services with the HRA	344,200	359,200	15,000	4.4%	L
8	De Minimis Capital Receipts	(94,400)	(41,000)	53,400	56.6%	M
9	Other Council Property	(26,300)	(26,300)	0	0.0%	L
10	Housing Standards	432,700	409,800	(22,900)	(5.3%)	L
11	Home Check scheme	9,000	9,000	0	0.0%	M
12	Green Deal	0	0	0	-	M
13	Additional Licensing	0	42,200	42,200	-	L
14	Supporting People Contracts	2,305,000	2,305,000	0	0.0%	L
<b>TOTAL</b>		<b>3,853,800</b>	<b>3,854,100</b>	<b>300</b>	<b>0.0%</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>		0				
<b>Forecast Outturn After Remedial Action</b>		<b>3,853,800</b>	<b>3,854,100</b>	<b>300</b>	<b>0.0%</b>	
<b>Forecast Transfers From Portfolio Specific Reserves</b>		300				
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>		<b>3,854,100</b>	<b>3,854,100</b>	<b>0</b>	<b>0.0%</b>	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1	Reduction in IT costs. This underspend is to be utilised to offset overspends elsewhere within the Portfolio.	(40,000)		
3	Reduction in salary costs and additional income received.	(16,200)		
5	Reduction in salary costs and additional income received.	(31,200)		
8	These receipts are realised when small grants are repaid, and are largely reliant upon the housing market. There has been a reduction in the receipts received in the first half of the year.	53,400		
10	This underspend has arisen from staff vacancies, and is planned to be utilised by overspends elsewhere in the portfolio.	(22,900)		
7	The cost of the shared Play Service is forecast to overspend due to a mix of expenditure increases in salary and grounds maintenance costs.	15,000		
13	This is year 3 of a 5 year scheme and the forecast for this particular year is currently an overspend.	42,200	Over the 5 years the scheme is expected to be cost neutral.	
	<b>TOTAL PROJECTED VARIANCE</b>	<b>300</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** Leader

**BUDGET** 216,300

**TOTAL CASH LIMIT** 216,300

**CHIEF OFFICER**

**MONTH ENDED** September 2015

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
<b>TOTAL</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>	
<b>Forecast Outturn After Remedial Action</b>	
<b>Forecast Transfers From Portfolio Specific Reserves</b>	
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>	

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
1,000	1,000	0	0.0%	L
25,000	25,000	0	0.0%	L
93,700	108,100	14,400	15.4%	L
(5,200)	5,900	11,100	213.5%	L
101,800	101,800	0	0.0%	L
<b>216,300</b>	<b>241,800</b>	<b>25,500</b>	<b>11.8%</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>		0		
<b>Forecast Outturn After Remedial Action</b>		216,300	241,800	25,500 11.8%
<b>Forecast Transfers From Portfolio Specific Reserves</b>		6,200		
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>		222,500	241,800	19,300 8.7%

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
3	The acquisition of a new lease car for the Lord Mayor has resulted in a short term overspend due to the change over of lease agreement.	14,400		
4	Income received from Portsmouth Cultural Trust (PCT) for the use of Lord Mayors Banqueting room is split between Lord Mayor and Lord Mayor's Events. Lower than forecasted levels of income are being achieved from the PCT for the use of the Lord Mayors Banqueting room.	11,100		
<b>TOTAL PROJECTED VARIANCE</b>		<b>25,500</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

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

**BUDGET**

1,130,300	Culture & City Development
(161,100)	Transport Environment & Business Support
(3,075,600)	Housing & Property Services

**TOTAL CASH LIMIT** (2,106,400)

**CHIEF OFFICER**

Michael Lawther

**MONTH ENDED** September 2015

Risk indicator		
Low	M	H
Low	M	H
Medium		
High		

ITEM No.	BUDGET HEADING
1	Planning Development Control
2	City Centre Business Support
3	Markets
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
<b>TOTAL</b>	<b>(2,106,400)</b>
<b>Total Value of Remedial Action (from Analysis Below)</b>	<b>0</b>
<b>Forecast Outturn After Remedial Action</b>	<b>(2,106,400)</b>
<b>Forecast Transfers To Portfolio Specific Reserves</b>	<b>(77,600)</b>
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>	<b>(2,184,000)</b>

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	%	
£	£	£	%	
361,100	231,100	(130,000)	(36.0%)	H
252,400	252,400	0	0.0%	M
(48,600)	(48,600)	0	0.0%	M
26,600	26,600	0	0.0%	H
279,800	279,800	0	0.0%	H
259,000	259,000	0	0.0%	M
		0	-	H
(208,400)	(393,900)	(185,500)	(89.0%)	H
47,300	175,400	128,100	270.8%	H
0	100,800	100,800	-	H
1,448,400	1,506,400	58,000	4.0%	M
808,800	783,800	(25,000)	(3.1%)	L
(5,332,800)	(5,356,800)	(24,000)	(0.5%)	H
<b>(2,106,400)</b>	<b>(2,184,000)</b>	<b>(77,600)</b>	<b>(3.7%)</b>	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1	Planning income is forecast to exceed the budget. There are also staff vacancies within the Service.	(130,000)		
8	Additional income of £104,000 from Enterprise Centres as a result of increased occupancy levels combined with a reduction in costs associated with the Windows 7 upgrade project of £81,000.	(185,500)		
9	As a result of falling income, a staff restructure is currently at the consultation stage. Reduced salary costs of £103,000 are offset by higher travel costs associated with relocated staff (£34,000) and reduced income of £197,000.	128,100		
10	This overspend is a combination of: £160,000 underachieved income in PIP offset by reduced staffing costs of £60,000 across the service.	100,800		
11	Lower premises expenditure	(25,000)		
12	Higher costs associated with refurbishment works than previously anticipated.	58,000		
13	Net additional income arising from the acquisition of investment properties (subject to completion) offset by lower rental income across the property portfolio, due to rent reviews and asset disposals.	(24,000)	Proactive review underway of the existing property portfolio in order to maximise rental returns, and the purchase of investment properties	
	<b>TOTAL PROJECTED VARIANCE</b>	<b>(77,600)</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

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

**BUDGET** (4,538,300)

**TOTAL CASH LIMIT** (4,538,300)

**CHIEF OFFICER** Martin Putman

**MONTH ENDED** September 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM	No.	
1 Income		
2 Operational Costs		
3 Management and General Expenses		
<b>OPERATING SURPLUS</b>		
<b>TOTAL</b>		

BUDGET PROFILE 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(12,867,200)	(13,663,100)	(795,900)	(6.2%)	H
6,745,000	6,555,600	(189,400)	(2.8%)	M
1,583,900	1,698,800	114,900	7.3%	L
<b>(4,538,300)</b>	<b>(5,408,700)</b>	<b>(870,400)</b>	<b>(19.2%)</b>	
<b>(4,538,300)</b>	<b>(5,408,700)</b>	<b>(870,400)</b>	<b>(19.2%)</b>	

**Total Value of Remedial Action (from Analysis Below)**

0

**Forecast Outturn After Remedial Action**

(4,538,300) (5,408,700) (870,400) (19.2%)

**Forecast Transfers To Portfolio Specific Reserves**

(370,400)

**Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves**

(4,908,700) (5,408,700) (500,000) (10.2%)

Capital Charges & Other Corporate Costs	4,894,000	4,781,200	(112,800)	(2.3%)
<b>Net (Profit) / Loss</b>	<b>355,700</b>	<b>(627,500)</b>	<b>(983,200)</b>	<b>(276.4%)</b>

**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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
Income	Favourable variance due to a new ferry service operating from the Port, an end of year contract adjustment, and increased port throughput.	(795,900)		
Operational Costs	Favourable variance arising from a reduction in employee costs and savings identified in services provided by security and berthing service contractors.	(189,400)		
Management and General Expenses	Adverse variance due to an increase in employee costs reflecting an increase in pilottage acts and costs, and sickness cover. An increase in communication costs (offset by EU funding shown under Income), and a reduction in officer recharges to capital schemes due project slippage.	114,900		
<b>TOTAL PROJECTED VARIANCE</b>		<b>(870,400)</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** Resources

**BUDGET** 20,238,100

**TOTAL CASH LIMIT** 20,238,100

**CHIEF OFFICER** Various

**MONTH ENDED** September 2015

Risk Indicator		
Low	M	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 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
544,800	535,400	(9,400)	(1.7%)	L
3,296,200	3,246,500	(49,700)	(1.5%)	H
70,000	70,000	0	0.0%	M
1,449,800	1,344,100	(105,700)	(7.3%)	H
612,800	612,800	0	0.0%	L
4,356,100	4,312,900	(43,200)	(1.0%)	M
4,317,700	4,306,200	(11,500)	(0.3%)	M
617,700	852,300	234,600	38.0%	H
297,600	396,600	99,000	33.3%	H
1,185,200	950,100	(235,100)	(19.8%)	H
(400,000)	(400,000)	0	0.0%	L
(385,400)	(385,400)	0	0.0%	M
5,000	5,000	0	0.0%	L
(580,800)	(795,300)	(214,500)	(36.9%)	H
(265,400)	(150,600)	114,800	43.3%	H
1,338,400	1,338,400	0	0.0%	L
100,000	56,200	(43,800)	(43.8%)	M
1,763,200	1,743,200	(20,000)	(1.1%)	M
0	0	0	-	L
(85,200)	(84,200)	1,000	1.2%	M
1,243,100	1,230,100	(13,000)	(1.0%)	L
757,300	1,037,300	280,000	37.0%	H
<b>TOTAL</b>	<b>20,238,100</b>	<b>20,221,600</b>	<b>(16,500)</b>	<b>(0.1%)</b>

**Total Value of Remedial Action (from Analysis Below)** 0

**Forecast Outturn After Remedial Action** 20,221,600 (16,500) (0.1%)

**Forecast Transfers To Portfolio Specific Reserves** (16,500)

**Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves** 20,221,600 20,221,600 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 2015/16**

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
2	The service underspend arises from posts being held vacant to prepare for savings requirements in future years and additional income achieved through the Internal Agency. This underspend is partly offset by an overspend in Legal Services due to income level not being achieved.	(49,700)		
4	Underspend across a number of Customer & Community Service areas due to the holding of vacancies where in order to prepare for saving requirements in future years.	(105,700)		
6	The service is holding vacancies in order to prepare for saving requirements in future years.	(43,200)		
7	The service is projecting an underspend due to posts being held vacant in preparation for future years savings.	(11,500)		
8	The projected overspend is mainly due to income being below target. Due to projects being delayed or altered due to changing client needs, and/or lack of funds to undertake the project; cancelled projects and non-fee earning work being undertaken, eg preparation of capital projects for future years and advice.	234,600	Services continue to seek further fee earning work. In addition, delayed projects which move into future years will earn fees in those later years. This overspend will be met by the projected underspend within the Landlords Maintenance budget, Line 10 below.	
9	The budget assumed that a saving based on the AMS Property Service creating Business Partners with other PCC Services' Property Departments would be implemented during 2014/15. This saving cannot now be made as originally envisaged and an alternative saving proposal remains to be identified.	99,000		
10	Landlords Maintenance budgets are below budget and planned to be so at year end to offset the overspend within the other Design/Maintenance budgets (Line 8 above). However, this is dependent on the weather over the winter which can have a large impact on this budget.	(235,100)		
14 / 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.	(99,700)		
17	The remaining balance on the LWAS is not expected to be spent at this point in time.	(43,800)		
18	The service is projecting an underspend due to vacated posts being held in preparation for future years savings.	(20,000)		
21	Corporate Subscriptions have been negotiated at a lower price than budgeted for which has created an underspend for the year. In addition to this, a review of the Members Support Service has created an underspend within the staffing budget.	(13,000)		
22	Approved budget reductions relating to additional income from HRA have yet to be identified. The Strategy unit is underspending due to vacated posts being held in preparation for future years savings.	280,000	Service continues to seek to identify opportunities to meet this saving requirement	
	Variance less than £5,000	(8,400)		
	<b>TOTAL PROJECTED VARIANCE</b>	<b>(16,500)</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**PORTFOLIO** Traffic & Transportation

**BUDGET** 15,877,200

**TOTAL CASH LIMIT** 15,877,200

**CHIEF OFFICER** Various

Risk indicator	
Low	L
Medium	M
High	H

**MONTH ENDED** September 2015

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	Group Administration and Support
15	Tri-Sail Maintenance
16	Transport Infrastructure Schemes
<b>TOTAL</b>	

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	%	
£	£	£	%	
(2,214,200)	(2,212,100)	2,100	0.1%	H
-	-	0	-	H
219,300	166,700	(52,600)	(24.0%)	L
583,800	591,500	7,700	1.3%	M
8,699,900	8,699,900	0	0.0%	L
2,845,400	2,839,400	(6,000)	(0.2%)	H
1,198,100	1,599,900	401,800	33.5%	H
(43,200)	(63,200)	(20,000)	(46.3%)	M
4,009,800	4,018,200	8,400	0.2%	H
(284,400)	(283,900)	500	0.2%	M
118,800	113,100	(5,700)	(4.8%)	L
341,900	292,800	(49,100)	(14.4%)	M
118,200	113,100	(5,100)	(4.3%)	L
184,900	205,200	20,300	11.0%	M
38,900	38,900	(0)	(0.0%)	L
60,000	(24,200)	(84,200)	(140.3%)	M
<b>15,877,200</b>	<b>16,095,300</b>	<b>218,100</b>	<b>1.4%</b>	

**Total Value of Remedial Action (from Analysis Below)** (359,600)

**Forecast Outturn After Remedial Action** 15,877,200 15,735,700 (141,500) (0.9%)

**Forecast Transfers To Portfolio Specific Reserves** (141,500)

**Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves** 15,735,700 15,735,700 (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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
3	As a result of the holding of posts vacant combined with increased income from fee earning work has resulted in a favourable variance.	(52,600)		
7	The installation of LED street lights will lead to significant savings in electricity costs and the budget was set on the basis that this efficiency would be in place by 2015/16. However this capital scheme is currently on hold and the savings will not be realised this financial year. The majority of the additional costs will be funded by a release from contingency.	401,800	Release from Contingency	(339,300)
8	Vacant posts offset by the associated loss of fee income (mitigated by higher fee income being generated by the remaining staff) has resulted in a net overall saving.	(20,000)		
12	This favourable variance is as a result of vacancies. Further recruitment campaigns are planned for later in the year and so it is anticipated that these vacancies will be filled by the end of the financial year.	(49,100)		
14	Additional non salary related support costs	20,300	Cross service contribution anticipated	(20,300)
16	The forecast favourable variance is due to vacancies within the project management team where recruitment has been delayed in order to make savings.	(84,200)		
	Other minor variances	1,900		
	<b>TOTAL PROJECTED VARIANCE</b>	<b>218,100</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>(359,600)</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

COMMITTEE Licensing

BUDGET (241,900)

**TOTAL CASH LIMIT** (241,900)

CHIEF OFFICER Michael Lawther

MONTH ENDED September 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Licensing Committee

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(241,900)	(241,900)	0	0.0%	L

**TOTAL**

Total Value of Remedial Action (from Analysis Below)

0

Forecast Outturn After Remedial Action

(241,900) (241,900) 0 0.0%

Forecast Transfers From Portfolio Specific Reserves

0

Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves

(241,900) (241,900) 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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
	<b>TOTAL PROJECTED VARIANCE</b>	0	<b>Total Value of Remedial Action</b>	0

Note Remedial Action resulting in savings is shown in brackets

**FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015**

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

**COMMITTEE** Governance, Audit and Standards Committee

**BUDGET** 387,700

**TOTAL CASH LIMIT** 387,700

**CHIEF OFFICER** Michael Lawther

**MONTH ENDED** September 2015

Risk indicator	
Low	L
Medium	M
High	H

<b>ITEM</b>	<b>BUDGET HEADING</b>
No.	
1	Municipal Elections
2	Registration Of Electors
3	Registrar of Births, Deaths & Marriages
<b>TOTAL</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>	
<b>Forecast Outturn After Remedial Action</b>	
<b>Forecast Transfers To Portfolio Specific Reserves</b>	
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>	

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
166,250	167,400	1,150	0.7%	L
280,350	243,900	(36,450)	(13.0%)	M
(58,900)	(192,900)	(134,000)	(227.5%)	M
<b>387,700</b>	<b>218,400</b>	<b>(169,300)</b>	<b>(43.7%)</b>	
		0		
<b>387,700</b>	<b>218,400</b>	<b>(169,300)</b>	<b>(43.7%)</b>	
		(169,300)		
<b>218,400</b>	<b>218,400</b>	<b>0</b>	<b>0.0%</b>	

**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 2015/16**

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
2	The in year funding received to provide the Individual Electoral Registration service has exceeded the cost of providing the service. This has been due to a concerted effort to minimise expenditure in the knowledge that there will be no further funding in later years and any underspends held will be used to contribute towards the cost of service provision in future years.	(36,450)		
3	It is expected that the Registrars will underspend at the end of the financial year due to additional income being received for the chargeable services that it delivers and a small saving realised through an in year staff vacancy.	(134,000)		
	Variance less than £5,000	1,150		
	<b>TOTAL PROJECTED VARIANCE</b>	<b>(169,300)</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16		
PORTFOLIO	Other Expenditure	
BUDGET	907,000	Levies
<b>TOTAL CASH LIMIT</b>	<b>907,000</b>	

CHIEF OFFICER Michael Lawther		Risk indicator
MONTH ENDED	September 2015	Low L
		Medium M
		High H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	%	
		£	£	£	%	
1	Environment & Flood Defence Agency	53,300	37,100	(16,200)	(30.4%)	M
2	Coroners	799,800	799,800	0	0.0%	M
3	Southern Sea Fisheries	53,900	36,600	(17,300)	(32.1%)	L
<b>TOTAL</b>		<b>907,000</b>	<b>873,500</b>	<b>(33,500)</b>	<b>(3.7%)</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>		0				
<b>Total Net Forecast Outturn (after remedial action)</b>		<b>907,000</b>	<b>873,500</b>	<b>(33,500)</b>	<b>(3.7%)</b>	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
	<b>TOTAL PROJECTED VARIANCE</b>	<b>0</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORFOLIO	Other Expenditure
BUDGET	1,299,800      Insurance
<b>TOTAL CASH LIMIT</b>	<b>1,299,800</b>
CHIEF OFFICER	Michael Lawther
MONTH ENDED	September 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	%	
1	Insurance Revenue Account	£ 1,299,800	£ 1,299,800	0	0.0%	M
<b>TOTAL</b>		<b>1,299,800</b>	<b>1,299,800</b>	<b>0</b>	<b>0.0%</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>				0		
<b>Total Net Forecast Outturn (after remedial action)</b>		<b>1,299,800</b>	<b>1,299,800</b>	<b>0</b>	<b>0.0%</b>	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
	<b>TOTAL PROJECTED VARIANCE</b>	0	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	0

