



NOTICE OF MEETING

CABINET

THURSDAY, 4 DECEMBER 2014 AT 1.00 PM

EXECUTIVE MEETING ROOM - THE GUILDHALL

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

Membership

Councillor Donna Jones (Chair)

Councillor Luke Stubbs
Councillor Ken Ellcome
Councillor Frank Jonas
Councillor Lee Mason

Councillor Robert New
Councillor Linda Symes
Councillor Steve Wemyss
Councillor Neill Young

(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

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.

AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Interests**
- 3 Record of Previous Decision Meeting - 6 November 2014 (Pages 1 - 8)**

A copy of the record of the previous decisions taken at Cabinet on 6 November 2014 are attached.

RECOMMENDED that the record of decisions of the Cabinet meeting held on 6 November 2014 are agreed as a correct record and signed by the Chair accordingly.

4 Consideration of the option of entering the Building Control Partnership (Pages 9 - 28)

The purpose of the report for the Strategic Director for Regeneration is to provide an update on the outcome of the Feasibility Study undertaken into the Building Control Service entering a partnership with the Fareham and Gosport Building Control Partnership.

RECOMMENDED:

- (1) That PCC explore entering into a new partnership, working within the Fareham and Gosport Partnership as the future service delivery model on the terms outlined in this report.**
- (2) That implementation costs and ongoing revenue costs are met from within the existing City Development Service cash limit.**
- (3) That the final decision is delegated to the Strategic Director for Regeneration in consultation with the Cabinet member for Planning, Regeneration and Economic Development.**

5 Budget and Performance Monitoring 2014/15 2nd Quarter to end September 2014 (Pages 29 - 66)

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 2014/15 in accordance with the proposals set out in the "Portsmouth City Council - Council Tax Setting 2014/15 to 2017/18 & Medium Term Budget Forecast 2014/15 to 2017/18" report approved by the City Council on the 11th February 2014. Also to take the opportunity to report on the key performance measures of the Council and highlight any relationships between financial performance and service performance that may indicate any potential or emerging matters of concern in relation to either.

RECOMMENDED that:

- (i) The contents of this report be noted, in particular the overall forecast overspend of £1,501,500 representing a variance of 0.9% against the City Council Budget (as adjusted) of £175,030,000.**
- (ii) To enable the Children's & Education Portfolio to address the deficit against the Council approved cash limit, the Children's Social Care & Safeguarding savings proposals for 2015/16 totalling £1,917,000 outlined in Table 1 be noted.**
- (iii) To remedy the historic underlying budget deficit relating to Parking within the Traffic & Transportation Portfolio, it be noted that an annual appropriation from the Parking Reserve in the amount of £400,000 per annum has been made.**
- (iv) That the Council Leader works with the relevant portfolio holder to consider measures necessary to significantly reduce or eliminate the adverse budget position presently being forecast within Children & Education and Health & Social Care Portfolios and any necessary decisions presented to a future meeting of the relevant portfolio.**

6 Portsmouth City Council Revenue Budget 2015/16 - Savings Proposals
(Pages 67 - 112)

NB - This report is to follow and will also be within members' Council papers for 9 December meeting.

The purpose of the report by the Head of Financial Services and Section 151 Officer, which is also being considered by Council on 9 December 2014 is to describe the challenging financial climate facing the City Council for the three years 2015/16 to 2017/18 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 goal as follows:

“In year” expenditure matches “in year” income over the medium term whilst maintaining our most important and valuable services

The report sets out the need to find £37m of savings over the next three years with a minimum of £12.5m (or £13.1m assuming a Council Tax freeze) for 2015/16. It recommends the level of savings to be made across Portfolio's and other activities in 2015/16 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.

Finally, the report stresses the important contribution that the Capital Programme can make to the Council's overall Medium Term Financial Strategy. This is particularly relevant to regeneration schemes and the effect that has on overall prosperity (with the consequent reduced need for Council Services) and the generation of additional business rates plus the opportunities for savings from Invest to Save schemes. In that context, a recommendation is made to supplement the Capital Resources available to the Council from the improvement in the Council's overall financial position that has arisen from the financial results of the previous year.

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.

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.

