

## SCRUTINY MANAGEMENT PANEL

Minutes of the meeting of the Scrutiny Management Panel held on Monday, 6 February 2017 at 5.00 pm at the Civic Offices, Portsmouth

### Present

Councillors Alicia Denny  
Ben Dowling  
Scott Harris  
Steve Hastings  
Stephen Morgan  
Tom Wood

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

Apologies for absence were received on behalf of Councillors Simon Bosher, Ian Lyon and Darren Sanders.  
Apologies for lateness were received on behalf of Councillors Alicia Denny and Stephen Morgan.

In the absence of the Chair and Vice chair of the Panel, it was proposed by Councillor Steve Hastings, seconded by Councillor Ben Dowling, that Councillor Scott Harris be elected Chair for the meeting and this was agreed.

#### 2. Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

#### 3. Minutes of the Meeting held on 5 December 2016 (AI 3)

**RESOLVED that the minutes of the meeting held on 5 December 2016 be confirmed and signed by the chair as a correct record.**

#### 4. Portsmouth City Council Budget and Council Tax 2017/18 and Medium Term Budget Forecast 2018/19 to 2020/21 and Capital Programme 2016/17 to 2021/22 (AI 4)

(TAKE IN PRESENTATION)

Councillor Harris welcomed everyone to the meeting and invited Chris Ward, s151 Officer to give his presentation which he then did.

Mr Ward explained that he had split the presentation into 6 parts; Financial Context, Revised Budget 2016/17, Budget 2017/18 (including Local Government Finance Settlement and Council Tax), Future Forecasts 2018/19 to 2020/21, Capital Programme 2016/17 to 2021/22 and finally a summary slide.

##### Part 1.

Mr Ward explained that the overall effect of austerity so far was outlined in Slide 1. He explained that the overall aim for 2017/18 to 2020/21 was to

reduce net expenditure by £24m. The four strands of the Medium Term Financial Strategy were shown in slide 6 - transforming to an entrepreneurial council, reducing the extent to which the population needs council services, increasing the efficiency and effectiveness of the Council's activity and withdrawing or offering minimal provision of low impact services. Mr Ward said that in addition to the savings requirements set out in slide 7, there were also underlying deficits in Adult Social Care - £0.6m, Children's Safeguarding £0.5m and the National Living Wage.

Slide 8 provided a recap of the budget decisions taken in December 2016.

#### Part 2

Mr Ward explained the key changes as set out in slide 10.

There were over-spending in Children's Social Care - £1.3 (but included in contingency so zero variance) and in Adults Social Care - £0.6m (but included in contingency so zero variance)

There were under-spending in Early implementation of "Debt Repayment Holiday" £3.1m, Contingencies - £1.9m, Treasury Management - £1.2m and Port & MMD (improved trading results) - £1m

It was therefore proposed to make a Revenue Contribution to Capital - £3.5m (School Places, Sea Defences, City Centre Road) and to transfer to the MTRS Reserve - £3.0m (otherwise there would only be £1.4m uncommitted).

#### Part 3

Mr Ward said that slide 12 shows the Local Government Finance Settlement for 2017/18 to 2019/20. Although there was a "one-off" grant of £0.9m to Adult Social Care Authorities, this was offset by a reduction in the New Homes Bonus (NHB). For Portsmouth this has made little difference overall, but other authorities have not fared as well. However Mr Ward also explained that the NHB scheme introduced a dead weight threshold which meant that nothing was payable until around 294 homes had been built - and this was regardless of available land supply. Slide 12 also showed the reduction in government grants from 2017/18 to 2019/20 and the Council Tax referendum thresholds and social care precept.

#### Part 4

Slide 16 shows the next three years with a future forecast deficit of £12m. It is proposed to phase the necessary savings requirements evenly over the next 3 years.

#### Part 5 - Capital Programme

Mr Ward outlined the Capital Strategy and the available resources (slide 19). He said that this relies on a £3.5m transfer to capital. Slide 20 sets out the capital investment proposals. He advised that many authorities are having to replace case management software as the main supplier is pulling out of the market. None of these proposals are fully worked up.

Slide 22 shows the future capital investment obligations/aspirations. The total funding requirement is between £22m and £38m. Mr Ward said that every opportunity has to be taken to supplement funds. If there are any further under-spending, these should be transferred into the capital programme.

#### Part 6 - Summary

Slide 24 provides a summary of the presentation and Mr Ward invited questions from the Panel.

In response to queries the following matters were clarified:-

- With regard to slide 12 advising that the final settlement is expected to be finalised before the parliamentary debate on February 20th, Mr Ward advised that he was not expecting there to be any change. There had been complaints from several authorities on the lateness of the notification and the DCLG had told authorities to work on the basis that the draft settlement would be confirmed. Although there may be some changes for some authorities - such as transition funding for some district councils with regard to the New Homes Bonus - he was not expecting any change for PCC.
- With regard to the commitments on the MTRS reserve, £4.1m was currently uncommitted but there was as yet no list of "spend to save" schemes and there was a need for a funding vehicle for when these were identified.
- With regard to the indicative savings target, it was confirmed that around £5m of the £9m target had been identified.
- It was confirmed that restrictions applied to increases to the precepts as well as to Council Tax increases.
- In response to a query about how councillors could help, Mr Ward said that it was important for members to lobby government on particular issues such as the business rate retention scheme for example. It was important that the final scheme was suitable as a way of providing Local Government funding. Similarly, Mr Ward said that the formula being used to calculate Adult Social Care should be looked at again. There were two key drivers currently - the extent to which the local residents are on benefits (as any shortfall would have to be picked up by the local authority), and the level of deprivation. However neither of these drivers looked at the age of those concerned which may be a better way of ensuring equality of funding. Mr Ward was doubtful whether a national problem could be dealt with satisfactorily by a local response.
- In response to a query about how soon it was envisaged that the new City Centre Road scheme could be implemented after the Council meeting considering the budget, Chris Ward said that a fairly detailed business case had already been made which should enable things to move relatively quickly. This would promote regeneration.

Councillor Harris thanked Chris Ward for his presentation.

The meeting concluded at 6.30 pm.

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Chair