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO	Other Expenditure									
BUDGET		23,875,000 Asset Management Revenue Account								
<b>TOTAL CASH LIMIT</b>		<b>23,875,000</b>								
CHIEF OFFICER		Michael Lawther								
MONTH ENDED	September 2015	<table border="1" style="float: right; margin-right: 10px;"> <tr> <td colspan="2" style="text-align: center;">Risk indicator</td></tr> <tr> <td>Low</td><td style="color: green;">L</td></tr> <tr> <td>Medium</td><td style="color: yellow;">M</td></tr> <tr> <td>High</td><td style="color: red;">H</td></tr> </table>	Risk indicator		Low	L	Medium	M	High	H
Risk indicator										
Low	L									
Medium	M									
High	H									

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	
1	External Interest Paid	18,569,000	18,731,500	162,500	0.9%	H
2	External Interest Earned	(2,410,200)	(3,302,600)	(892,400)	(37.0%)	H
3	Net Minimum Revenue Provision	7,716,200	7,012,600	(703,600)	(9.1%)	M
<b>TOTAL</b>		<b>23,875,000</b>	<b>22,441,500</b>	<b>(1,433,500)</b>	<b>(6.0%)</b>	
Total Value of Remedial Action (from Analysis Below)				0		
Total Net Forecast Outturn (after remedial action)		<b>23,875,000</b>	<b>22,441,500</b>	<b>(1,433,500)</b>	<b>(6.0%)</b>	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
2	Higher surplus cash than anticipated due to capital programme slippage and improved returns through diversifying the investment portfolio	(892,400)		
3	Lower capital expenditure financed from borrowing than had been anticipated in 2014/15 and revised MRP Policy from 2015/16	(703,600)		
<b>TOTAL PROJECTED VARIANCE</b>		<b>(1,596,000)</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16		
PORTFOLIO	Other Expenditure	
BUDGET	15,492,700	Miscellaneous
<b>TOTAL CASH LIMIT</b>		<b>15,492,700</b>
CHIEF OFFICER	Michael Lawther	
MONTH ENDED	September 2015	

Risk indicator
Low
Medium
High

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	
1	Precepts			0	-	L
2	Portchester Crematorium	(125,000)	(125,000)	0	0.0%	L
3	Compensatory Added Years & Contribution to Prior Years Pension Deficit	6,261,000	6,261,000	0	0.0%	L
4	Contingency	6,768,000	6,768,000	0	0.0%	H
5	Revenue Contributions to Capital	(285,600)	(285,600)	0	0.0%	L
6	MMD Losses	350,000	1,000,000	650,000	185.7%	L
7	Off Street Parking Reserve	(1,078,200)	(1,078,200)	0	0.0%	L
8	Transfer to / (From) MTRS Reserve	(671,600)	(671,600)	0	0.0%	L
9	Other Miscellaneous	2,874,000	2,874,000	0	0.0%	L
10	Other Transfers to / (from) Reserves	1,400,100	1,400,100	0	0.0%	L
<b>TOTAL</b>		<b>15,492,700</b>	<b>16,142,700</b>	<b>650,000</b>	<b>4.2%</b>	
<b>Total Value of Remedial Action (from Analysis Below)</b>		0				
<b>Forecast Outturn After Remedial Action</b>		<b>15,492,700</b>	<b>16,142,700</b>	<b>650,000</b>	<b>4.2%</b>	
<b>Forecast Transfers To Portfolio Specific Reserves</b>		<b>427,400</b>	<b>427,400</b>			
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>		<b>15,920,100</b>	<b>16,570,100</b>	<b>650,000</b>	<b>4.1%</b>	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
	<b>TOTAL PROJECTED VARIANCE</b>	<b>0</b>	<b>TOTAL VALUE OF REMEDIAL ACTION</b>	<b>0</b>

Note Remedial Action resulting in savings is shown in brackets

# Agenda Item 8



Portsmouth  
CITY COUNCIL

<b>Decision maker:</b>	Cabinet
<b>Subject:</b>	<b>Health and Social Care - Proposals to meet the underlying budget deficit</b>
<b>Date of decision:</b>	<b>3 December 2015</b>
<b>Report by:</b>	<b>Chris Ward, Director of Finance &amp; Information Services (Section 151 Officer)</b>
	<b>Robert Watt, Director of Adults Services</b>
<b>Wards affected:</b>	All
<b>Key decision:</b>	No

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## 1. Purpose of report

1.1 The purpose of this report is to advise Cabinet of the current overall budget position within the Health and Social Care portfolio and the actions in place to mitigate the underlying deficit in 2015/16 and to remedy the full deficit in 2016/17.

## 2. Recommendations

2.1 That the following be approved:

- (i) That the proposed savings as set out in Appendix A for the Health and Social Care Portfolio amounting, in total, to £2.4m in a full year be approved to enable appropriate consultation and notice periods to be given to affected parties.
- (ii) That Managers commence any necessary consultation process or notice process necessary to implement the approved Portfolio savings.

2.2 That the following be noted:

- (i) The savings proposals set out in Appendix A are indicative and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix A with alternative proposal(s) amounting to the same value within their Portfolio.
- (ii) The likely impact of savings as set out in Appendix A.



### 3. Underlying budget deficit

- 3.1 At its meeting on 10th February 2015, the Council approved the Portfolio cash limits for the financial year 2015/16. This was predicated on savings proposals of £3.8m and the assumption that the 2014/15 requirement to utilise £1.5m of reserves would not be ongoing.
- 3.2 The table below seeks to illustrate the main areas of historical budget pressures on Health and Social Care, which has led to the current underlying forecast budget deficit in 2015/16 of £2.4m.

Nature of Budget Pressure	2014/15 £	2015/16 £
<b>Pressures experienced in 2014/15:</b>		
Increased costs of Mental Health Residential Clients	335,000	300,000
Increased Volume of Domiciliary clients	1,300,000	1,300,000
Learning Disability transitional Clients	200,000	200,000
Change in Deprivation of Liberty legislation	165,000	165,000
Increased support to Carers to implement Care Act	100,000	
Reduced Nursing Care volume	(600,000)	(600,000)
Release of Portfolio reserves	(1,500,000)	
<b>Sub Total 2014/15 Pressures</b>	<b>0</b>	<b>1,365,000</b>
<b>Additional pressures experienced in 2015/16:</b>		
Unmet Savings		1,100,000
Increased cost of Learning Disability Residential Care		150,000
Transitional Clients		175,000
Other increased commissioning costs		210,000
Increased Better Care Fund Income		(600,000)
<b>2014/15 outturn and underlying deficit forecast for 2015/16</b>	<b>0</b>	<b>2,400,000</b>

### 4. Progress in 2015/16

- 4.1 Progress in 2015/16 has been constrained due to already comparatively low costs per client supported in addition to increasing pressures from the local hospital.
- 4.2 A number of actions have commenced in order to mitigate the scale of the deficit in the current year however these are not sufficient to remedy the £2.4m in total.
- 4.3 Attached at Appendix A is a full set of proposals to address the total £2.4m underlying budget deficit. Whilst it is not possible to implement all of the actions during 2015/16, they are planned to be implemented over the current year and 2016/17. Some progress has been made in the year and at the end of the second quarter, the forecast deficit for 2015/16 has reduced from £2.4m to £2.2m. Further detail of the current year position is reported elsewhere on this agenda.



## 5. Prospects for 2016/17

- 5.1 Once the underlying budget deficit of £2.4m has been remedied, the Portfolio is then able to make a contribution towards the Council's overall savings requirement of £11m for 2016/17. However, the scale of the challenge of meeting the £2.4m deficit has significantly constrained the Portfolio's ability to make further significant savings in 2016/17 beyond those set out in this report.
- 5.2 Proposals for further savings beyond the £2.4m contained in appendix A are set out in the report entitled "Portsmouth City Council Revenue Budget 2016/17 - Savings Proposals". That report contains all proposals to meet the Council's overall £11m savings requirement for 2016/17.

## 6. Conclusion

- 6.1 The Health and Social Care budget remains under pressure and the proposals contained within this report remain challenging. The Service is committed to implementing the deficit recovery plan with the aim of keeping cost within the budget allocation for 2016/17.

## 7. City Solicitor's comments

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

## 8. Equality impact assessment (EIA)

- 8.1 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, Director of Finance & Information Service (S151 Officer)**

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**Robert Watt, Director of Adult Social Services**

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

The information upon which this report has been based has been drawn from a variety of sources; however much of the information used is held in budget files prepared by the Health and Social Care Finance Team.

The recommendation(s) set out above were:



Approved/ Approved as amended/ Deferred/ Rejected by the Cabinet on 3<sup>rd</sup> December 2015

Signed: .....

## Appendix A

### INDICATIVE BUDGET SAVINGS TO MEET UNDERLYING DEFICIT

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
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#### **Health and Social Care Portfolio**

##### **Director of Adult Services**

001	Cease providing a Footcare service	Non-statutory service. Chargeable services available via NHS and private providers	45,000	45,000	45,000
002	Redesign of Substance Misuse service	Reduction of contribution to Substance Misuse. There will be less staff to support assessment, setting up of packages of care, referrals etc	109,000	109,000	109,000
003	Redesign of Substance Misuse - Residential Rehabilitation	This will limit volume of clients receiving recovery services aimed at reducing dependence	139,000	139,000	139,000
004	Criminal Justice Team/Liaison & Diversion Team - removal of Adult Social Care funding	Alternative source of funding may have to be sought if service is to continue	127,000	127,000	127,000
005	Transforming Older Persons Day Services-Incremental decrease in staffing in line with reducing demand	Referrals and demand for dementia day care has reduced recently. Demand can be volatile and any reduction in service may put at risk ability to meet future demand, placing more pressure on carers	60,000	60,000	60,000
006	Cease funding for Fratton Live at Home	Adult Social Care are working with the organisation to help them continue to operate on a self-sustaining basis	11,000	11,000	11,000
007	Cease running Learning Disability Saturday Carers Group	Will reduce the level of weekend respite services in the city for Learning Disability clients	24,000	24,000	24,000
008	Delete Carers Development Officer post	Will impact on ability to develop new opportunities for supporting carers projects	34,000	34,000	34,000
009	Independence and Wellbeing Team (IWT) Project costs	Cessation of investment in small projects	12,000	12,000	12,000
010	Reduction in Senior Management	Capacity for operational management as well as financial and strategic oversight reduced. Also reduces the ability to contribute to partnership working in the Portsmouth Health and Social Care system	155,000	155,000	155,000
011	Review of handyperson service for in-house units	Any reduction may incur cost for alternative provision as demand requires	22,000	22,000	22,000

## INDICATIVE BUDGET SAVINGS TO MEET UNDERLYING DEFICIT

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
012 Reduction in establishment for catering within in-house Residential Care	Will result in the Unit Managers having to take responsibility for the chefs in the units	55,000	55,000	55,000
013 Cap Domiciliary Care packages to the level of Residential Care rates	Individuals will either have to meet the difference between the City Council commissioned residential rate and their current care package, or accept a placement within a care home	150,000	150,000	150,000
014 Paying invoices to care providers on earlier settlement terms	Advantage taken of achieving discounts by making early payments	80,000	80,000	80,000
015 Withdraw the option of separately funded day care for clients in Residential and Nursing Care Homes	Residential care providers may resist the change	26,000	26,000	26,000
016 Direct Payments to only be delivered using prepaid cards	Enables PCC to reclaim any surpluses and reduce the opportunity for financial abuse	50,000	50,000	50,000
017 Set Direct Payment rate for Personal Assistants (PA's) at the national minimum wage	Would require consultation as it may change people's terms of employment with the potential risk that some PA's will stop providing the service. If individuals have a contract with current PA's they may have to dismiss and re-employ or meet the additional cost themselves	40,000	40,000	40,000
018 Re-design of Learning Disability accommodation & support to achieve efficiencies of 6%	Move from supported living domestic settings (3 to 4 people) into new accommodation (for up to 9 people) Outcomes would be improved. Allows flexibility around the service	318,000	318,000	318,000
019 Re-design of Learning Disability respite services - reduction in residential respite care offer by approximately 50%	Remodelling of respite service to offer more flexibility. Discrete setting for emergencies proposed. Reducing overall capacity could potentially risk family placements breaking down and creating more demand	100,000	100,000	100,000
020 Review eligibility of Learning Disability high cost cases	Requires re-assessment against both Health and Social Care criteria	100,000	100,000	100,000
021 All Individual Service Contracts distributed electronically	More efficient process	20,000	20,000	20,000
022 Quality Monitoring Service - Age UK (current provider)	Cease funding. Investigate if any other 'lay visitor' scheme could achieve saving	11,000	11,000	11,000
023 Dial/PDF (Portsmouth Disability Forum)	Integrated Commissioning Unit working with Portsmouth Disability Forum to maximise alternative funding resulting in minimal impact	31,000	31,000	31,000
024 Review purchased service contracts for continuation	Reductions in funding across a number of schemes. Some not appropriate for Adult Social Care funding, (Rape Crisis), some may become self-sustaining, (HIV/AIDS counselling), other schemes may see contracts reduced leading to withdrawal of services, (Adult Mental Health)	72,000	72,000	72,000

## INDICATIVE BUDGET SAVINGS TO MEET UNDERLYING DEFICIT

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
025 Independent Living Fund (ILF) - reassessing of clients taking into account their ILF funding	Increase in contributions towards care from those in receipt of ILF payments	100,000	100,000	100,000
026 Supporting People - Adult Social Care element - Re-tendering of contracts and re-assessments of individual packages of support	Implemented as part of the regular contract review process resulting minimal impact	20,000	20,000	20,000
027 Peer Support Recovery Workers for Adult Mental Health and associated costs - stop Adult Social Care funding	Impact on outcomes for service users if Adult Social Care do not continue to fund these posts	40,000	40,000	40,000
028 Re-design of Learning Disability Day Services - reducing the in-house offer and commissioning independent sector alternatives	Services will be re-focused on delivering outcomes around work, social inclusion, independence and health	50,000	50,000	50,000
029 Corben Lodge closure end of March 2016. This is currently a physical disability residential care home providing both short and long term care	Opportunity to remodel the building to create Supported Living opportunities for people with a learning disability who are currently in other placements. The impact will be to reduce the current level of respite available for people with physical disabilities	300,000	300,000	300,000
030 Reduce sponsorship of Social Work and Occupational Therapist placements	Reduced opportunity for unqualified staff to progress. Potential to cause staff retention issues in future years and affect ability to recruit quality staff	20,000	20,000	20,000
031 Implementation of Resource Allocation System(RAS) for Carers	This will create a consistent and transparent framework providing services to meet assessed need	35,000	35,000	35,000
032 Cease sending paper remittance to clients for direct payments	This saving represents a reduction in postage	4,000	4,000	4,000
033 Capping allowable disability related expenditure in relation to financial assessments for contributions to care for new clients	No Impact - Already implemented	40,000	40,000	40,000
<b>Health and Social Care Portfolio Total</b>		<b>2,400,000</b>	<b>2,400,000</b>	<b>2,400,000</b>

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# Agenda Item 9



Portsmouth  
CITY COUNCIL

<b>Decision maker:</b>	Cabinet
<b>Subject:</b>	<b>Education &amp; Children - Proposals to meet the underlying budget deficit</b>
<b>Date of decision:</b>	<b>3 December 2015</b>
<b>Report by:</b>	<b>Chris Ward, Director of Finance &amp; Information Services (Section 151 Officer)</b>
	<b>Di Smith, Director of Children's Services</b>
<b>Wards affected:</b>	All
<b>Key decision:</b>	No

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## 1. Purpose of report

1.1 The purpose of this report is to advise Cabinet of the current overall budget position within the Children & Education portfolio and the actions in place to mitigate the underlying deficit in 2015/16 and to remedy the full deficit in 2016/17.

## 2. Recommendations

2.1 That the following be approved:

- (i) That the proposed savings as set out in Appendix A for the Children and Education Portfolio amounting, in total, to £2.7m in a full year be approved to enable appropriate consultation and notice periods to be given to affected parties.
- (ii) That Managers commence any necessary consultation process or notice process necessary to implement the approved Portfolio savings.

2.2 That the following be noted:

- (i) The savings proposals set out in Appendix A are indicative and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix A with alternative proposal(s) amounting to the same value within their Portfolio.
- (ii) The likely impact of savings as set out in Appendix A.



### 3. Underlying budget deficit

- 3.1 At its meeting on 10th February 2015, the Council approved the Portfolio cash limits for the financial year 2015/16. The report explained that there had been no requirement for Children's Social Care and Safeguarding to make any new savings to contribute to the corporate target during the year, however, it would need to identify sufficient savings to meet the underlying deficit in order to remain within its budget allocation.
- 3.2 The table below seeks to illustrate the main areas of historical budget pressures on Children's Social Care & Safeguarding, which has led to the current underlying forecast budget deficit in 2015/16 of £2.7m.