24 November 2014

Agenda Item 3

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Thursday, 6 November 2014 at 1.00 pm at the Guildhall, Portsmouth

Present

Councillor Donna Jones (in the Chair)

Councillors Luke Stubbs
Ken Ellcome
Frank Jonas
Lee Mason
Robert New
Linda Symes
Steve Wemyss
Neill Young

83. Apologies for Absence (AI 1)

All Cabinet Members were present. Councillor Gerald Vernon-Jackson, Leader of the Opposition, had sent his apologies for absence.

84. Declarations of Interests (AI 2)

There were no declarations of interest.

85. Record of Previous Decision Meeting - 25 September 2014 (AI 3)

DECISION: that the record of decisions of the Cabinet meeting held on 25 September 2014 were approved as a correct record, to be signed by the Leader.

86. Treasury Management Mid-Year Review for 2014/15 (AI 4)

Chris Ward, the City Treasurer and Section 151 Officer presented his report.

RECOMMENDED to Council:

1. That the following actual Treasury Management indicators for the second quarter of 2014/15 be noted:

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

Prudential Indicator 2014/15	Limit	Position at 30/9/14
	£M	£M
Authorised Limit	469	440
Operational Boundary	447	440

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

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	20%	20%	30%	30%	40%	40%	60%	70%
Actual	4%	1%	3%	5%	9%	13%	16%	49%

(c) The Council's interest rate exposures at 30 September 2014 were:

	Limit	Actual
	£m	£m
Fixed Interest	332	266
Variable Interest	(196)	(218)

(d) Sums invested for periods longer than 364 days at 30 September 2014 were:

Maturing after	Original Limit	Actual
	£m	£m
31/3/2015	170	80
31/3/2016	158	64
31/3/2017	124	8

2. That the investment counter party limits of unrated building societies be revised as follows:

	Existing Limit £	Proposed Limit £	Increase / (Decrease) £
Nottingham Building Society	6,000,000	6,000,000	0
Progressive Building Society	6,000,000	6,000,000	0
Cambridge Building Society	5,000,000	5,700,000	700,000
Furness Building Society	4,000,000	4,200,000	200,000
Leek United Building Society	3,800,000	4,200,000	400,000

Monmouthshire Building Society	3,700,000	4,800,000	1,100,000
Newbury Building Society	3,400,000	3,900,000	500,000
Hinckley & Rugby Building Society	2,900,000	2,800,000	(100,000)
Darlington Building Society	2,600,000	2,600,000	0
Market Harborough Building Society	2,100,000	2,000,000	(100,000)
Melton Mowbray Building Society	1,900,000	1,900,000	0
Tipton & Coseley Building Society	1,800,000	1,800,000	0
Marsden Building Society	1,700,000	1,700,000	0
Hanley Economic Building Society	1,600,000	1,600,000	0
Scottish Building Society	1,700,000	1,900,000	200,000
Dudley Building Society	1,600,000	1,600,000	0
Loughborough Building Society	1,400,000	1,400,000	0
Mansfield Building Society	1,400,000	1,400,000	0
Vernon Building Society	1,200,000	1,300,000	100,000
Stafford Railway Building Society	1,100,000	1,200,000	100,000
Buckinghamshire Building Society	1,100,000	0	(1,100,000)
Harpenden Building Society	1,100,000	1,400,000	300,000
Swansea Building Society	1,000,000	1,100,000	100,000
Chorley and District Building Society	0	1,000,000	1,000,000

3. That the variable interest rate exposure limit for 2014/15 be increased by (£45m) from (£196m) to (£241m), ie. from net investments of £196m to net investments of £241m.

87. Youth Justice Strategic Plan (AI 5)

The report was presented by Jon Gardner, Manager of the Youth Offending Teams (YOT). This strategic plan focused on the risk posed by young people in Portsmouth and that of reoffending, as well as seeking to address and reduce

custodial entrants and first time entrants to the youth justice system. Councillor Young acknowledged the challenges faced by the YOT since its disaggregation from the Wessex YOT and felt that the plan was showing that improvements were being made and important issues addressed, which was supported by the Cabinet.

DECISIONS:

(1) Cabinet noted the achievements made by the Youth Offending Team, the progress made since the full Her Majesty's Inspectorate of Probation (HMIP) inspection in November 2013 and endorsed the new priorities for the team and Management Board in driving practice forward.

(2) Cabinet endorsed the refreshed Youth Justice Strategic Plan 2015-17 and recommend that it is approved by Council.

