

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Monday, 8 February 2016 at 1.00 pm at the Guildhall, Portsmouth

Present

Councillor Donna Jones (in the Chair)

Councillors Luke Stubbs
Lee Mason
Robert New
Linda Symes
Steve Wemyss
Neill Young

1. Apologies for Absence (AI 1)

Councillor Ken Ellcome had sent his apologies for absence as he was on other council duties.

2. Declarations of Interests (AI 2)

There were no declarations of members' interests.

3. Record of Previous Decision Meeting - 3 December 2015 (AI 3)

The record of decisions of the previous Cabinet meeting held on 3 December 2015 were approved as a correct record to be signed by the Leader.

4. Council Tax Discounts (including Policy on Empty Dwellings) (AI 4)

Louise Wilders, Director of Community & Communication, presented her report which requests a change to the policy on empty properties from 1 April 2016. This policy had had staffing implications and it was hoped that properties would become empty for shorter periods of time. Councillor Lee Mason, as the Cabinet Member for Resources, supported this move towards 12 month rather than 11 month rental contracts.

RECOMMENDED TO COUNCIL

- (1) To continue the current policy of 0% council tax discounts on second homes**
 - (2) To continue the current policy of giving 40% council tax discounts for 12 months for empty and unfurnished properties undergoing major repair**
 - (3) To amend the first phase of the empty homes period to reduce the council tax discount from 100% to 0% with effect from 1 April 2016.**
- 5. Portsmouth City Council Budget & Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20 (AI 5)**

A deputation was made by Hilary Reed setting out her questions relating to the report's Equality Impact Assessment (EIA), which included the training of members and officers on equalities issues and the monitoring and responsibility of the impact and engagement of the proposals on protected groups.

In response the Leader of the Council explained the procedures for formal public questions related to full Council meetings rather than Cabinet meetings, but as important issues were being raised she gave a statement on the council's equalities procedures as well as explaining the budget procedure of the full Council agreeing in December the total amount to be saved by each of the portfolios but not the detail of the proposed savings (which can be amended or substituted with an alternative proposal). Some of the individual service savings lines in the revenue budget would need consultation and the appropriate Equality Impact Assessment (EIA) being undertaken before changes are implemented. Councillor Jones outlined the public consultation which had taken place with residents and businesses in September and October, which had resulted in 2,466 responses, as well as public meetings being held.

The Leader explained that as part of the budget process as the potential savings had to be assessed to see if these could potentially impact on any of the protected characteristics within the Equality Act 2010, which along with the appropriate consultations inform the EIAs. The member training programme included equalities and members of both the Cabinet and the Governance & Audit & Standards committee had attended, so Cabinet members were mindful of the legislation relating to equalities issues.

Chris Ward as the Director of Finance and Section 151 Officer then presented his report which would be submitted to the Council meeting the following day.

RECOMMENDED to Council

- (1) That the following be approved in respect of the Council's Budget:
 - (a) The revised Revenue Estimates for the financial year 2015/16 and the Revenue Estimates for the financial year 2016/17 as set out in the General Fund Summary (Appendix A)
 - (b) The Portfolio Cash Limits for the Revised Budget for 2015/16 and Budget for 2016/17 as set out in Sections 7 and 9, respectively
 - (c) That the "clawback" requirement for overspendings be waived for 2015/16 for both the Education & Children's Portfolio and the Health & Social Care Portfolio given the scale of those overspendings and also that their Portfolio Cash Limits were set in the knowledge of the financial risks contained therein which were fully provided for within the Council's contingency provision