Nature of Budget Pressure	2014/15 £	2015/16 £
<b>Budget Pressures 2013/14 (continuing into 2014/15):</b>		
Looked After Children placement costs	563,000	563,000
Contract costs	40,000	40,000
Staffing pressures - due to loss of funding	273,000	273,000
Staffing pressures - to meet adoption reform requirements	94,000	94,000
Other staffing pressures	223,700	223,700
Additional IRO posts to meet statutory caseload levels	101,300	101,300
Unachieved savings	242,000	242,000
<b>Underlying budget pressures brought forward from 2013/14</b>	<b>1,537,000</b>	<b>1,537,000</b>
<b>Additional pressures experienced in 2014/15:</b>		
Increased costs of Looked After Children placements	1,457,000	502,000
Agency costs	1,331,000	0
Permanent staffing costs	(396,000)	231,000
Other operating costs	(73,000)	457,000
<b>2014/15 outturn and underlying deficit forecast for 2015/16</b>	<b>3,856,000</b>	<b>2,727,000</b>

### 4. Progress in 2015/16

- 4.1 A number of actions have commenced in order to mitigate the scale of the deficit in the current year however these are not sufficient to remedy the £2.7m in total.
- 4.2 Attached at Appendix A is a full set of proposals to address the total £2.7m underlying budget deficit. Whilst it is not possible to implement all of the actions during 2015/16, they are planned to be implemented over the current year and 2016/17. Some progress has been made in the year and at the end of the second quarter, the forecast deficit for 2015/16 has reduced from £2.7m to £2.3m. Further detail of the current year position is reported elsewhere on this agenda.



## 5. Prospects for 2016/17

- 5.1 Once the underlying budget deficit of £2.7m has been remedied, the Portfolio is then able to make a contribution towards the Council's overall savings requirement of £11m for 2016/17. However, the scale of the challenge of meeting the £2.7m deficit has significantly constrained the Portfolio's ability to make further significant savings in 2016/17 beyond those set out in this report.
- 5.2 Proposals for further savings beyond the £2.7m contained in appendix A are set out in the report entitled "Portsmouth City Council Revenue Budget 2016/17 - Savings Proposals". That report contains all proposals to meet the Council's overall £11m savings requirement for 2016/17.

## 6. Conclusion

- 6.1 The Children's Social Care & Safeguarding budget remains under pressure and the proposals contained within this report remain challenging. The Service is committed to implementing the deficit recovery plan with the aim of keeping cost within the budget allocation for 2016/17.

## 7. City Solicitor's comments

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

## 8. Equality impact assessment (EIA)

- 8.1 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, Director of Finance & Information Service (S151 Officer)**

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**Di Smith, Director of Children's Services**

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

The information upon which this report has been based has been drawn from a variety of sources; however much of the information used is held in budget files prepared by the Children and Education Finance Team. Please contact Beverley Pennekett, Finance Manager, if required.

The recommendation(s) set out above were:



Portsmouth  
CITY COUNCIL

Approved/ Approved as amended/ Deferred/ Rejected by the Cabinet on 3<sup>rd</sup> December 2015

Signed: .....

## Appendix A

### INDICATIVE BUDGET SAVINGS TO MEET UNDERLYING DEFICIT

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
<b><u>Children and Education Portfolio</u></b>				
<b><u>Deputy Director (Children's Social Care)</u></b>				
001 Reduce 10 IFAs by conversion to in-house placements	Potential for children to experience more moves than would otherwise be the case. This proposal will stretch staff resources as it requires ongoing focus and investment in the in-house foster carer recruitment strategy to ensure that we attract and retain enough in-house provision	200,000	200,000	200,000
002 Creating efficiencies across safeguarding functions with adult social care through greater integration of management and administrative support for Adult and Children's Social Care functions	The integration of these functions, will lead to reduced resilience in team structures	100,000	100,000	100,000
003 Triage service has led to reduced demand on the Youth Offending Team allowing a staff reduction	Risk that reduced demand may not be sustained and that the budget reduction will not be met	50,000	50,000	50,000
004 Commissioner & Business support post reductions	Limits strategic capacity and management oversight and potentially reduces our ability to respond to changing demands, since there will be a reduction in specialist staff	103,000	103,000	103,000
005 Reduce Positive Activities contract which provides a range of city wide universal activities for children and young people	Minimal impact, as there are alternative activities across the city, although young people may have to go further afield in order to access provision	84,000	84,000	84,000
006 Closure of Go 4 It centre	Limited impact as other locations have been identified for service delivery	17,200	17,200	17,200
007 Reduction in Youth Justice requirements for secure placements, a reduction in expected placements and general numbers of referred offenders	These placements are made by the Courts and are unpredictable. Recently there has been a reduction in directed placements but there is a risk that the reduction may not be sustained, increasing the pressure on this budget	200,000	200,000	200,000
008 Redesign of Children's Social Care services to deliver further operating and managerial efficiencies	Limited impact on frontline service delivery	627,000	627,000	627,000
009 Reduction in the numbers of looked after children (LAC) through service pathways (5) and reunification programme (10)	There will be a continued focus on the permanency strategy for LAC. An assessment of individual children's needs will be completed. An evidence based reunification project is in place to support practice, which should allow more children to be cared for with their families	290,000	290,000	290,000

## INDICATIVE BUDGET SAVINGS TO MEET UNDERLYING DEFICIT

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
010 Creation of new "Through-care" team, amalgamating previously separate teams and creating efficiencies	Flexibility and responsiveness to clients are reduced, although this can be mitigated provided we can ensure that all practice leader posts are permanently staffed	126,000	126,000	126,000
011 Review of residential provision	In-house provision is reduced, and risks may be created by increased reliance on the independent sector	324,000	324,000	324,000
<b><u>Deputy Director of Children's Services (Education)</u></b>				
012 Education Officer to cover Standing Advisory Council for Religious Education (SACRE) statutory responsibility	Will require use of existing staff resources to undertake activity which may divert resources from other activities	4,300	4,300	4,300
013 Income generation from the provision of staff to Ofsted	Reduces flexibility, as this will take time from existing staff resources (16 days); however it increases professional development and credibility of team	5,400	5,400	5,400
014 Reduce the Short Breaks so that only children with the most complex needs receive funding	There is a risk of creating greater pressure on statutory social care services by reducing respite support to some vulnerable families	50,000	50,000	50,000
015 Cessation of home to school transport for all but those we have a statutory responsibility to provide the service for	The introduction of a revised transport policy in September 2014 reduced the eligibility criteria to cover only those children where the council has a statutory duty to provide free transport, plus a small budget for children where their circumstances are exceptional. Removal of this support could have a negative impact on attendance and/or the numbers of young people participating in education (NEET figures)	58,300	58,300	58,300
016 Charge additional Special Educational Needs costs to the Dedicated Schools Grant (DSG)	Relies on being able to identify areas of spend which comply with the DSG conditions of grant. A further call on the DSG will reduce funding available to school	85,000	85,000	85,000
017 Reduction in Special Educational Needs transport costs as a result of the introduction of the new Home to School/College transport policy in September 2014	Fewer children can now access free home to school transport, since it is now only available where the council has a statutory duty to provide it, or where there are exceptional circumstances	100,000	100,000	100,000
018 Reshape the child development programme to deliver the service more efficiently	Service is currently provided to families in their homes. Families who find it challenging to access services outside the home learn to promote their child's development through quality interactions and play may not engage, resulting in delayed development for some vulnerable children	54,800	54,800	54,800

## INDICATIVE BUDGET SAVINGS TO MEET UNDERLYING DEFICIT

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
<b><u>Director of Public Health</u></b>				
019    Review the number and use of Children's Centres, and instead provide more outreach services. This to be implemented as part of a programme to integrate children's health, younger and older children's support and parental support services into an all through Family Centre Service. The aim is to reduce building costs rather than services	Reduction in the number Children's Centre buildings, with services provided through outreach activity. Services will focus in areas of most deprivation and need, building on the most utilised Centres. Further work and a public consultation will identify which centres will be affected. Services for older children and families could also be offered from remaining Children's Centre buildings	221,000	221,000	221,000
<b>Children and Education Portfolio Total</b>		<b>2,700,000</b>	<b>2,700,000</b>	<b>2,700,000</b>

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Agenda item:

<b>Decision maker:</b>	Cabinet City Council
<b>Subject:</b>	Portsmouth City Council Revenue Budget 2016/17 - Savings Proposals
<b>Date of decision:</b>	3rd December 2015 (Cabinet) 8 <sup>th</sup> December 2015 (City Council)
<b>Report by:</b>	Director of Finance & Information Services (Section 151 Officer)
<b>Wards affected:</b>	All
<b>Key decision:</b>	Yes
<b>Budget &amp; policy framework decision:</b>	Yes

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## 1. Executive Summary

- 1.1 Overall, economic conditions are improving but the National Debt continues to rise. The Government have stated that growth alone will not fix the budget deficit and consequently the programme of fiscal consolidation (or public sector spending reductions) will continue to 2020.
- 1.2 Expectations for the Council over the next 3 years are characterised by increasing demand for services, particularly in the essential care services, at the same time as continuing reductions in funding. This simultaneous double impact requires the Council to make £31m of savings over the next 3 years.
- 1.3 The first tranche of savings amount to £11m and need to be realised for 2016/17. The proposals within this report seek to make those savings in a way that is consistent with the Council's Medium Term Financial Strategy approved in 2013 which aims to deliver the necessary savings whilst continuing the drive towards the regeneration of the City and protecting the most important and valued Services.
- 1.4 Over the last 3 years, the City Council has experienced Government funding reductions of £59m (representing 38%). When combined with the need to meet unavoidable cost pressures, the City Council has had to make savings of £75m through efficiencies and service reductions. In context, £59m represents 28% of the Council's controllable budget.

- 1.5 At the present time, the Council's essential care services (Children & Education and Health & Social Care) are currently overspending against their budgets with underlying deficits of £2.7m and £2.4m, respectively. Plans are in place to eradicate those deficits by 2016/17 but in doing so, the Council's ability to find savings from these Portfolios to contribute towards the £11m savings requirement for 2016/17 has been severely constrained.
- 1.6 Furthermore, Adult Social Care in particular will continue to face both significant demographic pressures as well as extraordinary inflationary pressures in the future. Of particular significance will be the potential cost associated with the introduction of the National Living Wage from April 2016, estimated to cost circa £1.5m if this is not to be funded by Central Government in some form.
- 1.7 The Education & Children's Portfolio, Environment & Community Safety Portfolio and Health & Social Care Portfolio have, to varying degrees, received meaningful protection from budget savings over the past 5 years due to the prioritisation of these Services over others as well as the more limited ability to make savings in these areas. In aggregate, these Portfolios account for two thirds of the Council's total controllable spending. The scale of the future savings requirements beyond 2016/17 will be such that the Council will no longer be able to afford the same levels of protection that have been provided in the past for these Services without severe cuts to all other Services.

- 1.8 Against the backdrop of having made savings of £75m over the past 5 years, the Council's Medium Term Financial Strategy to achieve the £11m savings requirement for 2016/17 and its total savings requirement of £31m over the next 3 years is as follows:

### **OVERALL AIM**

*"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City and protecting the most important and valued services*

#### **STRAND 1**

Reduce the City's dependency on Central Government Grant

#### **STRAND 2**

Reduce the extent to which the population needs Council Services

#### **STRAND 3**

Increase the efficiency & effectiveness of the Council's activity

#### **STRAND 4**

Withdraw or offer minimal provision of low impact Services

- 1.9 The proposals contained within this report are designed to follow the financial strategy and respond to the budget consultation. They include the following:
- To prepare towards the Council's Budget for 2016/17, to be approved in February 2016, on the basis of a 2% increase in Council Tax
  - A suite of savings amounting to £11m of the £31m required over the next 3 years (2016/17 to 2018/19)
  - Reflect the responses to the Budget Consultation, which generally suggest that services to the vulnerable should receive some measure of protection. Given that the Children & Education Portfolio and the Health and Social Care Portfolio need to remedy their current budget deficits of £2.7m and £2.4m respectively, the savings proposals provide significant protection for both of these Portfolios
  - Generally propose savings that have the least impact on residents but given that it is inevitable that there will be risks in delivering savings on this scale, that the appropriate mitigation measures are put in place where high risk exists
  - Savings decisions at this early stage provide greater opportunity for any necessary consultation, notice periods and other lead-in times to take place and therefore avoid a greater number or deeper savings associated with any delay
  - The use of £0.5m of the MTRS Reserve to continue to support the programme of interventions and provide capacity to increase the scale and pace of interventions as a means to support the achievement of future savings
- 1.10 The proposals within this report are a necessary pre-cursor to the Annual Budget and Council Tax Setting meeting of the 9<sup>th</sup> February 2016 when the Council will be requested to formally approve the Budget for 2016/17 and the associated Council Tax for the year. Should the savings proposals contained within this report be approved, they will form the basis of the Budget for 2016/17 presented to Council. That report will also include a comprehensive revision of the Council's future financial forecasts and set the consequent future savings requirements for the period 2017/18 to 2019/20.
- 1.11 The proposals within this report will maintain the Council's financial health and resilience and therefore its ability to respond in a measured and proportionate way to any "financial shocks" by having adequate reserves and contingencies available for a Council of this size and risk profile.

## **2 Purpose of Report**

- 2.1 The report describes the challenging financial climate facing the City Council for the three years 2016/17 to 2018/19 and the likely implications for Council services to businesses and residents. It describes, in overall terms, the Medium Term Financial Strategy that the Council is following in order to achieve its stated aim as follows:

### ***OVERALL AIM***

*"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City and protecting the most important and valued services*

- 2.2 The report sets out the need to find £31m of savings over the next three years with a minimum of £11m (or £12.2m if a Council Tax freeze) for 2016/17. It recommends the level of savings to be made across Portfolios and other activities in 2016/17 consistent with both the outcomes of the recent budget consultation exercise and the overall financial strategy. The report then proceeds to describe the likely savings and implications associated with the overall Portfolio savings levels proposed.
- 2.3 Associated with the delivery of future savings and in accordance with the Financial Strategy, is a proposal to increase the funding for the Business Intervention Fund by £0.5m so that the Council can continue its programme of service interventions at scale and at pace in readiness for the continued savings challenge for future years.
- 2.4 Finally, the report stresses the important contribution that the MTRS Reserve and the Capital Programme can make to the Council's overall Medium Term Financial Strategy. The General Fund Revenue Budget is the most constrained of all Council budgets and the sustainability of Council Services will be better protected if both MTRS funds and the Capital programme are directed towards generating savings.
- 2.5 This report is being brought at this time to provide greater opportunity for any necessary consultation, notice and other lead-in times to take place prior to implementation in order that full year savings can be made. Should approval of the savings be considered at a later date, a greater number or deeper savings will be required in order to compensate for any delay in implementation.

2.6 In particular, this report explains:

- (a) In broad terms the challenge for the City in the current economic climate
- (b) The general financial constraints on the City Council both currently and in future years
- (c) The difficulty that the Council's essential care Services have experienced in remaining within their cash limits in the current year and the implications for the coming year 2016/17
- (d) Key assumptions built into the City Council's forecasts for 2016/17 to 2018/19 which give rise to a forecast £31m deficit over the period and which include:
  - i. Revenue Support Grant
  - ii. Other Non-ring fenced grants
  - iii. Business Rates
  - iv. Council Tax yield
  - v. Inflation and interest rates
- (e) The level of uncertainty surrounding future years funding reductions from Government arising from the Comprehensive Spending Review and the extent to which this could affect the forecast £31m deficit
- (f) The Medium Term Financial Strategy aimed at meeting the Council's core aim whilst addressing the £31m deficit
- (g) The key themes arising from the budget consultation that took place over the September / October period to assist Members in their consideration over the level and nature of savings to be made across Portfolios
- (h) In the context of the Medium Term Financial Strategy and the Budget Consultation, the proposed savings amount for each Portfolio / Committee to be made in 2016/17
- (i) The detailed indicative savings (Appendix A) that could be made by each Portfolio / Committee in meeting its overall savings amount in order to provide the Council with the assurance necessary to approve the recommended savings amount for each Portfolio / Committee
- (j) The need to agree the Portfolio / Committee savings amounts at this early stage in order that any necessary consultation, notice periods or other lead times can commence in order to avoid greater and deeper savings arising from any delay
- (k) The spend to save investment required in order to support delivery of the Council's future savings requirements
- (l) How the proposals contained within this report will be fed into the formal Budget and Council Tax 2016/17 proposals to be considered by the City Council on 9<sup>th</sup> February 2016

### **3 Recommendations**

3.1 That the following be approved:

- (a) That the Council's Budget for 2016/17 be prepared on the basis of a 2% Council Tax increase
- (b) That in the event that the Council has the ability to increase the level of Council Tax beyond 2% in order to fund Adult Social Care pressures, and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care to provide for those otherwise unfunded cost pressures.
- (c) The savings proposals for each Portfolio amounting, in total, to £11m for 2016/17 and continuing into future years as set out in Appendix A to enable appropriate consultation and notice periods to be given to affected parties
- (d) That £500,000 be released from the MTRS Reserve to increase the Business Intervention Fund in order to increase the scale and pace of the programme of Service interventions described in paragraphs 10.17 and the funding to be used flexibly across years
- (e) That the allocation of the Business Intervention Fund to Service interventions be delegated to the S151 Officer in consultation with the Leader of the Council.

3.2 That the following be noted:

- (a) The Budget Savings Requirement for 2016/17 of £11m approved by the City Council was based on a Council Tax increase of 2.0%; each 1% change (increase or decrease) in the Council Tax results in a change to the savings requirement of £625,000<sup>1</sup>
- (b) The key themes arising from the budget consultation
- (c) The indicative savings proposals set out in Appendix B which are provided for the purpose of demonstrating to the Council that the Portfolio savings as recommended in paragraph 3.1 (c) above are robust and deliverable
- (d) The likely impact of savings as set out in Appendix B based on the scale of the Portfolio savings as recommended in paragraph 3.1(c)
- (e) 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 within those Portfolios / Committees

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<sup>1</sup> Tax increases will be subject to Council Tax referendum thresholds which are at this stage unknown

- (f) That it is the responsibility of the individual Portfolio Holders (not the City Council) to approve the individual savings proposals and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix B with alternative proposal(s) amounting to the same value within their Portfolio
- (g) Managers will commence any necessary consultation process or notice process necessary to implement the approved Portfolio / Committee savings
- (h) That there is no general provision for Budget Pressures and that it is the responsibility of the Portfolio Holder to manage any Budget Pressures which arise from the overall resources available to the Portfolio (which includes their Portfolio Reserve)
- (i) In accordance with the approved financial framework, it is the responsibility of the Portfolio Holder, in consultation with the Director of Finance & Information Services (S151 Officer), to release funds from the Portfolio Reserve in accordance with the provisions set out in paragraph 10.14
- (j) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies currently holds a very modest uncommitted balance of £3.0m and will only be replenished from an approval to the transfer of any non-Portfolio underspends at year end into this reserve

## **4 Economic & Financial Context**

- 4.1 Following the global economic downturn, the combination of reduced tax revenues and increases in the overall welfare bill has caused the national debt to rise from £0.5 trillion in 2008 to £1.5 trillion or 80.5% of Gross Domestic Product (GDP) currently.
- 4.2 Part of the response from Central Government has been to reduce spending (and funding) across the public sector. Over the past 5 years (since 2011/12), Central Government funding to Portsmouth City Council has reduced by over £59m (amounting to 38%). This has primarily been through reductions in Revenue Support Grant and has made no allowance for the differing council tax levels and tax bases of councils. Taken together with other financial pressures that have been experienced by the City Council (mainly relating to inflation, the effects of an ageing population on care services and the increased requirements for the safeguarding of vulnerable children), the City Council has had to make overall savings over the same period of over £75m. In context, this represents circa 40% of the Council's controllable spending.
- 4.3 Despite the improving economic conditions, public sector debt remains high and Government are committed to turning the current annual budget deficit,

currently standing at approximately £69.5bn<sup>2</sup> per annum into surplus by 2020 at which time they can start to pay down the national debt. The Prime Minister has previously stated that growth alone will not fix the budget deficit and recent announcements from Government indicate that Local Government is likely to face funding reductions in the order of a further 30% over the next 4 years.