(Within recommendation 2 the endorsement of the strategic plan would need full Council approval.)

88. Joint business planning process across strategic partnerships and approval of latest partnership strategies (AI 6)

David Williams, as Chief Executive, presented this report which set out the work taking place in an integrated way within the strategies being developed with PCC's partners, and this would need Council approval of the accompanying plans. The Leader was grateful for the joint working taking place within each of these bodies.

DECISIONS: The Cabinet:

(1) noted the process that has been developed to ensure effective joint work between the three strategic partnerships (Health & Wellbeing Board, Children's Trust Board and Safer Portsmouth Partnership)

(2) RECOMMENDS to Full Council that they endorse the Joint Health and Wellbeing Strategy, Safer Portsmouth Plan and Children's Trust Plan as approved by the respective strategic partnerships.

89. Forward Plan Omission items and notice of exempt information (AI 7)

DECISION: the omissions of these key decisions reports (future Commissioning of Youth Support Services and Support for the provision of affordable finance - the latter containing exempt information), from the October Forward Plan were noted.

90. Future Commissioning of Youth Support Services (AI 8)

Katy Ricks, Team Leader ITYSS (accompanied by Mandy Thompson) spoke on behalf of staff to give their detailed response to the report by the Head of Children's Social Care & Safeguarding, copies of which were circulated to the cabinet members and time was taken to read this at the meeting. This set out the impact of the proposals on young people and their families and the

services in the city and it also set out their alternative proposals to make the required savings.

Mandy Thompson wished to stress that a lot of the young people they worked with were not attending schools or college; it is their job to reintegrate them, meeting with vulnerable clients and using venues such as the Go For It Centre to facilitate this. She explained that the team had only been able to meet together the previous day to put forward their response and had not been involved in consultation on the report itself.

Julian Wooster, Director of Childrens Services & Strategic Director responded by outlining the proposals and agreed the value of the preventative work with young people, including NEETs, for which a re-commissioned service was being sought, relying on joint funding to help to ensure the right level of support and skills, such as through the extended Trouble Families Programme, Cities of Service initiative and help from the voluntary sector. Consideration would also be given to the use of the pupil premium by schools and there would be further consultation needed regarding the Go For It Centre.

Councillor Young, as Cabinet Member for Children & Education, reiterated that this would be a very difficult decision to be taken in response to the projected overspend of £2.5m by this portfolio which has to be addressed, and he thanked the staff for their very considered paper which reflected the valuable service being provided. Whilst Councillor Young suggested deferral of this item the Cabinet Members believed that the financial position needed to be reported to Council, setting out how the overspend was being addressed, and therefore the Leader asked that the report be supported but that Councillor Young work further with the schools regarding their financial contributions and at the Go For It Service, and liaise with the ITYSS team leaders. There would also be a visit by a Strategic Director from North East Lincolnshire who would be sharing their experience of services passing to a mutual/not for profit organisation, which may be of interest to the staff.

DECISIONS:

(1) Cabinet approved the re-commissioning of the youth support arrangements as set out in paragraph 1.3;

(2) That Cabinet noted that the externally provided part of the current ITYSS service configuration (currently provided by Motiv8) will not be renewed following the current contract termination date of the 31 December 2014, temporary extensions are to be agreed to ensure a managed transfer of young people to other services; and,

(3) Cabinet delegated authority to the, Cabinet Member for Children & Education to approve, following consultation, proposals to meet the needs of vulnerable young people in the City.

91. Management and location of the Coroner's Service to within Portsmouth City Council (AI 9)

Michael Lawther, City Solicitor & Strategic Director presented the report of the Head of Customer, Community & Democratic Services, and he commended the bringing of the service in from Hampshire County Council (which funded 30%) to Portsmouth City Council (which funded 70%), which would retain the service in the city with benefits to the community and it would give PCC more control of its administration and budget. Councillor Lee Mason, as Cabinet Member for Resources, thanked officers for their hard work on this and agreed that this service should not be controlled at a distance by HCC which would mean the risk of bereaved families having to travel to Winchester, whereas this should be a local service. It was further noted that the Coroner himself was appointed to his independent role by the Lord Chancellor, but that his staff would transfer to PCC's terms and conditions.