- (d) That £1.5m be transferred to the Revenue Reserve for Capital to supplement the resources available for the Capital Programme in order to ensure the Council can properly meet its statutory responsibilities including School Places, Sea Defences and Roads Maintenance
- (e) That £1.5m be transferred to the MTRS Reserve to restore it to a level sufficient to enable the Council to pursue both Spend to Save schemes, Invest to Save schemes and fund redundancy costs, all aimed at facilitating the Council's savings strategy
- (f) That £1,686,600 is carried forward from 2015/16 to 2016/17 in respect of contingent items that were expected to arise in 2015/16 but are now expected to occur in 2016/17
- (g) Any further underspendings for 2015/16 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known future commitments such as Secondary School Places, Sea Defences and the enabling transport infrastructure necessary for the City's development and growth which have, as yet, insufficient funding
- (h) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
- (i) That the level of Council Tax be increased by 1.99% for general purposes in accordance with the referendum threshold¹ for 2016/17 announced by Government (as calculated in recommendation 3.4 (d))
- (j) That the level of Council Tax be increased by a further 2.0% beyond the referendum threshold (as calculated in recommendation (4)d) to take advantage of the flexibility offered by Government to implement a "Social Care Precept"; and that in accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1,254,400 is passported direct to Adult Social Care
- (k) Managers be authorised to incur routine expenditure against the Cash Limits for 2016/17 as set out in Section 9
- (l) That the savings requirement for 2017/18 be set at a minimum on-going sum of £9.0m
- (m) That the S.151 Officer be given delegated authority to make transfers to and from reserves in order to ensure that they are

¹ Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

maintained as necessary and in particular, adjusted when reserves are no longer required or need to be replenished

- (n) Directors be instructed to start planning how the City Council will achieve the savings requirements shown in Section 11 and that this be incorporated into Service Business Plans
 - (o) The minimum level of Revenue Balances as at 31 March 2017 be set at £7.0m (£6.5m in 2015/16) to reflect the known and expected budget and financial risks to the Council
 - (p) Members have had regard for the Statement of the Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 17.
- (2) That the following be noted in respect of the Council's Budget:
- (a) The Revenue Estimates 2016/17 as set out in Appendix A provide full funding for the Domestic Violence Service in 2016/17 ensuring that the service remains intact. A sum of £50,000 funded from additional income arising from the Council's Property Investment Portfolio has been identified to mitigate the overall reduction of £180,000 to the Service in future years. Discussions with Hampshire Police & Crime Commissioner's Office will take place after the May elections with the intent to secure a contribution for the remaining £130,000
 - (b) The Revenue Estimates 2016/17 as set out in Appendix A have been prepared on the basis that the 2% tax increase for the "Social Care Precept" (amounting to £1,254,400) is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the cost of the new National Living Wage
 - (c) In the event that the additional flexibility of the "Social Care Precept" and associated 2% tax increase (amounting to £1,254,400) is not taken, then equivalent savings will need to be identified
 - (d) In general, any reduction from the 3.99% Council Tax increase proposed will require additional savings of £627,200 for each 1% reduction in order for the Budget 2016/17 to be approved
 - (e) The Revenue Forecast and the associated provisional Portfolio Cash Limits for 2017/18 onwards as set out in Section 10 and Appendix B
 - (f) The estimated Savings Requirement of £24m for the three year period 2017/18 to 2019/20, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2017/18	9.0	9.0
2018/19	8.0	17.0
2019/20	7.0	24.0

- (g) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold a relatively modest uncommitted balance of £2.4m² and will only be replenished from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required
- (h) The Council Tax element of the Collection Fund for 2015/16 is estimated to be a deficit of £269,000 which is shared between the City Council (84%), Police & Crime Commissioner (11%) and the Hampshire Fire & Rescue Authority (4%)
- (i) The Business Rate element of the Collection Fund for 2015/16 is estimated to be a deficit of £635,828 which is shared between the City Council (49%), the Government (50%) and the Hampshire Fire & Rescue Authority (1%)
- (j) The Non Domestic Rates poundage for 2016/17 will be 49.7p, and 48.4p for small businesses
- (k) The Business Rate income³ for 2016/17 (excluding "Top Up") based on the estimated Business Rate element of the Collection Fund deficit as at March 2016, the Non Domestic Rates poundage for 2016/17 and estimated rateable values for 2016/17 has been set at £39,581,127
- (3) That the S.151 Officer has determined that the Council Tax base for the financial year 2016/17 will be **53,538.8** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].
- (4) That the following amounts be now calculated by the Council for the financial year 2016/17 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:
- (a) £478,280,306 Being the aggregate of the amounts which the Council estimates for the items set out in

² Including the transfer into the reserve of £1.5m contained with the recommendations in this report and the transfer out of the reserve of £0.3m as described in the Capital Programme 2015/16 to 2020/21 report contained elsewhere on this agenda

³ Including the Collection Fund deficit of £311,600 and excluding the "Top Up" grant from Government of £4,503,001.