- 4.4 Looking forward, the Council's current forecasts which run to 2018/19 indicate an overall savings requirement of £31m over the forthcoming 3 year period. This will mean that over the period of the austerity programme, funding from Government will have reduced by some 53%.

## **5 Local Government Funding Outlook - 2016/17 and Beyond**

### Local Government Finance Settlement 2016/17 & Beyond

- 5.1 The Local Government Finance Settlement is the term used to describe the main non-ring fenced Revenue and Capital grant funding allocations from Government.
- 5.2 The Local Government Finance Settlement for 2016/17 which accounts for approximately 48% of controllable spending is expected to be announced in either the second or third week of December following the announcement of the Comprehensive Spending Review on 25<sup>th</sup> November.
- 5.3 Until the Local Government Finance Settlement is received in mid to late December, overall Council funding for 2016/17 and indicative funding levels for future years will be unclear. Early indications are that funding reductions from Central Government, at a national level, will run at approximately 8% per annum for the next 4 years but reductions at a local level will differ between authorities. Currently the Council's forecasts reflect an overall 8.5% reduction in 2016/17 and 7.6% reductions thereafter. Should Government funding reductions of 8% per annum be implemented, this would be in broad alignment with the current assumption of a £26.6m reduction in Government funding over the period.
- 5.4 Whilst the Local Government Finance Settlement is a significant factor in determining the Council's overall financial position and therefore any necessary savings, other significant factors that will affect the Council's future savings requirements include Business Rates income, Council Tax income, inflation, interest rates and any new unfunded burdens passed down from Government.

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<sup>2</sup> Office For Budget Responsibility - July 2015 Budget

## Council Tax 2016/17 & Beyond

- 5.5 Portsmouth City Council is a low taxing Authority. The Council currently receives approximately £6.0m per annum less in Council Tax than the average Unitary Authority within its statistical neighbour group, a gap which the Council would otherwise not need to fund through reductions in services or additional income.
- 5.6 The original assumptions for 2016/17, 2017/18 and 2018/19 are for a 2.0% increase in Council Tax each year, this generates a total of £3.8m in income over the 3 year period (or £1.25m per annum). The increase in the amount of Council Tax payable by the average council taxpayer<sup>3</sup> in Portsmouth with a 2% increase is £18.22 per year (or 35 pence per week).
- 5.7 Each 1% change (increase or decrease) in the Council Tax results in a change to the savings requirement of £625,000<sup>4</sup>. Should the Council wish to reduce the assumed level of Council Tax increase from 2.0%, equivalent savings will need to be made in order to remedy the associated increase in the overall deficit. Conversely, any increase in Council Tax beyond 2.0% will make a contribution towards the overall deficit, meaning that the extent of savings to be made will reduce. Council tax increases however, are subject to a "referendum threshold" which is a limit (i.e. council tax increase) that to exceed requires a "yes" vote in a referendum. The Council Tax referendum limits are not expected to be announced until the second or third week in December as part of the Local Government Finance Settlement.
- 5.8 At the time of writing, to address national cost pressures some political commentators are anticipating that the Chancellor may allow a 2% increase in Council Tax where this is earmarked for Adult Social Care. It is not clear that this would be in addition to any increase allowed within 'referendum limits' but it is understood that most councils, like us, will have assumed a 2% rise regardless.
- 5.9 As set out in Section 6, there are a number of actual and potential cost pressures that will fall on Adult Social Care in 2016/17 arising from both the Care Act and the introduction of the National Living Wage. The National Living Wage alone could confer an additional cost of circa £1.5m on the Council. These new burdens have not been factored into the Council's overall £31m financial deficit as it has been assumed that any new burden will be funded in full by Government. On that basis, it is recommended that in the event that the Council has the ability to increase the level of Council Tax beyond 2% in order to fund Adult Social Care pressures and if the Council elects to do so, that any additional funding that arises is passported direct to Adult Social Care in order to provide for those unfunded pressures.

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<sup>3</sup> The median Council Taxpayer lives in a Band B property

<sup>4</sup> Tax increases will be subject to Council Tax referendum thresholds which are at this stage unknown

## Business Rates 2016/17 & Beyond

5.10 The previous grant funding system from Government changed in 2013/14. Funding from Government was reduced and replaced with the ability to retain 49% of all Business Rates collected. Business Rates income is increased by inflation each year and is also influenced by the extent to which Business Rates income grows or contracts and the level of successful appeals against rates valuations. Whilst this presents an opportunity for Local Authorities with strong business growth potential, it also presents risks for Authorities whose business rates base is in decline or subject to “shocks” such as closure (or relocation) of major businesses in an area.

5.11 The system is complex but some of the key features are highlighted below:

- For business the National Non Domestic Rates (NNDR) system will remain the same. Local Authorities will not have control over how the level of tax is determined for ratepayers
- If the business rate taxbase grows the City Council will be rewarded with increased funding, but if it declines Council funding will reduce
- It is estimated that a 1% change in Business Rates will result in circa £400,000 change in funding
- Local Authorities that have very significant business rate growth will pay a levy
- A safety net payment will come into effect if an Authority's income falls by more than 7.5% of the original baseline funding level.

5.12 Current estimates of the City Council's share (i.e. 49%) of total Business Rates collected for 2015/16 is £39.6m. For the period 2016/17 to 2018/19, the Council's forecasts assume no real growth but with inflationary uplifts of 2.1%, 2.9% and 3.4%, respectively. These inflationary uplifts are now considered to be optimistic and changes to the estimated Business Rate income for the current and future years will be reflected in the comprehensive revision to the Council's overall financial forecasts in February 2016. Any consequent implications will be reflected in the Savings Requirements for future years.

5.13 Economic growth and job creation in the city are essential and the City Council has a key role in regenerating the city, working with partners to grow the local and sub-regional economy. As described later in this report, growth and job creation has the dual impact of increasing the prosperity of residents generally which leads to a reduction in demand for Council services and increases Business Rates, of which 49% is retained by the Council. This allows the Council to both reduce its costs as well as generate additional income.

- 5.14 Supporting growth and job creation will be a particular challenge to the City Council in the coming Budget. Savings proposals will need to consider how best to assist the economic recovery at a time when the Council's own funding is being cut and demand for essential services is likely to increase (see demographic changes at Section 6 below). For the reasons outlined, supporting growth and job creation remains a central theme of the Council's Medium Term Financial Strategy.
- 5.15 In summary, the funding for Local Government will remain particularly uncertain until the outcome of the Local Government Finance Settlement in December 2015. Whilst uncertain, the Council's current forecasts for 2016/17 anticipate a total reduction in revenue funding from Government of £9.8m whilst a Council Tax increase of 2.0% and an inflationary uplift in Business Rates will generate £3.5m of income, a net shortfall of £6.3m before taking account inflationary and other cost pressures.
- 5.16 Over the full 3 year period of the Council's forecasts, the shortfall between Council Tax increases and inflationary uplifts on Business Rates at £7.6m compared with funding reductions of £26.6m leaves a net shortfall of £19m before taking into account inflationary and other cost pressures described in the next section.

## **6 City Council Expenditure Outlook - 2016/17 & beyond**

### Demographic Changes

- 6.1 Demographic changes are likely to generate the largest cost pressures facing the City Council going forward. Nationally, it has been said that the ageing population will cause at least as much pressure on budgets as the austerity programme currently in place. As well as pressure caused by an ageing population there is also pressure caused by a "living longer" population. More people are coming through the transition into adult care from children's care with profound physical or learning disabilities and tend to be at the higher end of the care spectrum, costing significant amounts of money. The outlook therefore for the Council's essential care services is one of significantly increasing costs.

### Government Policy Changes / Expectations 2016/17 and Beyond

- 6.2 Reforms to the welfare system are likely to result in additional demands on the Council's housing and essential care services.
- 6.3 Such changes could also reduce the income which the Council can charge for providing those services. The cumulative impact of the reforms where separate benefits convert to the Universal Credit coupled with the change from Disability Living Allowance to Personal Independence Payments is likely to reduce social

care clients' disposable income and therefore the amount they can afford to pay for their care.

- 6.4 New care duties and responsibilities for local authorities commenced under the Care Act in April 2015. The Government has stated that it will fund these new Care Act requirements in full (either to Local Authorities directly, and potentially by the ability to raise Council Tax, or through the Better Care Fund of the NHS).
- 6.5 The introduction of the National Living Wage from April 2016 is expected to create significant cost pressures for the Council particularly in Adult Social Care contracts. Initial estimates suggest that the impact could be in the order of £1.5m per annum. Again, it is possible that Government may seek to mitigate this by allowing Council's the ability to raise Council Tax.

#### Inflation

- 6.6 In overall terms, the cost of inflation has been relatively modest in recent years. This has been held down largely due to the pay restraint over the last 5 years characterised by pay freezes and modest increases of circa 1% per annum over the past 2 years. For the next 3 year period, the Council's current forecasts assume that inflationary costs will amount to £13.1m as pay increases return and the Consumer Price Index (CPI) starts to move to more normal levels. Of particular significance for 2016/17 is the increase in Employers National Insurance contributions which comes into effect from 1<sup>st</sup> April 2016. This removes the "contracted out rebate" that is currently in place for employers with occupational pension schemes. It is estimated, on average, this will be an effective increase of 37% in those contributions. Taking account of all of these factors, overall inflation for the Council over the next 3 years is forecast to range between 2.5% and 3.4%.
- 6.7 These assumptions will be comprehensively reviewed in February 2016 with all of the other assumptions within the Council's medium term financial forecasts when they will be known with greater certainty.

#### Interest Rates

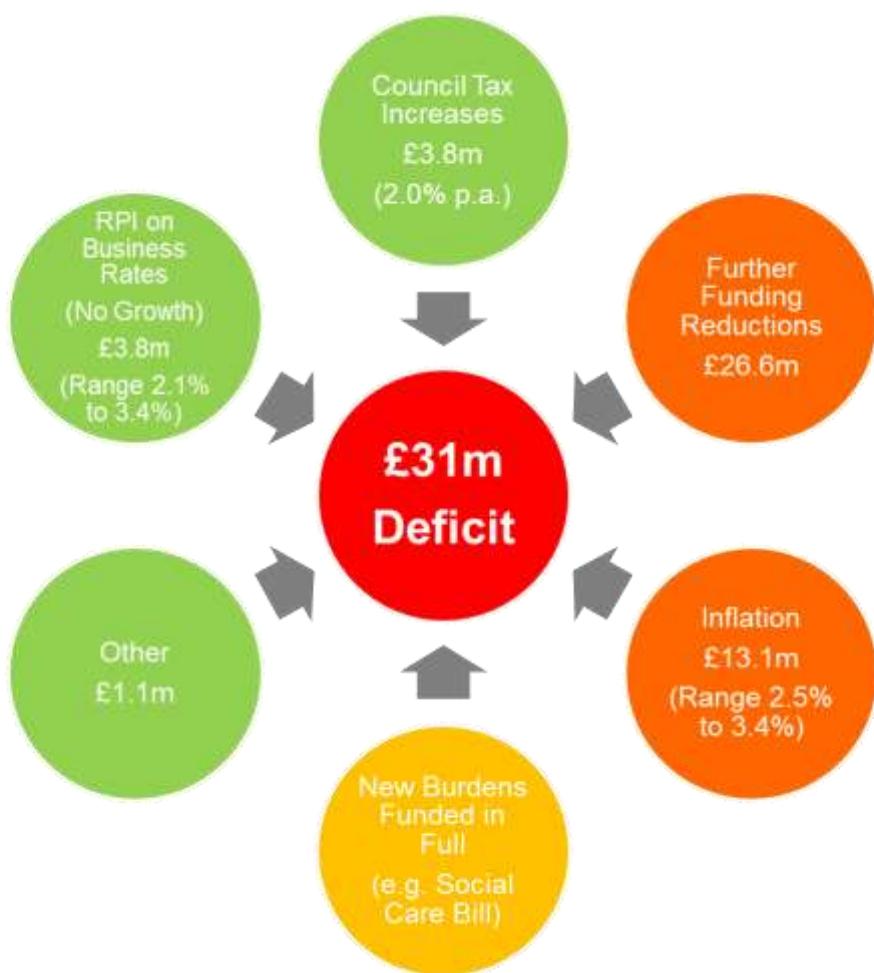
- 6.8 Interest rates for investments were initially forecast to range between 1.25% in 2016/17 and rise steadily to 2.25% in 2018/19. Expectations now are that interest rates will not rise at quite the pace originally forecast and therefore the positive influence that rising interest rates have on the Council's overall financial position will be lower. It had originally been assumed that an improvement amounting to £0.4m would arise, this will be reviewed as part of the Council's comprehensive revision of its forecast in February 2016.
- 6.9 Borrowing rates are quite volatile due to geo-political and sovereign debt crisis developments but the general expectation is for an eventual trend of gently

rising gilt yields and therefore borrowing rates. The Council is not generally in a borrowing position in the short term but may take modest amounts of borrowing (for future requirements) within the next 3 years if low rate opportunities arise.

## 7 Overall Financial Forecast - 2016/17 to 2018/19

### Overall 3 Year Financial Forecast

- 7.1 In overall terms, taking account of both spending pressures and funding reductions over the next three financial years, it is forecast that the Council faces an overall deficit of £31m. This means that by 2018/19, the Council's net expenditure will need to be £31m less than it is at present and that savings of that sum will need to be made either through increased income or reduced costs.
- 7.2 An illustration of the factors causing the forecast £31m deficit as described in Sections 5 & 6 is shown below:



## Savings Requirement for 2016/17 & Forecast Savings Requirements for 2017/18 and 2018/19

- 7.3 The last comprehensive review of the City Council's 3 Year Financial Forecast was reported in the Annual Budget Report in February 2015. This set out the City Council's underlying budget deficit and consequent forecast Budget Savings Requirement for the next 3 years as follows:

	<b>Underlying Budget Deficit</b>	<b>Annual Budget Savings Requirement</b>	<b>Total Savings Requirement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
2016/17	13.2	11.0	11.0
2017/18	21.1	10.0	21.0
2018/19	31.0	10.0	31.0

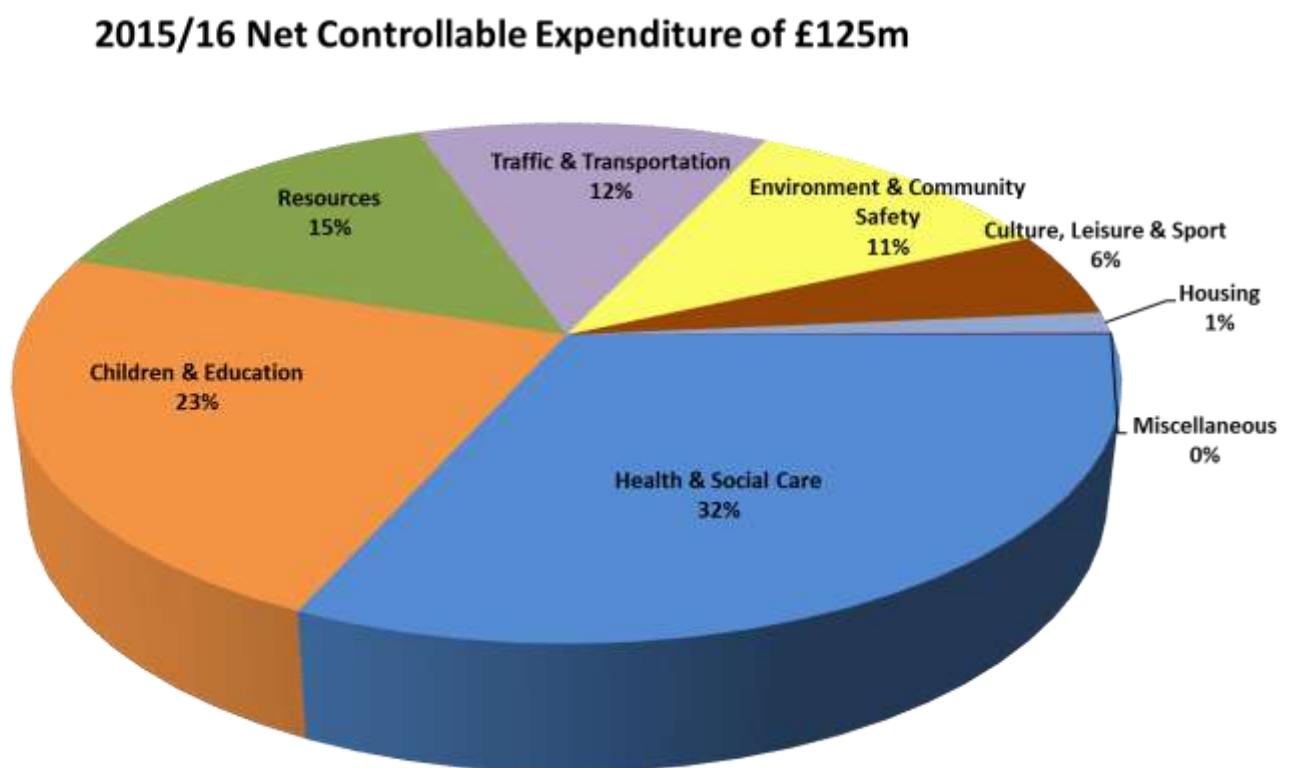
- 7.4 On the basis of the overall £31m deficit and the preference to be able to manage those savings smoothly over that period, the City Council resolved in February 2015 that a minimum savings requirement of £11.0m would be implemented for 2016/17. That minimum savings requirement was predicated on a Council Tax increase of 2.0% (which generates £1.2m of additional Council Tax income).
- 7.5 Whilst the Council is aware of a number of potential changes to the assumptions underpinning these forecasts, there will remain significant uncertainty until the announcement of the Local Government Finance Settlement in mid to late December. Coupled also with necessary revisions to the estimates of Council Tax and Business Rates income which will not take place until early January 2016, this means that a comprehensive revision at this stage would be premature and subject to potentially significant change.
- 7.6 The Director of Finance & IS (S151 Officer) advises that whilst it is likely that the overall financial forecasts will change, the savings requirement for 2016/17 at £11.0m (with a Council Tax increase of 2.0%) remains robust and prudent. Given what is known, or reasonably expected, regarding future funding reductions and given future uncertainties also, a savings requirement of less than these sums would not be prudent.