DECISIONS - The Cabinet:

- (1) Noted the contents of this report;**
- (2) Agreed the hosting of the Coroners Service within Portsmouth City Council;**
- (3) Agreed to the movement of staff from their respective organisations to PCC employment directly;**
- (4) Noted the ring-fencing of budget with regard to the Coroners Service.**

92. Dunsbury Hill Farm (AI 10)

Alan Cufley, Head of Corporate Assets, Business & Standards, presented the report with the Project Officer Kevin Hudson. There would be a further report back to Cabinet. The Cabinet Members were supportive of the development of this strategic site, and Councillor Ellcome as Cabinet Member for Traffic & Transportation hoped that the skills of the in-house highway designers would be further utilised.

RECOMMENDED to Council:

- (1) The aims of the Dunsbury Hill Farm Project as set out in this report are approved.**
- (2) Subject to the City Council project governance arrangements and a prior financial appraisal approved by the Section 151 officer authority to commence the highways works and to commission the works needed to evaluate the next stage of the project is delegated to the Strategic Director Regeneration and Head of Financial Services and Section 151 Officer.**

(3) The revised financing for the scheme including the additional £2.163 million borrowing is approved and the Corporate Capital Programme is amended to reflect the revised capital budget.

(4) Further authority will be sought from the City Council to approve the possible site development options and opportunities that will arise from the highways works.

93. Exclusion of Press and Public (AI 11)

DECISION - to adopt the following motion:

“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 items on the grounds that the reports contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972”.

Minute 94

Exemption Para No.

Support for the provision of affordable Finance
(Appendix 1 only)

3

94. Support for the provision of affordable finance (AI 12)

Chris Ward, Head of Financial Services and Section 151 Officer presented this report and the financial obligations of the Council when giving consideration to the request for a loan, which were discussed by the Cabinet Members in exempt session.

DECISIONS:

(1) That, taking into account the Council's obligations to safeguard public funds, the Cabinet agreed to provide a loan facility agreement to US&L on the terms referred to in Appendix 1.

(2) In the event that a loan facility agreement is approved, the S151 Officer, in consultation with the Leader of the Council, be given delegated authority to determine whether to enter into a loan facility in accordance with the terms set out in exempt Appendix 1 to the report.

The meeting concluded at 2.15 pm.

Councillor Donna Jones
Leader of the Council



Decision maker:	Cabinet
Subject:	Consideration of the option of entering the Building Control Partnership
Report from:	Kathy Wadsworth - Strategic Director for Regeneration
Report by:	Claire Upton-Brown City Development Manager and Rob Rimmer Corporate Programmes team
Wards affected:	Nil
Key decision (over £250k):	No

Building Control Partnership - Feasibility Study October 2014

1. Purpose

- 1.1 The purpose of this briefing paper is to provide an update on the outcome of the Feasibility Study undertaken into the Building Control Service entering a partnership with the Fareham and Gosport Building Control Partnership.

2. Recommendations

- 2.1 That PCC explore entering into a new partnership, working within the Fareham and Gosport Partnership as the future service delivery model on the terms outlined in this report.
- 2.2 That implementation costs and ongoing revenue costs are met from within the existing City Development Service cash limit.
- 2.3 That the final decision is delegated to the Strategic Director for Regeneration in consultation with the Cabinet member for Planning, Regeneration and Economic Development.

3. Background

- 3.1 PCC has a statutory duty to provide a Building Control Service and in 2013, a review of the Planning Service was initiated as a result of a restructuring following the departure of the Head of Service. The Building Control team formed part of this wider Service and also lost the Building Control Manager and another officer at the same time as the Head of Service. As a result of these losses, the building control team then experienced:

- I. Difficulties with recruitment

- II. A lack of capacity and inability to provide a competitive service including the threat from the private sector as a result of the loss of the building control manager and a number of officers exercising the ability to flexibly retire
- III. A lack of capacity to deliver change or provide career development opportunities.

- 3.2 As part of the review, there was a 90 day consultation and a revised structure was proposed. However, staff had already discussed the option of partnership working as an opportunity to follow, and it was agreed that this should be a preferred option to be investigated under the review.
- 3.3. In July, funding was allocated to enable a feasibility study to be carried out to investigate in more detail the option of partnership working. This study was to build on earlier work and gain a greater understanding of the issues (including HR, Financial, IS and process), costs and risks associated with service delivery in a partnership environment and make a clear recommendation as to whether or not this should be pursued.