- (b) £413,052,380 Section 31A(2) of the Act. Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £65,227,926 Being the amount by which the aggregate at 3.4 (a) above exceeds the aggregate at 3.4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
- (d) £1,218.33 Being the amount at 3.4(c) above (Item R), all divided by Item 3.3 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.
- (e) Valuation Bands (Portsmouth City Council)

A £	B £	C £	D £	E £	F £	G £	H £
812.22	947.59	1,082.96	1,218.33	1,489.07	1,759.81	2,030.55	2,436.66

Being the amounts given by multiplying the amount at (4)(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

- (5) That it be noted that for the financial year 2016/17 the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

A £	B £	C £	D £	E £	F £	G £	H £
106.97	124.80	142.63	160.46	196.12	231.78	267.43	320.92

- (6) That it be noted that for the financial year 2016/17 Hampshire Fire and Rescue Authority are recommending the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

A £	B £	C £	D £	E £	F £	G £	H £
41.73	48.69	55.64	62.60	76.51	90.42	104.33	125.20

- (7) That having calculated the aggregate in each case of the amounts at (4)e, (5) and (6) above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2016/17 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
960.92	1,121.08	1,281.23	1,441.39	1,761.70	2,082.01	2,402.31	2,882.7

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

6. Capital Programme 2015/16 to 2020/21 (AI 6)

Chris Ward, Director of Finance and Section 151 Officer, presented his report which was also being submitted to Council the following day which sought £173.2 additional capital investment.

Councillor Stubbs asked the S151 Officer to comment on a recent press story relating the property investment fund and it was clarified that this needs to be sent on capital schemes and not for revenue purposes (such as the helping the homeless as suggested within the article) and must be affordable; where there are deficits there is the authority can only borrow where the identified opportunities will more than offset the borrowing. The Leader asked if such borrowing would be illegal; the Section 151 Officer confirmed it would be if the authority could not pay this back and it would not meet the prudential borrowing criteria.

Councillor Neill Young, as Cabinet Member for Children & Education, placed on record his gratitude for the strong investment in schools within the capital programme, showing the Administration's commitment to education in the city. He looked forward to seeing the improvements in schools through the necessary repair works.

RECOMMENDED to Council

- (1) That the following be approved in respect of the Council's Capital Programme:

- 1) The Revised Capital Programme 2015/16 to 2020/21 attached as Appendix 1 which includes all additions, deletions and amendments for slippage and rephrasing described in Sections 6 and 8 be approved
- 2) The S.151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council
- 3) That the S.151 Officer in consultation with the Leader of the Council be given delegated authority to release capital resources held back for any contingent items that might arise, and also for any match funding requirements that may be required of the City Council in order to secure additional external capital funding (e.g. bids for funding from Government or the Solent Local Enterprise Partnership)
- 4) The following schemes as described in Section 9 and Appendix 2 be reflected within the recommended Capital Programme 2015/16 to 2020/21 and be financed from the available corporate capital resources:

Recommended New Capital Schemes	Corporate Resources Required £	Total Scheme Value £
Children & Education		
School Conditions Project	725,000	750,000
Special Education Needs - Building Alterations	1,200,000	3,200,000
Secondary School Places Expansion 2016/17 - 2018/19 (Phase 1)	1,500,000	1,500,000
Secondary School Places Expansion 2019/20 - 20/21 (Phase 2)	1,800,000	1,800,000
Culture & Leisure		
Round Tower Improvement Works	80,000	80,000
Environment & Community Safety		
Southsea Coastal Flood Defence	1,250,000	82,063,000
Health & Social Care		
Refurbishment of Hilsea Lodge Annexe	140,000	140,000
Reconfiguration of Corben Lodge	1,150,000	1,150,000
Housing		
New Green & Clean Rest Areas	67,000	67,000
PRED		
Public Realm Improvement By The Hard	300,000	300,000
Guildhall Investment (Match funding)	300,000	300,000
Resources		