## **8. Medium Term Financial Strategy - 2016/17 & beyond**

### Financial Strategy 2016/17 & Beyond

- 8.1 In overall terms, the financial picture over the next 3 years and beyond is one of increasing costs and demand for services, particularly in essential care services, at the same time as continued and unprecedented reductions in funding. Taking all of the cost and funding implications into account, it is estimated that the Council will need to make £31m of savings over the next 3 years.

- 8.2 Considering also that those essential care services consume 55% of the Council's net controllable budget, the Council is faced with a position where it not only has to meet those costs, or at the very least manage the demand for those services, but simultaneously find £31m savings across all areas. This is illustrated below:



- 8.3 It is also of significance that a further 23% of the Council's controllable spend is consumed by the Traffic & Transportation and Environment & Community Safety Portfolios where a large proportion of their activities is tied into long-term contracts where the savings potential is therefore more limited.
- 8.4 The Council's Medium Term Financial Strategy has been developed to respond to these very challenging circumstances. The Strategy has a strong regeneration focus with a presumption that Capital investment will be targeted towards economic growth. This is to improve the prosperity of the City through employment as an objective in itself but also because this will reduce the demand for Council services generally. Furthermore, re-generation creates the opportunity for additional business rates to be generated and retained by the Council. The Capital Programme can also be a vehicle for Invest to Save schemes enabling the Council to reduce its own costs in the future. Accordingly, the strategy is consistent with 'Shaping the future of Portsmouth' (adopted by the City Council in 2010) which articulates the vision for the City to become a globally competitive economy supporting local economic growth, innovation and enterprise. This strategy has been adopted by business

leaders across the City and is in the process of being delivered in partnership with the Shaping Portsmouth Partnership.

## **OVERALL AIM**

*"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City and protecting the most important and valued services*

### **STRAND 1**

Reduce the City's dependency on Central Government Grant:

- Entrepreneurial activities
- Income Generation
- Capital investment for jobs and business growth (increased Business Rates)

### **STRAND 2**

Reduce the extent to which the population needs Council Services

- Re-direction of resources towards preventative services (avoid greater costs downstream)
- Design fees & charges policies to distinguish between want and need
- Capital investment towards jobs and skills to raise prosperity

### **STRAND 3**

Increase the efficiency & effectiveness of the Council's activity:

- Contract reviews
- Rationalisation of operational buildings
- Support to the Voluntary Sector
- Targeted efficiency reviews in "resource hungry" services
- Capital investment for on-going savings or cost avoidance

### **STRAND 4**

Withdraw or offer minimal provision of low impact Services:

- Strong focus on needs, priorities on outcomes
- Use the insights of Councillors to inform priorities
- Use the results of public consultation to inform priorities

- 8.5 The Strategy is underpinned by a financial framework which provides financial autonomy to Portfolios and Committees. Any underspending arising against their budgets are retained by them. This was deliberately designed to create the financial conditions that support responsible spending and forward financial planning. The implication of this is that the opportunity for future underspending to accrue and be available corporately is much reduced. It is vitally important therefore, that the use of any corporate underspends is used wisely and in accordance with the Council's Medium Term Financial Strategy aimed at meeting the future financial challenges of the Council.
- 8.6 The MTRS Reserve is a fundamental component of the Council's financial framework and is designed to provide funding for future redundancies, Spend to Save and Invest to Save initiatives. The current uncommitted balance on the MTRS Reserve amounts to £3.0m and is considered to be very modest in the context of the £31m of savings that the Council is required to make over the next 3 years.

## **9 Budget Process & Consultation 2016/17**

- 9.1 The Administration have taken a fundamentally different approach to the budget process this year. In previous years, the starting point for the process has been to seek savings across Services on a pro rata basis for more than was required and then make judgements over whether or not such savings proposed were acceptable or not in terms of their impact. For 2016/17, the starting point for savings has been based on an evaluation of the following:
- Overall scope for making savings - determined by the overall size of the Service budget
  - Relative Service priority
  - Relative ability to make efficiency savings
  - Relative exposure to unavoidable cost pressures
  - Relative ability to generate income

This has resulted in the proportion of savings required (relative to budget) being different for each Portfolio.

- 9.2 In parallel, during September and October of this year, the Council undertook a Budget consultation to understand residents spending priorities and where they felt savings should be made. The consultation was city wide and took the form of a questionnaire which was also supplemented by a series of public meetings with residents, staff and the business community.
- 9.3 The final response rate from the consultation was as follows:

Residents	1,357
Staff	964
Citizen's Panel	167
<b>Total</b>	<b>2,488</b>

9.4 The response rates are distributed throughout the city and provide a varied set of responses; more economically challenged areas are marginally less represented in the Citizen's Panel responses.

9.5 Given the response volume, the results can be considered to be statistically robust.

9.6 Resident responses only are summarised below:

- 45% think a reduction in the bus subsidy is necessary compared with 31% who would like it to remain the same.
- 41% of residents want to maintain grants to cultural organisations with an equal number wishing to see it reduced. 59% however, would like to reduce the funding to the Guildhall.
- 47% of residents think school crossing patrol responsibility should be transferred to schools.
- Opinion on library service provision is split fairly closely with 29% of residents indicating they would prefer to close smaller libraries while retaining larger ones, while 32% believe library services should be delivered via volunteers
- 71% of residents indicated that smoking cessation should be cut.
- 74% of residents wanted to see a reduction in the cap for council tax support.
- Only 22% of residents are opposed to an increase in council tax

9.7 The following are the results for **staff responses**:

- Staff feel more strongly than residents that bus subsidies should be reduced with 50% choosing this option.
- Staff strongly believe that there should also be a reduction in the grants to cultural organisations with 46% choosing this option. 66% also felt that there should be a reduction in the funding to the Guildhall
- 65% of staff think children's centres should make use of alternative venues
- Staff opinion closely mirrors residents in the area of library provision. Thirty-six percent think that smaller libraries should be closed while 37% think that services should be run by volunteers
- Only 16% of staff are opposed to an increase in council tax - 6% fewer than residents.

- 9.7 The full results of the Budget Consultation can be found at: <https://www.portsmouth.gov.uk/ext/the-council/transparency/budget-proposals-and-survey-results.aspx>
- 9.8 These results have been fully considered by the Administration in formulating their budget savings proposals described in Section 10 below.

## **10 Budget Proposals for 2016/17 to 2018/19**

### Budget Savings Proposals 2016/17

- 10.1 The Administration's budget savings proposals are centred around the Medium Term Financial Strategy previously described in Section 8 and have been prepared paying due regard to the responses from the Budget Consultation set out in Section 9 as well as the Administration's strategic priorities. The proposed savings amounts to be made by each Portfolio and which are recommended for approval are attached at Appendix A.
- 10.2 Noting the response from the Budget Consultation which generally suggests that services to the vulnerable should receive some measure of protection and considering that the Children & Education Portfolio and the Health and Social Care Portfolio need to remedy their current budget deficits of £2.7m and £2.4m respectively, the Administration's savings proposals provide significant protection from savings for both of these Portfolios. As a necessary consequence, savings from other Portfolios are proportionally higher and significantly higher in some cases such as Planning Regeneration & Economic Development, Traffic & Transportation and Resources. A summary of the overall savings proposals for 2016/17, by Portfolio, is set out below.

<b>Portfolio / Committee</b>	<b>Savings Proposal</b>	
	<b>£</b>	<b>% Budget</b>
Children & Education	760,600	2.5%
Culture, Leisure & Sport	734,800	10.1%
Environment & Community Safety	777,700	5.5%
Governance, Audit & Standards	68,000	9.2%
Health & Social Care	2,605,100	5.2%
Housing	391,000	9.7%
Leader	7,700	3.6%
Planning, Regeneration & Economic Development	814,700	25.1%
Resources	3,540,400	18.8%
Traffic & Transportation	800,000	24.2%
Transfers to the Housing Revenue Account	500,000	0.7%
<b>Grand Total</b>	<b>11,000,000</b>	<b>8.3%*</b>

\* Excludes the Housing Revenue Account Budget

- 10.3 The analysis above highlights the conundrum that the Council faces regarding the desire to protect Education and the essential care services whilst still wishing to retain good quality sustainable public services in its other portfolios. By way of example, the average saving required across the Council was 8.3% of spending but to protect Children & Education (at 2.5% spending reductions) and Health & Social Care (at 5.2% spending reductions), it has been necessary to make spending reductions in other valued Portfolios of up to 25%.
- 10.4 In part, the reason for such high levels of funding protection for the Children & Education and Health & Social Care portfolios has been the need to first address the existing underlying budget deficits contained within these portfolios of £2.7m and £2.4m, respectively. These underlying deficits have largely arisen from both unavoidable demand led cost pressures combined with the slippage or non-achievement of previously approved savings.
- 10.5 Inevitably, there are a number of financial risks contained within the proposals for making savings of the scale of £11m (or 8.3%) on the back of making £75m in savings and efficiencies over the past 5 years. The risks are unavoidable, however for those with the highest likely impact, mitigation strategies are being developed. In previous years, the highest risks have been to the delivery of the savings within the essential care services and whilst these still remain, they have generally been managed by making some contingency provision on a "one-off" basis in order to provide additional time to re-design service provision.
- 10.6 Looking forward to 2016/17, there still remain risks to the essential care services. Although the savings in those services are comparatively modest compared with previous years, and many of those risks have now been mitigated, the cumulative impact of past savings has reduced the Council's levels of resilience in these areas overall. Aside from the essential care services, other emerging risks include the savings proposed to the Domestic Abuse service which amount to £180,000 and will be a sizeable reduction in capacity. The Council is currently working through its mitigation plans and re-design of this service to fulfil its commitment to continue to support this important service. Funding for the service will remain intact throughout the whole of 2016/17 whilst this review is taking place. This review will not only include current specialist staff but will also explore how other professionals in the Council could be better equipped to support victims of domestic abuse. Equally, there will be a greater focus through the existing Healthy Child Programme, Health Visiting and Early Years services to identify and support those with relationship problems. Sexual Health promotion work will also include a focus on healthy relationships and Drug and Alcohol services will seek to identify and support people experiencing domestic violence especially those with young children.
- 10.7 It is important to note that the Council's responsibility is to set the overall Budget of the Council and determine the cash limits for each Portfolio. It is not the responsibility of the Council to approve the detailed savings that need to be made in order for the Portfolio to meet its cash limit. The Council do

need to have the confidence that the recommended savings for each Portfolio are deliverable and what the likely impact of delivering those savings might be. Indicative savings that are likely to be necessary in delivering the overall Portfolio savings are attached at Appendix B and whilst the detailed savings are not a matter for the Council to decide, they are presented to inform the decision of Council relating to the savings to be made by each Portfolio / Committee.

- 10.8 To mitigate against the uncertainty presented by the Local Government Finance Settlement and potential changes to both Council Tax income and Business Rates income as well as the general need to find £31m for the period 2016/17 to 2018/19, it would be prudent and financially responsible for the Council to seek to implement its 2016/17 savings as early as possible. From the perspective of service delivery, giving partners and residents significant advance notice of the changes to come into effect from next April will assist them to plan for change accordingly.
- 10.9 A crucial part of a prudent financial strategy is to maintain strong financial resilience. That means maintaining adequate levels of reserves to be able to respond to "financial shocks" or having reserves available to help implement savings in a planned and managed way. The early (or timely) implementation of savings proposals ensures that those reserves remain intact and are available for such purposes.
- 10.10 In order for the City Council to be able to implement the Savings Requirement in good time, a number of savings proposals will require that consultation take place and notice periods be given. Should the Portfolio savings set out in Appendix A be approved, Managers will commence any consultation process or notice process necessary.
- 10.11 For savings proposals that require consultation, the actual method of implementation or their distributional effect will not be determined until the results of consultation have been fully considered. Following consultation, the relevant Portfolio Holder may alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix B with alternative proposal(s) amounting to the same value.

#### Budget Pressures Proposals 2016/17

- 10.12 The Council no longer makes any general provision for Budget Pressures. This was agreed as part of the Medium Term Financial Strategy approved by the City Council in November 2013.
- 10.13 One of the aims of the Medium Term Financial Strategy is to create the conditions that incentivise responsible spending and strong forward financial planning. As a consequence, a financial framework was implemented which provides Services with much greater financial autonomy.

10.14 The features of the new financial framework include:

- i) Each Portfolio to retain 100% of any year-end underspending and it to be held in an earmarked reserve for the relevant Portfolio
- ii) The Portfolio Holder be responsible for approving any releases from their earmarked reserve in consultation with the Director of Finance & Information Services (S151 Officer)
- iii) That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant Portfolio:
  - a) Any overspendings at the year-end
  - b) Any one-off Budget Pressures experienced by a Portfolio
  - c) 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
  - d) Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
  - e) 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 in a) to e) can be satisfied, the earmarked reserve may be used for other developments or initiatives

10.15 Correspondingly, any Budget Pressures must be funded within the overall resources available to the Portfolio Holder (which includes their Portfolio Reserve). As previously mentioned, it is the decision of the Portfolio Holder in consultation with the Director of Finance & Information Services (S151 Officer) to make releases from the Portfolio reserve.

#### Proposals for Funding from the Medium Term Resource Strategy Reserve

10.16 The Medium Term Resource Strategy Reserve (MTRS Reserve) is a reserve maintained by the Council for Spend to Save, Spend to Avoid Cost and Invest to Save Schemes. It is also the reserve that funds all redundancy costs arising from Budget Savings proposals. At present the reserve has an uncommitted balance of £3.0m.

10.17 In accordance with the Council's Financial Strategy to reduce costs through increased efficiency, last year the Council created a Business Intervention Fund of £0.5m funded from the MTRS Reserve. This was to be used to support a programme of interventions across the Council. Three interventions are currently in train across activities in Adult Social Care, Finance and Revenue & Benefits. Whilst funding still remains in place to support these activities, it is proposed to increase the funding by a further £0.5m from the MTRS Reserve so that the Council can continue its programme of service

interventions at scale and at pace in readiness for the continued savings challenge for future years.

- 10.18 Should the recommendations contained within this report for the transfer of £0.5m from MTRS Reserve to the Business Intervention Fund be approved, the remaining uncommitted balance on the MTRS Reserve will amount to £2.5m.
- 10.19 An uncommitted balance on the MTRS Reserve of £2.5m is considered to be very modest in the context of the £31m of savings that the Council is required to make over the next 3 years. As the Council's primary vehicle for providing funding for Spend to Save initiatives, it is crucial that this fund is both spent wisely and replenished at every opportunity.

#### Approval of the Budget 2016/17

- 10.20 At the 9<sup>th</sup> February 2016 Council meeting, a comprehensive revision of the Council's future forecasts will be presented. This will revise all of the key assumptions set out below as well as extending the forecast to cover an additional year (2019/20) in order to maintain a rolling 3 year plus current year financial forecast.
- 10.21 The Budget 2016/17 presented to the City Council for approval will be prepared on the basis of the proposals for savings, Council Tax and releases from the MTRS Reserve as set out in this report. It will also include the outcome of the following:
  - The Local Government Finance Settlement for 2016/17
  - The final estimate of the Council Tax yield (based on the determination of the Council Taxbase)
  - The final estimate of the Business Rate yield
  - Any necessary inflationary uplifts
  - Final estimates of all items outside of cash limits including capital charges, support service charges, insurance, pension costs, contingency, borrowing costs, investment income, levies and precepts
  - Any necessary virements across Portfolios to reflect changes in responsibilities.

## **11 Conclusion**

- 11.1 The financial challenge faced by the City Council continues and is characterised by simultaneous reductions in funding and increasing cost pressures, driven largely by demographic pressures in the essential care services. This requires the Council to make savings and/or increase income by £31m over the next 3 years (assuming a Council Tax increase of 2% in each and every year).

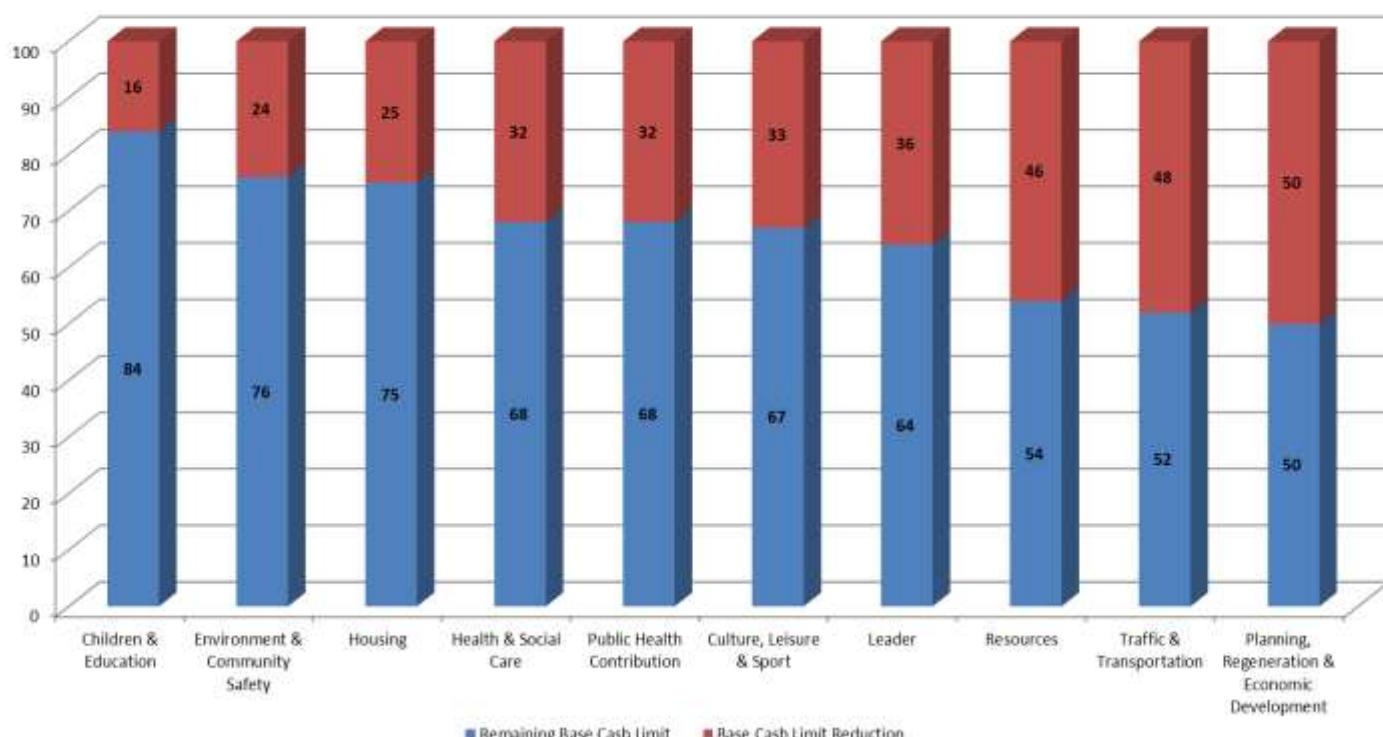
11.2 The first tranche of these savings amounting to £11m for 2016/17 have been developed in accordance with the Council's Medium Term Financial Strategy which focusses on the avoidance of cuts with an emphasis on:

- Reducing the dependency of government funding (through income generation)
- Reducing the extent to which the population needs Council services (through prevention activities and regeneration activities)
- Increasing the efficiency and effectiveness of the Council's services

Given the speed at which savings need to be made, it is inevitable that some cuts are required. These cuts have been informed by the budget consultation exercise and have been proposed on the basis that they are in the areas of least impact.

11.3 Including the £11m of savings proposals set out within this report, the cumulative savings of the Council over the austerity period from 2011/12 amounts to £86m. The impact that this has had on spending levels of Portfolios over that same period is illustrated below (Blue segment illustrates level of spending that remains, red segment is the level of spending which has been removed). The chart illustrates those services that have received relative protection from spending reductions (left hand side) and those services that have provided the compensation by making relatively higher spending reductions (right hand side).

### Budget 2016/17 Compared to Budget 2011/12 (2016/17 prices)



- 11.4 Looking forward beyond 2016/17, the scale of the future savings requirements will be such that the Council will no longer be able to afford the same levels of protection that have been provided in the past for its Children & Education, Health & Social Care and Environment and Community Safety services without severe cuts to all other Services.
- 11.5 The proposal to supplement the Business Intervention Fund with a further £0.5m to continue the programme of service interventions is aimed at looking forward and providing sufficient resources to help achieve future savings requirements relating to improving the Council's efficiency and effectiveness as stated in the Council's Medium Term Financial Strategy.
- 11.6 Approval for the savings proposals is recommended at this early stage in order to achieve full year savings and avoid greater and deeper cuts associated with any delay. In terms of service delivery and planning, it is equally important to provide partners and residents significant advance notice of the changes to come into effect in order to assist them to plan for change accordingly.
- 11.7 This report is the pre-cursor to the Annual Budget and Council Tax Setting meeting to be held on the 9<sup>th</sup> February 2016 where the Council will be requested to formally approve the Budget for 2016/17 and the associated Council Tax for the year. Should the savings proposals contained within this report be approved, they will form the basis of the Budget 2016/17 presented to Council in February 2016. That report will also include a comprehensive revision of the Council's future forecasts and set the consequent future savings requirements for the period 2017/18 to 2019/20.
- 11.8 Finally, the proposals within this report will maintain the Council's financial health and resilience and therefore its ability to respond in a measured and proportionate way to any "financial shocks" by having adequate reserves and contingencies available for a Council of this size and risk profile.

## **12 Equality Impact Assessment (EIA)**

- 12.1 The Portfolio / Committee savings amounts proposed within this report will inevitably impact on service provision. Appendix B describes the indicative savings that might (or are likely) to be made in order to achieve the proposed savings amounts. Whilst some are likely to be implemented, there will be others that require consultation and appropriate Equality Impact Assessments to be considered before any implementation can take place. For this reason, any savings proposal set out in Appendix B can be altered, amended or substituted with an alternative proposal following appropriate consultation.
- 12.2 A city-wide budget consultation took place during September and October to help inform how to make £31m of savings over the next 3 years. The consultation took the form of a questionnaire which was also supplemented by a series of public meetings with residents and one public meeting with the

business community. The Scrutiny Management Panel also met to consider the proposals contained within this report and have the opportunity to make their representations to the Cabinet prior to their recommendation to the City Council.

## **13 City Solicitor's Comments**

- 13.1 The Cabinet has a legal responsibility to recommend a Budget to the Council and the Cabinet and Council have authority to approve the recommendations made in this report.

## **14 Director of Finance's Comments**

- 14.1 All of the necessary financial information required to approve the recommendations is reflected in the body of the report and the Appendices.

Signed by: Director of Finance & Information Services (Section 151 Officer)

### **Appendices:**

<b>A</b>	Recommended Portfolio / Committee Savings 2016/17
<b>B</b>	Indicative Savings Proposals 2016/17

### **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:

<b>Title of document</b>	<b>Location</b>
Budget Working Papers	Director of Finance & Information Services (S151 Officer)
Local Government Finance Settlement 2015/16	Director of Finance & Information Services (S151 Officer)

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 8<sup>th</sup> December 2015.

Signed by: Leader of Portsmouth City Council

# Appendix A

## PROPOSED BUDGET SAVINGS AMOUNTS 2016/17 BY PORTFOLIO/COMMITTEE

Portfolio/Committee	Saving 2016/17		Saving 2017/18		Saving 2018/19	
	£	%	£	%	£	%
Children and Education	760,600	2.5%	760,600	2.5%	760,600	2.5%
Culture, Leisure and Sport	734,800	10.1%	734,800	10.1%	734,800	10.1%
Environment and Community Safety	777,700	5.5%	758,700	5.4%	758,700	5.4%
Governance, Audit and Standards	68,000	9.2%	68,000	9.2%	68,000	9.2%
Health and Social Care	2,605,100	5.2%	2,605,100	5.2%	2,605,100	5.2%
Housing	391,000	9.7%	391,000	9.7%	391,000	9.7%
Leader	7,700	3.6%	7,700	3.6%	7,700	3.6%
Planning Regeneration and Economic Development	814,700	25.1%	814,700	25.1%	814,700	25.1%
Resources	3,540,400	18.8%	3,559,400	18.9%	3,559,400	18.9%
Traffic and Transportation	800,000	24.2%	800,000	24.2%	800,000	24.2%
Transfers to Housing Revenue Account	500,000	0.7%	500,000	0.7%	500,000	0.7%
<b>Grand Total</b>	<b>11,000,000</b>	<b>8.28%</b>	<b>11,000,000</b>	<b>8.28%</b>	<b>11,000,000</b>	<b>8.28%</b>

## Appendix B

### INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>	
<b>Children and Education Portfolio</b>					
<b>Deputy Director (Children's Social Care)</b>					
001	Review of Special Guardianship Orders (SGO) Policy. Savings from review of allowances and process review	Potential risk of limiting uptake of SGOs, increasing pressure to recruit new foster carers. Additional finance team support will be needed in review of current arrangements and delivery of revised systems	100,000	100,000	100,000
002	Staff Parking Permits - revised system for parking permit allocation	Staff who don't meet criteria for permit will need to make alternative arrangements to pay for parking/use park & ride or identify free parking	40,000	40,000	40,000
003	Review of accommodation and associated running costs to relocate contact delivery through Multi Agency Teams (MATs)	Saving will require relocation of some staff members into other buildings. User may need to travel further in order to access services	70,000	70,000	70,000
004	Review contract management for further efficiencies	This would lead to a reduction of service provision across contracts in some areas. May require statutory consultation, depending on services concerned	55,000	55,000	55,000
<b>Deputy Director of Children's Services (Education)</b>					
005	Reduction in the administrative staffing support levels across Education Services	No Impact - Currently a vacant post which will not be filled	22,000	22,000	22,000
006	Deletion of the Local Authority Designated Officer (LADO) post within Education	Limited impact as a LADO role can continue with a designated officer in the Children's Social Care and Safeguarding service within existing budget provision	6,100	6,100	6,100
007	10% increase in income for traded services of Education Information Services through revised offer, including chargeable bespoke reports and enhanced training offer	No impact, provided that clients choose to buy enhanced offer. Risk that income target may not be achieved	7,000	7,000	7,000
008	Restructure of information and data services within Education and Children's Social Care to create a centralised service	Positive impact, as the restructure to a combined team will increase resilience within the staffing structures	14,000	14,000	14,000
009	Cessation of use of external agencies to undertake research projects	Future research will reduce and more use will be made of readily available national research, which will not be tailored to our needs	10,000	10,000	10,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
010 Reduction in senior management team posts	A reduction in the senior management team will reduce the level of management oversight and may impact on the service's capacity to implement change and development	100,000	100,000	100,000
011 Income generation from the provision of Governing Body reviews	Will require use of existing staff resources to undertake activity which may divert resources from other activities	6,000	6,000	6,000
012 Increase charge to schools for the provision of the Free School Meals checking service to reflect increase in volume (due to universal free schools meals in Key Stage 1 and the impact on Pupil Premium)	Schools Forum will need to agree to an increased charge, which will reduce funding otherwise available to schools. If the charge is not agreed, schools will need to carry out checks individually and the income target will not be met	10,000	10,000	10,000
013 Generate income from introduction of new traded services for Early Years providers	Possible risk to standards in some settings if they choose not to take up traded services offer	15,700	15,700	15,700
014 Introduce charges for training provided in Early Years settings that is currently offered free of charge	Possible risk to standards in some weaker settings, although some free support and challenge will continue for settings assessed as 'Requires Improvement' and 'Inadequate'	8,800	8,800	8,800
<b>Director of Regulatory Services, Community Safety &amp; Troubled Families</b>				
015 Decommission the Multi-Systemic Therapy (MST) service provided by Solent NHS	Current service users will not be impacted by decommissioning MST because the short, intensive nature of the intervention means that all families currently working with the service will have completed their intervention before the service closes. In terms of mitigation, a lower cost, less intensive alternative will be sought (potentially through upskilling the wider children and families workforce) to offer support to families who might otherwise have accessed the MST service. The benefit of this is that more families can be supported with this particular issue (MST currently works with 30 - 35 families per annum)	296,000	296,000	296,000
<b>Children and Education Portfolio Total</b>		<b>760,600</b>	<b>760,600</b>	<b>760,600</b>
<b>Culture, Leisure and Sport Portfolio</b>				
<b>Director of Culture &amp; City Development</b>				
016 Grounds maintenance at Southsea Tennis Club has transferred to the lease holder	No Impact	5,100	5,100	5,100

## INDICATIVE BUDGET SAVINGS 2016/17

Indicative Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2016/17 £	Saving 2017/18 £	Saving 2018/19 £
017	Grounds maintenance at Drayton Park former bowling green has transferred to the Fleur De Lys Youth Football Club	No Impact	1,700	1,700	1,700
018	Grounds maintenance at the Rugby Camp has transferred to the Portsmouth Football Club	No Impact	5,000	5,000	5,000
019	Income generated from the lease of the Rugby Camp to Portsmouth Football Club	No Impact	10,000	10,000	10,000
020	Change the way that cleansing at the Seafront is scheduled over the winter period. Cleansing will take place when required as opposed to following a pre-determined schedule. Currently the Seafront is on a 'supercleanse' contract for the whole year	Ongoing monitoring of the Seafront during the winter will ensure that essential cleansing will be reactive and responsive to any issues in the area	25,000	25,000	25,000
021	Replace non sustainable beds (other than rose beds) at some locations and replace them with sustainable planting. This will be alongside a continued drive for additional sponsorship to fund the maintenance of other beds throughout the city	This will reduce the ongoing costs of maintenance and plant replacement	12,000	12,000	12,000
022	Review the staffing of the Parks and Recreation team to take into account a current vacancy. Also recovery of costs from Social Housing for areas appropriated into to them for play grounds and play parks	Minimal	140,000	140,000	140,000
023	Review the staffing of the Seafront maintenance team to take into account a current 0.5fte vacancy	Ongoing monitoring will ensure that essential repairs are prioritised	13,000	13,000	13,000
024	Increase in golf income as a result of more flexible membership and payment options	No Impact	10,000	10,000	10,000
025	Energy cost savings as a result of various initiatives at the Mountbatten Centre including a combined Heat and Power unit	No Impact	40,000	40,000	40,000
026	Currently the budget for free swimming for the under 12's is higher than needed. This level of budget will ensure that free swimming is available for all under 12's who live within Portsmouth	No Impact	20,000	20,000	20,000
027	A review of resources in the Cultural Services administration team	Work would be streamlined and reprioritised in order to minimise the impact of reductions in headcount	23,000	23,000	23,000
028	Due to increased capital scheme activity the management charges to capital schemes will increase (e.g. The Hard, The Arches)	No Impact	20,000	20,000	20,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
029 Reduce subsidy in respect of staff employed at Fratton Community Centre	Fratton Community Association has the largest remaining PCC staff complement and also has significant reserves of its own	8,000	8,000	8,000
030 Staffing review for the Library service and the History service - will result in a potential reduction in headcount for Library and History centre staff	Requirement for additional volunteers in order to maintain service levels which will otherwise be reduced	74,000	74,000	74,000
031 Review of the Outreach library service - will result in a potential reduction in headcount for the Outreach service	Requirement for additional volunteers in order to maintain service levels which will otherwise be reduced	34,000	34,000	34,000
032 Hillside and Wymering - reduce the activities budget from £15,000 to £5,000	The centre has recently opened and has all the new equipment it needs to launch activity groups. The £5,000 budget should be sufficient for the centre	10,000	10,000	10,000
033 Reduce Community Centre repairs budget from £10,000 to £2,000	There are no major tenant repair needs predicted over the next five years	8,000	8,000	8,000
034 Buckland Community Association - reduce the staffing grant budget from £5,000 to zero	This association continues to generate significant surpluses and this reduction is considered sustainable	5,000	5,000	5,000
035 Paulsgrove Community Association - reduce the staffing grant budget from £25,000 to £20,000	This association has considerable spare capacity in the centre to generate additional income from hiring to compensate for this reduction	5,000	5,000	5,000
036 Stacey Community Association - reduce the staffing grant budget from £5,000	This association has recently attracted a pre-school to its premises and will therefore be receiving significant additional income	2,500	2,500	2,500
037 Stamshaw and Tipner Community Association - reduce the staffing grant budget from £7,500 to £5,000	This association is in a strong financial position and can sustain this reduction in grant	2,500	2,500	2,500
038 Generate increased income from events at locations throughout the City including King George V playing fields, Port Solent and the seafront	No Impact	39,000	39,000	39,000
039 Review of Facilities Management team. Following the Senior Management restructure roles and responsibilities have changed. A review of the remaining structure will be undertaken	The review will ensure the continuation of service	55,000	55,000	55,000
040 Adjust the supply of cricket tables to match demand	No Impact based on current demand	4,000	4,000	4,000
041 Increase Beach hut rents by 20%. The annual charge for non residents would increase from £1,200 to £1,440 and the charge for residents would increase from £660 to £795	There is currently a waiting list of 480 which equates to an estimated wait time of 5-6 years	20,000	20,000	20,000
042 Reduce the overall Community Centre Marketing and Communications budget from £4,000 to £3,000	Activity would be prioritised or alternative funding sources sought	1,000	1,000	1,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
043 Reduce the overall Community Centre training budget from £4,000 to £2,000	No Impact - training activity would be prioritised	2,000	2,000	2,000
044 Income from Pop Up Beach Huts - to be used along the seafront for commercial purposes	No Impact	20,000	20,000	20,000
045 Sports Development - Reduction in Sports Development activity	Alternative funding would be sought for individual events	19,000	19,000	19,000
046 Sports Development - Reduction in the budget for Sports Programmes	Alternative funding would be sought for individual programmes	13,000	13,000	13,000
047 Sports Facilities - Reduction in general maintenance budget	No Impact - work would be prioritised if necessary	10,000	10,000	10,000
048 Mountbatten Centre - Reduction in the budget needed for energy costs. Following a benchmarking exercise the liability for an increase payable to the contractor was lower than budgeted	No Impact	40,000	40,000	40,000
049 Post of Development Support officer at Cumberland House is currently vacant. This will not be filled	There will not be a dedicated Development Support officer at the museum	34,000	34,000	34,000
050 Increase Hire Income from the Mutiny festival	No Impact	4,000	4,000	4,000
<b>Culture, Leisure and Sport Portfolio Total</b>		<b>734,800</b>	<b>734,800</b>	<b>734,800</b>

## Environment and Community Safety Portfolio

### Director of Culture & City Development

051 Sustainability and Carbon Reduction Service	Focus efforts on highest impact activities. Realigning priorities as a result of joining a wider team to avoid duplication	55,000	55,000	55,000
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### Director of Property & Housing Services