	Landlord's Maintenance	1,100,000	1,100,000
	Utilities' Management	983,000	1,233,000
Traffic & Transportation			
	LTP3	353,000	353,000
	Traffic Signal Upgrade Packages	910,000	910,000
	Eastern Road Waterbridge	1,060,000	1,800,000
Total Recommended Sum to be Approved		12,918,000	96,746,000

- 5) The following schemes as described in Section 10 and Appendix 2 be approved as Invest To Save Schemes and funded from Prudential Borrowing (subject to the approval of a detailed financial appraisal by the S.151 Officer) up to the limit shown:

	Prudential Borrowing Required £
Eastern Road New Build	1,723,000
Purchase of New Depot	2,200,000
Commercial Property Acquisition	60,000,000
Purchase of Linkspans Berths 3 and 4	8,700,000
Utilities' Management	250,000
Photovoltaic Cell Investment Fund	1,950,000
Total Recommended Sum to be Approved	74,823,000

- 6) As described in Section 10, early years borrowing costs relating to the above schemes totalling £73,900 in 2016/17 and £179,900 in 2017/18 be funded from the MTRS reserve
- 7) The following Schemes as described in Section 13 be included within the "Reserve List" of Capital Schemes to be considered once additional capital resources are identified

Future Priority Capital Schemes – Not in Priority Order
Secondary School Places 2018/19 to 2020/21
Special Educational Needs Re-modelling
School Condition (roofs, boilers, electrics, windows etc.)
Sea Defences
Enabling Transport Infrastructure match funding - City development
City Promotion & Inward Investment schemes
Landlords Repairs & Maintenance
Local Transport Plan - Road safety and traffic improvement schemes

- 8) The Prudential Indicators described in Section 14 and set out in Appendix 3 be approved.

- (2) That the following be noted in respect of the Council's Capital Programme:

- 1) That the capital resources proposed to be allocated include £1.5m of funding from Revenue as recommended in the "Budget and Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20" report contained elsewhere on the agenda. In the event that this funding is not approved, schemes with Corporate Capital Resources amounting to £1.5m will be required to be removed from the new schemes starting in 2016/17 detailed in Appendix 2
- 2) The passported Capital Allocations (Ring-fenced Grants) as set out in Section 7
- 3) As outlined in Section 12 and Appendix 2 the use of The Parking Reserve to fund the refurbishment of Isambard Brunel Car Park at a cost of £450,000
- 4) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes as described in Section 14

^{4[1]} Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

^{5[2]} Including the transfer into the reserve of £1.5m contained with the recommendations in this report and the transfer out of the reserve of £0.3m as described in the Capital Programme 2015/16 to 2020/21 report contained elsewhere on this agenda

^{6[3]} Including the Collection Fund deficit of £311,600 and excluding the "Top Up" grant from Government of £4,503,001.

7. Special Educational Needs and Disabilities (SEND) Implementation Grant (New Burdens) 2016-17 allocation (Supplementary Item) (AI 7)

Dr Julia Katherine presented the report for the Director of Children's Services, which had been sent out as a supplementary item, regarding the employment of additional staff on a temporary basis to transfer existing statements and learning disability assessments to education health and care plans.

Councillor Neill Young as the Cabinet Member for Children & Education endorsed the hard work of the team in undertaking this transfer process and Portsmouth was leading the way for the region on the SEND reforms, for which he thanked Julia Katherine and her team. Chris Ward, Director of Finance, clarified that whilst this funding was not ring-fenced it was not relied upon within the Council budget. The Leader was pleased by the progress being made with the implementation.

DECISION the Cabinet:

(1) Approved the full allocation of the Special Educational Needs Implementation Grant of £131,559 in 2016-17.

(2) Approve the proposals for utilising the grant to continue to fund the staff who have been employed on a fixed term basis to enable successful transfer of existing statements and learning disability assessments to education health and care plans.

The meeting concluded at 1.20 pm.

Councillor Donna Jones
Leader of the Council