052 Public Conveniences: Service review including staffing and service provision	The review will lead to the reduction of operating hours of the "pay as you use" provision at Clarence Pier so that it wont be open at low use times - Residents can make use of the be 4 x free cubicles at the site. Other sites will have existing opening hours maintained	20,000	20,000	20,000
053 Continued rationalisation of staffing within Housing & Property Services	Minimum impact, as the existing work will be shared amongst staff, however, there may be difficulties during times of high demand upon the service	40,000	40,000	40,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
054 Review of Waste Collection services, including reduction in marketing costs and review of Household Waste Recycling Centre opening hours	Will use learning to focus marketing campaigns ie social media, choose a smaller bin give residents opportunity to have a more suitable bin for their household size, Review of HWRC opening hours will only be carried out in conjunction with changes to the wider Hampshire service	13,000	13,000	13,000
055 Waste: Review of existing service provision	This will streamline the service to improve efficiencies and service delivery	170,000	170,000	170,000
<b><u>Director of Regulatory Services, Community Safety &amp; Troubled Families</u></b>				
056 CCTV - increase income, reduce costs and improve efficiency	No impact to the service user so the public should continue to receive the same CCTV response as it currently does	85,000	85,000	85,000
057 Dog Kennels - Develop plans to generate income by adopting a more commercial focus to kennels	The public will continue to receive the same level of service in relation to stray dogs being admitted to the kennels and service outcomes will remain consistent	15,000	15,000	15,000
058 Golden Fox - Charge The Royal Navy for City Council input into this statutory test	No Impact	11,000		
059 Civil Contingencies - income generation - deliver training to partner organisations	May impact on capacity to deliver other work	3,000		
060 Ending staff sleep in provision and review of management costs	Minimal impact. Majority of savings from indirect provision	27,700	27,700	27,700
061 Early Intervention Project - Deliver domestic abuse training to partners	Level of income generated may be affected by other saving requirements for this service from other directorates	5,000		
062 Environmental Health - service review of pest control function	Likely to impact upon the treatment of pests. Consequential impacts upon public health and increase risks to vulnerable groups. Income generation through these fee paying services is likely to be reduced. Capacity reduced from 4.41 FTEs to 3.0 FTE	31,000	31,000	31,000
063 Cessation of the operation of the Hate Crime Prevention Service	The cessation of this service would lead to there being no service to support victims of hate crime, other than PCC housing tenants, and no service to support the delivery of Prevent activities. In the event that there is no further Home Office funding for a Prevent Coordinator, there will be no dedicated Prevent post in the Authority - no Prevent training or support to other services	100,000	100,000	100,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
064 Anti social behaviour unit service reduction	Reduction in the number of specialist anti social behaviour staff will impact the response to serious anti social behaviour issues for private tenants and owner occupiers	27,000	27,000	27,000
065 Community Safety - Business Support Review	Managers and front line staff receiving less business support and therefore reducing strategic and service delivery capacity	35,000	35,000	35,000
066 Trading Standards service review	Significant reduction in service capacity will result in: reduction in the capacity to investigate and prosecute rogue traders; reduction in support for consumers who have been victims of crime; greater pressure on income generation and maintenance of Primary Authority contracts	40,000	40,000	40,000
067 Community Safety service review	Low impact: management reduction to reflect a smaller community safety service following other service reductions. This will affect strategic capacity for changes linked to community safety	50,000	50,000	50,000
<b><u>Director of Transport, Environment &amp; Business Support</u></b>				
068 Coastal Defences Manager to be partially charged to the two major coastal defence schemes currently in progress	No Impact	25,000	25,000	25,000
069 Coastal Defences - Reduction in the reactive maintenance budget	No Impact - The new defences to be constructed will have reduced maintenance requirements	25,000	25,000	25,000
<b>Environment and Community Safety Portfolio Total</b>			<b>777,700</b>	<b>758,700</b>
<b><u>Governance, Audit &amp; Standards Committee</u></b>				
<b><u>Director of Culture &amp; City Development</u></b>				
070 Registrars/Management Recharge to Hampshire County Council in connection with the Coroners Office	No Impact	15,000	15,000	15,000
071 Registrars - Increased fee income	No Impact	53,000	53,000	53,000
<b>Governance, Audit &amp; Standards Committee Total</b>			<b>68,000</b>	<b>68,000</b>

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
<b><u>Health and Social Care Portfolio</u></b>				
<b><u>Director of Adult Services</u></b>				
072 Remodelling of current Out of Hours service at QA hospital	Adult Social Care currently provide 2 Community Social Workers and an Out of Hours (OOH) on call manager Saturday and Sunday to support discharges and community emergencies. Hampshire County Council have agreed to extend OOH's emergency cover at a cost of £8,000 and in addition further cover will be provided from within existing teams	65,000	65,000	65,000
073 Review of Administration	No Impact	18,000	18,000	18,000
074 Use Harry Sotnick House as the Nursing Home of choice for anyone requiring nursing home care funded by the City Council	The inability to have an element of choice of placement may result in complaints from service users/families. Possible delayed transfers of care from QA hospital whilst awaiting a bed to become available in Harry Sotnick House could lead to fines	11,500	11,500	11,500
075 Reduce cost of Learning Disability Contract	Provider may not be able to achieve the saving without reducing the level of service it provides. Portsmouth City Council will work with the supplier to minimise this	27,000	27,000	27,000
076 Implement additional authorisation controls to reduce expenditure within the Community Equipment Store Contract	Will result in a lower specification of equipment being issued to some clients. This will still meet the clients' assessed needs	50,000	50,000	50,000
077 Supporting People-Adult Social Care element - Reduction in funding for Mental Health supported living and Substance Misuse supported living	Reduced support to clients with mental health or a history of substance misuse	88,000	88,000	88,000
078 Seek to increase the capacity at Portsmouth Rehabilitation and Reablement Team (PRRT) to develop the service so that more clients can be channelled through PRRT for initial assessment and rehabilitation. This will require a re-focus on Adult Social Care outcomes to reduce costs of commissioned support	PRRT would no longer be able to be used purely in response to challenges from hospital discharge. This would require investment to be negotiated between PCC, CCG and Portsmouth Hospitals Trust.	545,000	545,000	545,000
079 Contribution from Early Prevention Fund administered by the Clinical Commissioning Group	None	300,000	300,000	300,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
<b><u>Director of Integrated Commissioning Unit</u></b>				
080 Staff reduction and holding staff vacancies	Reduced capacity to deliver transformation programme which could impact on achieving savings for Adult Social Care, Children's Social Care and Public Health. Potential impact on section 75 partnership agreement with the Clinical Commissioning Group, reduced assurance to deliver integration agenda. Greater resource prioritisation will be implemented to mitigate any impact on savings	52,000	52,000	52,000
<b><u>Director of Public Health</u></b>				
081 Remodel and reprioritise sexual health services to include stopping the National Chlamydia Screening Programme and reducing sexual health promotion activity	Sexual health services are being reviewed to support residents to access specialist services from the right place at the right time. For example, if an individual has no symptoms of an STI but had put themselves at risk they may prefer to access online testing rather than have to wait in a clinic. If someone was looking for contraception it may be more appropriate for them to meet and discuss their options with their GP, rather than attend the specialist service. Those most at risk will receive targeted support. May increase the risk of unwanted pregnancy and sexually transmitted infections but these rates will be monitored	350,300	350,300	350,300
082 Delete Oral Health Services funding	This will involve: • Ceasing supervised tooth brushing for Year R children • Ceasing fluoride varnish applications for children and vulnerable people identified through screening • Ceasing oral health information and screening to young people and vulnerable adults	156,000	156,000	156,000
083 Remodel existing substance misuse and alcohol contracts	Fewer people with substance misuse and alcohol problems will receive treatment. There is a high risk that this will impact elsewhere in the system (e.g. increased pressure on children's social care, the NHS, police and criminal justice system)	141,400	141,400	141,400
084 Reduce funding for alcohol contracts and services that are achieving outcomes	Decommissioning Community Health Practitioner (CHP) role and Alcohol Arrest Referral (visit cells daily). No lead for overdose prevention training for active drug users or naloxone distribution. No support for Alcohol Conditional Cautions; prevention work done by the CHP which could lead to more people developing alcohol problems. Reducing the capacity of the Alcohol specialist nurse service by 1 FTE team of 6FTE nurses and 1.4 Admin. In addition the ASNS can prevent inappropriate hospital admissions and reduce length of stay	34,500	34,500	34,500

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
085 Discontinue Public Health contribution to domestic abuse	The service will reduce from the current 13 staff to approximately 5 staff (taking into account all domestic abuse savings). In addition there will be: <ul style="list-style-type: none"><li>o Reduced capacity to train professionals across the city</li><li>o Reduced support to GPs for the IRIS service</li><li>o Withdrawal of advocacy &amp; support to health visitors</li><li>o Reduced support for the Multi Agency Safeguarding Hub (MASH) within Children's Social Care</li></ul>	155,000	155,000	155,000
086 Reduce funding for public health campaigns by 50%	Significant reduction of local promotion of public health issues	50,000	50,000	50,000
087 Delete funding for Marketing Officer post	Will significantly limit the ability to support the promotion of public health marketing campaigns and is likely to impact on outcomes	33,100	33,100	33,100
088 Remodel services for young people smoking cessation support costs	Reduced capacity for delivering smoking prevention for young people in schools	13,300	13,300	13,300
089 Charge for Nicotine Replacement Therapy prescription costs to individuals and reduce smoking service in pharmacies	Risk that a change in both prescriber and the public's behaviour will not be realised	31,900	31,900	31,900
090 Review of public health contract for children aged 0-5 (including health visiting services)	Options are being identified as to how these savings can be realised with minimal impact on service delivery within the existing contract. A reduction in the number of health visitors in the city may arise. Mandatory services will be maintained. This service provides a significant part of the early help offer in the city, so there is a high risk of impact on children's services, including children's social care	279,300	279,300	279,300
091 Reduce health checks funding	Reduced uptake may mean late diagnosis of heart disease, stroke, type 2 diabetes, kidney disease and certain types of dementia which could in turn impact on Adult Social Care and health system	13,300	13,300	13,300
092 Delete salary funding of Alcohol Intervention Team Management	Reduction in the capability of the Domestic Abuse service	26,300	26,300	26,300
093 Delete Vacant posts	Reduced activity in the areas of children and young people	33,800	33,800	33,800
094 Conduct review of service to reduce staff costs	Services will require remodelling and recommissioning to meet challenging cost savings	100,000	100,000	100,000
095 Delete contribution to Wessex Youth Offenders	Risks of spike in demand may undermine this saving, which will dependent on the creation on Multi Agency Teams	15,000	15,000	15,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
096 Reduce Wellbeing Hub non pay costs	Minimal impact	15,400	15,400	15,400
<b>Health and Social Care Portfolio Total</b>		<b>2,605,100</b>	<b>2,605,100</b>	<b>2,605,100</b>

### Housing Portfolio

#### Director of Property & Housing Services

097	Housing Standards: Review of Staffing and deletion of vacant posts	Minimal impact for the service user overall as the service will still be maintained to its current level but there may be delay beyond the current 10 day response time during high demand; which is normally during the winter months or when a large number of tenants are moving into new accommodation.	65,000	65,000	65,000
098	Housing Standards: <ul style="list-style-type: none"> <li>• Increase the charge for the issuing of a statutory notice</li> <li>• Charge full cost recovery for undertaking an Energy Performance Certificate</li> <li>• Be more proactive in issuing notices relating to breaches of legislation</li> </ul>	The service user will be paying more for a service from the city council in relation to the Energy Performance Certificate (EPC). The cost of this will be more in line with other private companies, but will still only be accessible through the landlord accreditation scheme. This does have a negative impact on good landlords, but we are in the process of major changes to the landlord accreditation scheme, which would offset the added cost for an EPC, by a much better service.  Charging a more reasonable cost for the service of Notices, will have an impact on poor landlords in the city, however we are obliged to make a full recharge cost upon service of any Housing Act Notice	25,000	25,000	25,000
099	Housing Options: No longer contribute towards the cost of an Early Intervention Project worker	This will reduce the availability of specialist support for those experiencing domestic abuse but advice & support will still be available via housing services staff within their current roles	25,000	25,000	25,000
100	Housing Options: Remodel & retender the Day Centre for the Homeless	Minimal Impact. This will reduce the number of hours the centre is open but will still retain a contact point for service users and agencies working with this client group	50,000	50,000	50,000
101	Housing Options: Increase the income received from leased properties by using them as temporary accommodation for statutory homeless families and claiming an increased Housing Benefit subsidy	No impact on service users but will increase Housing Benefit spend	20,000	20,000	20,000
102	The removal of a post within the Private Sector Housing structure	Minimal impact, a reduction in pro-active negotiation with some partner organisations, which will be covered during times of high demand by other officers within the team	39,000	39,000	39,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
103 Review of Supporting People contracts	Minimal impact, contract already re-negotiated due to a lack of demand for the service	11,000	11,000	11,000
104 Review of Supporting People contracts	No Impact. Contract has been re-tendered with no change to the number of service users able to access the service	27,000	27,000	27,000
105 Review of Supporting People contracts	Reduced tenancy support available for vulnerable families and single people at risk of homelessness e.g. independent living skills, budgeting, employment & training, personal health, anti-social behaviour, managing risk to themselves & to others and developing social & community networks to help sustain future independence. This will impact on between 50 - 80 service users and will be managed by raising the threshold for the service to ensure those at most risk are prioritised	129,000	129,000	129,000
<b>Housing Portfolio Total</b>		<b>391,000</b>	<b>391,000</b>	<b>391,000</b>

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### Leader Portfolio

#### Director of Community & Communication

106 Reduction in the provision of Lord Mayor Events	Minimal impact sponsorship will be sought in order to mitigate	700	700	700
107 Reduction in Initiatives budget	Not fully utilised in previous years - minimal impact	7,000	7,000	7,000

#### **Leader Portfolio Total**

**7,700**    **7,700**    **7,700**

### Planning Regeneration and Economic Development Portfolio

#### Director of Culture & City Development

108 Staffing review of Planning Development Control which may result in a reduction in headcount	Review of staffing structure. This could potentially lead to delays in development coming forward on site	50,000	50,000	50,000
109 Presumption of increased levels of Planning Fee income	No Impact	100,000	100,000	100,000
110 Presumption of increased income from Pre-Application Fees	No Impact	10,000	10,000	10,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
111 Staffing review of Town Centre Management which may result in a reduction in headcount	Focus effort on highest impact activities. Review the service for any duplication and across the wider service to ensure that efficiencies are realised	70,000	70,000	70,000
<b><u>Director of Property &amp; Housing Services</u></b>				
112 Guildhall - Reduction in revenue grant to Trust	This reduction is in addition to the already approved reduction in the grant of £70,000 in 2016/17	30,000	30,000	30,000
113 Additional income from the property portfolio in excess of the assumed 2% annual increase	No Impact	24,700	24,700	24,700
114 Net additional income from the purchase and reletting of commercial properties	No Impact	480,000	480,000	480,000
<b><u>Director of Transport, Environment &amp; Business Support</u></b>				
115 Additional income from the Enterprise Centres and savings on utility bills, including the benefits of Photo Voltaic Cell installation	No Impact	50,000	50,000	50,000
<b>Planning Regeneration and Economic Development Portfolio Total</b>			<b>814,700</b>	<b>814,700</b>
<b>Resources Portfolio</b>			<b>814,700</b>	
<b><u>Chief Executive</u></b>				
116 Savings arising from Voluntary Redundancy programme	Manageable impact across all City Council Services	200,000	200,000	200,000
<b><u>Director of Community &amp; Communication</u></b>				
117 Removal of the Member/Neighbour initiative Scheme	Not fully utilised in previous years. CIL money available to support local initiatives	5,100	5,100	5,100
118 Additional income from shared services/partnership working	No Impact - Increased Income already achieved with current resource	1,900	1,900	1,900

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
119 Service review - Customer Services, Democratic Services & Communications	Efficiencies and rationalisation in line with changing demand and channel shift programme. In the short-term likely impact on call waiting times and an increase in complaints. A communications strategy and support will seek to mitigate the impact	137,500	137,500	137,500
120 Service review - Local Tax	Efficiencies and rationalisation in line with channel shift programme - possible impact due to reduced capacity which will be mitigated by a full Directorate Review and potential partnership working	102,700	102,700	102,700
121 Review of training provision - Move to electronic training and use of existing resources	No Impact - training will be delivered using Directorate resource e-learning	35,000	35,000	35,000
122 Service review - Benefits Administration	Efficiencies and reduction in support with potential risk to quality assurance and capacity to recover overpayments. Staff will have higher caseloads - mitigated via Channel Shift initiatives and potential partnership working	164,300	164,300	164,300
123 Review exemptions, discounts and late notifications which may result in an over-payment of benefit or an under-payment of Local Tax	Increase in collectable Council Tax by ensuring that residents only receive entitlement due for the period of entitlement	100,000	100,000	100,000
124 Revision of discretionary Council Tax discounts and exemptions	Increase in collectable Council Tax. Some discretionary payments will reduce or cease	170,000	170,000	170,000
<b><u>Director of Finance &amp; Information Service</u></b>				
125 Rationalisation and integration of service desk & Systems support	Reduction in system and service support including training. Potential increase in waiting times for resolution of IT related problems	69,000	69,000	69,000
126 Delete part time GIS Technician post	Increased time to respond to requests for maps and changes to them	16,300	16,300	16,300
127 Reduce Business Application support	Reduce support across large systems including development work and discretionary upgrades e.g. Swift, Northgate & Capita 1. Only essential upgrades will be undertaken	34,200	34,200	34,200
128 Delete Web Developer post	Service is resourced to meet current demand with the loss of this post. If demand increases through the Channel Shift Programme this reduction will potentially slow down this programme	40,000	40,000	40,000
129 Modern Records cease administration support	Reduced resilience - Modern Records section may be closed at short notice if remaining staff have unplanned absence and services may be unable to retrieve documents (alternative emergency arrangements will be made)	10,100	10,100	10,100

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
130 Efficiencies, contract changes and changes to working arrangements	No Impact	98,700	117,700	117,700
131 Medina House Node savings	No Impact	37,800	37,800	37,800
132 Increase in rebate received through increased use of Purchase cards	No Impact	10,000	10,000	10,000
133 Software - renegotiation of licence costs	No Impact	16,000	16,000	16,000
134 E-mailing of remittance advices to suppliers (Postage saving)	No Impact	20,000	20,000	20,000
135 Change in policy for the amount set aside for debt repayment	Financial savings in first 16 years but additional costs in later years which, by then, will have been eroded by inflation	450,000	450,000	400,000
136 New initiatives in Treasury Management investment	Moving into slightly higher risk and longer term investments which provide a higher return as a result. Mitigation provided by an increase in diversification of the portfolio	80,000	80,000	80,000
137 Reduction in provision for feasibility studies	Ability to resource feasibility work reduced	5,000	5,000	5,000
138 Salary sacrifice schemes for employee benefits	Employer saves NI & pension on sacrificed sum (e.g. Car Lease scheme)	100,000	100,000	150,000
139 Service Review (Finance) - 2016/17- rationalisation & reprioritisation	Reductions across teams - reduced financial control over budgets. Reduction in comprehensiveness of financial evaluation of proposals and consequent risk that information for decision making is not sufficiently comprehensive	250,000	250,000	250,000
140 Additional income (above budgeted income of £100,000) for the Spinnaker Tower Naming Rights	No Impact	600,000	600,000	600,000

### Director of Human Resources, Legal & Procurement

141 Delete Deputy Chief Internal Auditor post	Reduce capacity to deliver Audit plan & reactive work. Higher risk level in audit plan and potentially delays in carrying out investigations	50,000	50,000	50,000
142 Increase vacancy provision by 0.5%	No Impact as long as staff turnover continues at current levels	25,000	25,000	25,000
143 Remove funding for trade union officials	Potential negative impact on trade union relations. Would require unions to provide own funding if dedicated union officials are still required	75,000	75,000	75,000
144 Income from the provision of additional HR, Legal and Audit Services to local authority and health partners	No Impact	40,000	40,000	40,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
145 Review of Strategy unit, including deletion of posts and alternative funding arrangements for some work	Reduction in service delivery. Requirement for additional capacity to be identified and funded elsewhere in the organisation for projects that postholders would previously have carried out	161,000	161,000	161,000
146 Service review including Legal, HR and Procurement.	Reduction in service delivery. Reduced capacity to support projects and agendas, potentially causing delays or external support	123,000	123,000	123,000
<b><u>Director of Integrated Commissioning Unit</u></b>				
147 Shopmobility - reduce level of funding available to Portsmouth Disability Forum who run this service	May require an increase in fees to generate income to meet any shortfall. The service is well used by local residents and visitors to the city	5,000	5,000	5,000
148 Infrastructure support for third sector organisations	Low impact - this reduction has been planned as part of commissioning plan and contract	20,000	20,000	20,000
149 No inflation on grants and contracts	Small impact on organisations ability to deliver services with rising costs	6,500	6,500	6,500
150 Voluntary and Community Support - additional support for market development	Support for developing capacity in the voluntary and community sector will cease in June 2016	18,800	18,800	18,800
151 Reduced cost of Voluntary and Community Support	No Impact	6,000	6,000	6,000
152 Remove grant which provides for a structured programme of activities for people with an acquired brain injury	Services users who may turn to PCC or health for service provision by way of replacement to meet their needs	5,400	5,400	5,400
153 Reduced Admin cost	No Impact	1,600	1,600	1,600
<b><u>Director of Property &amp; Housing Services</u></b>				
154 Landlords Maintenance; Design; Health & Safety: Generating additional income; (new income e.g. income from PV Panels) as well as reviewing current charges to ensure that full cost recovery is still relevant (e.g. review charges under Traded Services for schools for September 2016).	Additional income: PV FIT and export FIT for approved Solar PV schemes. Additional Traded services income for Health & safety team and Maintenance team. (FIT = Feed in Tariff; PV = Photo-voltaic)	90,000	90,000	90,000
155 Landlords Maintenance; Design; Health & Safety: Reduction in level of service of repairs & maintenance contracts	Reduced ability to maintain and improve building assets. Building maintenance costs are increasing faster than inflation and cuts to these budgets will have a detrimental effect on the condition stock. Complete review of all term maintenance and servicing arrangements, e.g. reduction in frequency of air conditioning servicing from three to two visits per year. Only statutory requirements will be carried out	40,000	40,000	40,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
156 Landlords Maintenance; Facilities; Property; Design; Health & Safety: Continued rationalisation of all staff resources	Moderate: Continued rationalisation of Housing and Property Services staff resources. Reduces flexibility and ability of service to respond to changing demands and to look for additional clients to generate additional income	50,000	50,000	50,000
157 Property & Facilities Services: Operational Service Review - Security, Despatch and Porters. The review will see the loss of the Porters and re-alignment of duties amongst Security and Despatch	Deletion of the Porter function will result in: increased duties for Security/Despatch. Removals and bulk item moves will become planned moves and no reactive requests will be received	43,500	43,500	43,500
158 Review of Facilities Management	Contract monitoring may well reduce to minimum levels and where possible contracts will be merged with existing Measured Term Contracts. Delays will also be experienced with service delivery for Facilities Management services	26,000	26,000	26,000
<b>Resources Portfolio Total</b>			<b>3,540,400</b>	<b>3,559,400</b>
<b>Traffic and Transportation Portfolio</b>			<b>3,559,400</b>	

### Director of Transport, Environment & Business Support

159 Fleet Vehicles - Traded Services. The City Council can offer partner organisations and businesses the opportunity to benefit from its substantial buying power and expertise so that they can reduce the costs and assurance of their own transport operations. The traded services on offer range from transport consultancy, vehicle supply, vehicle service, maintenance & repair, fuel purchase, short term hire, driver training through to the supply of drivers and vehicles of up to 16 passenger seats for either ad-hoc or regular journeys	No Impact	25,000	25,000	25,000
160 Manage and trade the corporate fleet of vehicles including minibuses vehicles to customers external to the City Council to generate income in the form of a management overhead to cover operating costs and create a surplus. Potential customers include the Health trusts, other local authorities and private and public organisations	No Impact	15,000	15,000	15,000

## INDICATIVE BUDGET SAVINGS 2016/17

<b>Indicative Savings Proposal</b>	<b>Impact on Level of Service &amp; Service Outcomes</b>	<b>Saving 2016/17 £</b>	<b>Saving 2017/18 £</b>	<b>Saving 2018/19 £</b>
161 Internal Fleet Management - An integrated service for Fleet Management across Council services would provide Directorates with specialist advice on the design, specification and procurement of all their vehicular requirements. This would include managing expenditure and reporting accordingly. This would be an overall saving to the Council against either externally provided or devolved provision of fleet services in discrete service units	No Impact	25,000	25,000	25,000
162 Tendered Bus Routes - A reduction in subsidy provided to the bus operators to support their least commercial routes. This will include the withdrawal or reduction of subsidies on weekday evening services, Sunday services and services with high subsidy levels	Some subsidised bus services would no longer operate	150,000	150,000	150,000
163 Review of staff teams within the Transport, Environment & Business Support Directorate	Some functions within the Transport service will take longer be delivered with the potential for complaint and dissatisfaction from residents	150,000	150,000	150,000
164 Parking Income - To undertake a strategic review of fees and charges specific to each parking location	This will result in increases to areas with the greatest demand and potentially reductions in areas with the least demand	200,000	200,000	200,000
165 A more focussed approach to the management of absence from work including vacancies and sickness	This will reduce the number of days lost, having a positive impact on the Directorate's efficiency and ability to generate income	50,000	50,000	50,000
166 A reduction in payments to Bus Operators in the City following a comprehensive review of subsidies, settlements and commissions	This review has the possibility to positively affect bus fare structures and the overall position of buses in the City	50,000	50,000	50,000
167 School Crossing Patrols - Subsidised traded services offer	The City Council will no longer provide a fully subsidised school crossing patrol service and will now offer this as a traded service. Schools will be able to purchase the service from September 2016 at a discounted price and there will be no service impact	135,000	135,000	135,000
<b>Traffic and Transportation Portfolio Total</b>		<b>800,000</b>	<b>800,000</b>	<b>800,000</b>

## INDICATIVE BUDGET SAVINGS 2016/17

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2016/17 £	Saving 2017/18 £	Saving 2018/19 £
<b><u>Transfers to Housing Revenue Account</u></b>				
<b><u>Director of Property &amp; Housing Services</u></b>				
168	Re-location of staff from Chaucer House to Civic Offices	No Impact	108,000	108,000
169	Appropriation of properties from General Fund to Housing Revenue Account for housing purposes	No Impact	392,000	392,000
<b><u>Transfers to Housing Revenue Account Total</u></b>			<b>500,000</b>	<b>500,000</b>
<b><u>Grand Total</u></b>			<b>11,000,000</b>	<b>11,000,000</b>
			<b>11,000,000</b>	<b>11,000,000</b>

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# Agenda Item 12



Portsmouth  
CITY COUNCIL

Agenda item:

<b>Title of meeting:</b>	Cabinet Meeting
<b>Date of meeting:</b>	3 December 2015
<b>Subject:</b>	Sports and Leisure Centres Strategic Contract Review
<b>Report by:</b>	Director of Culture and City Development
<b>Report Author:</b>	David Evans, Project Director
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

- 1.1 To advise Members that officers from Finance, Legal, Procurement, Contract Management, Recreation, Property Services and Public Health undertook an extensive and systematic review of its major strategic contracts in response to austerity funding pressures but also as general good practice. As part of this review and as a result of the contractual benchmark process for the Mountbatten Centre (MBC) contract instigated by the current operator, the council has conducted a detailed delivery option appraisal in respect of the management contracts for the MBC and other associated sports and leisure sites.
- 1.2 To advise Members of the future options for the MBC and other sports and leisure facilities and seek authority for the Director of Culture and City Development to implement the agreed outcome in consultation with the Cabinet Member for Culture, Leisure and Sport and the Director of Finance & Information Services (S151 Officer)

## 2. Recommendations

- 2.1 That the Cabinet approve the re-procurement option for the Mountbatten Centre Contract and other Leisure Management Contracts for the provision of these facilities.
- 2.2 That the City Solicitor, the Director of Finance and Information Services (Section 151 Officer) in consultation with the Cabinet Member for Culture, Leisure and Sport have delegated authority to conclude all necessary actions to implement the decision.



### 3.0 Background

- 3.1 The MBC redevelopment scheme was a long term aspiration for Portsmouth and was delivered on time and within budget.

The partnership with Broadwater Leisure Limited (BLL) was innovative in that it provided a mix of quality facilities to enable the delivery of key outcomes in line with council priorities particularly around health and sustaining and increasing participation in sport and physical activity.

- 3.2 The Mountbatten Centre redevelopment included the management of the Gymnastics Centre and new Indoor Tennis Centre.

- 3.3 It is part of a design, build, operate and maintain (DBOM) contract with a 25 year term from full service commencement (July 2009). The contract was awarded to BLL, a Special Purpose Vehicle (SPV) made up of Parkwood Consultancy Services, Saunders Architects, Kier Construction and Parkwood Leisure Limited (PLL).

- 3.4 The capital cost was £20.1m and was funded by a £5.49m grant from Sport England with the balance funded from PCC.

- 3.5 As part of the current contract BLL has the responsibility for the full maintenance and lifecycle responsibility except where PCC has retained landlord maintenance responsibility for the MBC grandstand and the new Tennis Centre.

- 3.6 There is also a separate 10 year leisure management contract for Eastney Pool, Charter Community Sports Centre and Wimbledon Park Sports Centre which started in January 2008.

### 4. Contract Performance Review

- 4.1 There have been monthly performance reviews that show the contract is being managed in accordance to the original specification and the following is a summary of the review

- 4.2 Utilisation at MBC – 2014 1,025,216, 66% increase in 5 years

- 4.3 PCC Monitoring

- No financial deductions in past 18 months
- Monthly (Customer Feedback) / Quarterly / Annual Reports
- Maintenance & Health and Safety Audits Satisfactory
- Site Visits (Cleanliness & Availability)

- 4.3 MBC achieved Quest (Sport England's Quality Assurance Accreditation)

- Identified Good Management Systems



4.4 Sport England's National Benchmarking Service

- Customer Satisfaction Acceptable
- Good use by target groups

4.5 **Sports Development** (Annual plans for Swimming, Gymnastics, Tennis, Target Groups)

- Good relationship with governing bodies

4.6 **Health Developments**

- GP Referral Scheme
- Cancer / Stroke Support / Mental Health initiatives developed

4.7 **Financial**

- Current Unitary Charge was considered good value at the time of the contract award.
- Parkwood is considered to have good controls on expenditure

4.8 Customer Satisfaction levels with Health & Fitness via Survey Monkey (Independent survey of gym members – June 2014)

- 85% would recommend fitness membership
- 74% very satisfied / satisfied
- 18% neutral

4.9 Officers have undertaken a comprehensive review of the Mountbatten Centre's performance the details of which are included in Exempt Appendix 3

**5. Benchmarking**

5.1 The MBC contract has a benchmarking process which enables BLL to revisit their Unitary Charge (Management Fee) based on the latest market position every 5 years. Thus, if because of market changes the revenues or costs change significantly then either party are able to undertake a benchmarking process.

5.2 When benchmarking takes place, BLL has to present their new Unitary Charge based on the current market position for the council to either agree with them or seek to gain an independent review, negotiate and if necessary undertake a market test.

5.3 In 2013 PCL formally made the council aware that the centre was not performing in line with their tender and that an additional sum of £440k pa in the Unitary Charge may be requested and this is when the benchmarking clause was instigated.



5.4 There were a number of discussions and financial offers made to reduce the financial uplift but none of them were acceptable to either party.

## 6. Benchmark Consultant

6.1 The next stage in the contractual process was that an independent Benchmark Consultant was commissioned in May 2015 to review PCL's operations and accounts in the period up to the benchmark.

6.2 Following this exercise if a figure cannot be agreed there is the opportunity to go through a market test exercise for the leisure management service if the requested uplift is greater than £37,000.

6.3 A summary of the Benchmark Consultants report is Exempt Appendix 2 and was the basis for further discussions as to the level of the new Unitary Charge. The contract also provides that the parties must agree or concede a new unitary price and not impose one on the other party. Should a figure not be agreed and a market test exercise is undertaken, BLL is obliged to appoint a provider of the most economically advantageous tender as the operator of the centre. The council is obliged to accept that appointment although it can refer the matter to the Dispute Resolution Procedure (DRP) set out in the contract.

## 7. Options

7.1 The financial implications of the options listed below are set out in Exempt Appendices 1 (high level summary) and Exempt Appendix 1A (with more detail)

- **Option 1:** 'Do Nothing'  
Negotiate a revised unitary charge based on the outcome of the Benchmark consultant's report
- **Option 2:** Negotiate with a contract extension  
Negotiate a revised unitary charge but with a 3 year extension to the Leisure Management Contracts.
- **Option 3:** Terminate and Re-procure  
The contract allows the council to terminate the contract by giving the current operator just 20 days' notice.

## 8. Issues for Consideration

8.1 There are quite a number of issues to be considered if the council is to pursue a voluntary termination option:

8.1 Compensation payments would be due to BLL and PCL which would be calculated in accordance with the provisions of the Project Agreement and are outlined in Exempt Appendix 1A although these will be subject to negotiation.



- 8.2 The current contract has a full repair and lease agreement whereby the operator is responsible for arranging and paying all of the costs for the maintenance of the building structure, services and equipment including:
- Routine building repairs
  - Replacement plant and equipment
  - Planned maintenance
  - Servicing
- 8.3 PCC and PCL share a 'Lifecycle fund' and if maintenance is retained by PCC, the fund needs to remain intact with ongoing contributions at the agreed level.
- 8.4 There are currently outstanding construction issues e.g. sports hall floor (c £180k).
- 8.5 There is an immediate known additional pressure of approximately £101k for electricity costs, which is part of the contractual arrangements that is currently absorbed by PCL. If a retendering exercise were to be carried out, this additional cost would need to be included and is taken into account in the financial appraisal.
- 8.6 The council may consider undertaking the process via the new Competitive Procedure with Negotiation introduced within the Public Contracts Regulations (2015). This procedure provides for additional flexibility over the standard Open and Restricted procedures but does not require the complexity and associated increases in timescales which would be required if a detailed Competitive Dialogue process was undertaken. However, there will be the cost associated with the revised provision. This is unknown and will be subject to market forces
- 8.7 There is a separate 10 years Leisure Management Contract (LMC) with PLL which ends in 2018; it includes Eastney Pool, Wimbledon Park and Charter Community Sports Centre. As part of this arrangement PCC has retained landlord responsibility for maintenance.
- 8.8 The estimated financial implications of these contracts have been included in Exempt Appendix 1 to enable members to see the full picture across the contracts in the overall Parkwood Group.

## **9. Legal Review**

- 9.1 A review of the key contractual legal issues as contained in Exempt Appendix 5.

## **10. Equality impact assessment (EIA)**

- 10.1 An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.



## 11. Director of Finance's comments

- 11.1 A full financial appraisal setting out the costs and savings for each of the options outlined in this report is attached at Exempt Appendix 1 (high level) and Exempt Appendix 1A (more detailed).
- 11.2 Each option shows the effect of the estimated revised Unitary Charge against existing budget provision as well as any 'one off' investment required.
- 11.3 In financial terms, the Option 3 (Terminate and re-procure) presents a high degree of confidence that it will be the most financially advantageous option for the Council over the remaining 18 year life of the contract by a significant margin.

The evaluation has considered all contract breakage, disruption, management fees and maintenance costs and the likely income levels generated from a provider under a new contract. It is also anticipated that there would be strong demand for a new contract covering the Mountbatten Centre and other Leisure sites.

- 11.4 Any upfront 'one-off' costs can be funded from either the MTRS Reserve or Portfolio Reserves consistent with the rules around the application of those funds.

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**Signed by: Stephen Baily:**  
**Director Culture & City Development**

### Appendices:

Exempt Appendix 1	Financial Options Appraisal (high level summary)
Exempt Appendix 1A	Financial Options Appraisal (more detail)
Exempt Appendix 2	Benchmark Consultants Report
Exempt Appendix 3	Internal Review and Options
Exempt Appendix 4	Re Procurement
Exempt Appendix 5	Legal Review

### 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 the Cabinet on 3 December 2015

Signed .....

The Leader of Portsmouth City Council