4. Reasons for recommendation

- 4.1 The proposed partnership will provide a strong platform on which to develop the building control service and address the key issues around capacity and resilience. It will place the service in a much stronger position to compete with the challenge of the private sector.
- 4.2 There are likely to be cost benefits associated with a larger team thus providing a more cost efficient service and provide flexibility to cope with increased levels of demand (when fully staffed). By joining the partnership, PCC will gain access to experienced surveyors and managers without the cost and risk associated with recruitment.
- 4.3 The Fareham and Gosport partnership is established, with an experienced building control manager and provides an opportunity for PCC to integrate into an efficient and customer focused business. It was formed in 2003 and by joining, PCC building control will become a quality assured service registered with BSI.
- 4.4 The new structure will provide a larger offer which will aid recruitment and provide development opportunities for less experienced staff.
- 4.5 If the partnership route is not followed then there will need to be a significant recruitment drive, and effort and management oversight will need to be expended on the service in terms of recruitment, process improvement, staff development and winning new business.

5. Outcome of Feasibility Study

- 5.1 The study has looked into the various elements that support the service delivery and also considered the wider issues that partnership working would generate in

areas such as HR and Finance and also, how the partnership would operate including the governance arrangements.

- 5.2 In determining the recommendation to move to an expanded partnership, the "recruit to the existing team" was used as the baseline against which the various changes were measured. In addition, consideration was also given to the level of change required if partnership working was not pursued and the issues and risks that would generate, particularly around the challenges of recruiting.
- 5.3 The following looks at each element individually, identifies the key issues and describes the proposed approach for each and how that would fit into the partnership model.

6 Financial

- 6.1 Appendix 1 shows the current cost of the Service along with that proposed following transfer to the BCP. This shows that the overall cost of the Building Control Service to PCC following transfer could be reduced by as much as £47,300. This reduction is, however, dependent upon additional income being generated by the BCP to meet support service costs totalling £57,800 which will be chargeable by PCC under the agreement. In the early years of transfer, there is a risk that income to meet the full cost of these recharges will not be achieved. Any early year's shortfall in income is anticipated to reduce as the partnership increases its market share and in the event that there is an income shortfall this will be met from within the existing City Development Service cash limit.
- 6.2 Appendix 2 details the current base establishment structure of the Service.
- 6.3 Appendix 3 details the proposed establishment structure of the Service following transfer to the BCP.
- 6.4 Appendix 5 illustrates the movement of income and expenditure between the current partners. This process would continue to operate in the same way if Portsmouth were to join the BCP.
- 6.5 The BCP budget is administered and monitored by Fareham Borough Council. All the operational costs of the BCP such as salaries, premises, transport and VAT are invoiced to the BCP on a monthly basis by each partner. The 'BCP Budget' column in Appendix 1 shows the costs that would be incurred by PCC, and invoiced to the BCP.
- 6.6 FBC collects all the chargeable income on behalf of the BCP. This is retained for the full year with any surplus or deficit returned to the partner authorities in the ratio that the income was generated by each partner. In the past, this has typically been GBC - 40% and FBC - 60%.
- 6.7 An invoice is raised by the BCP to the partner authorities for the non-chargeable work that has been carried out by the partnership on each partner's behalf. Service Level Agreements are in place with GBC and FBC in respect of these activities, a similar arrangement will need to be agreed with PCC prior to joining the BCP. PCC

non-chargeable work is estimated to be £65,000 per annum and is included in the 'Proposed PCC Budget After Transfer' column in Appendix 1. Income generated by the recharging of PCC support service costs and management time to the BCP will partially offset this cost.

- 6.8 There will be implementation costs of approximately £41,800 for PCC to join the BCP, shown at Appendix 4. The largest element is linked to the work required in support of IS activity and data migration. As Building Control is a cost recovery service, PCC cannot subsidise these and therefore the implementation costs will be recovered from in year savings realised from staff vacancies.

7 HR

- 7.1 Under the current partnership model, staff will remain employed by PCC and will continue to be managed in accordance with PCC policies and procedures. They will be line managed by the partnership building control manager on a day to day basis, who in turn will report to the City Development Manager (and their Fareham & Gosport counterparts). HR support including recruitment, will be provided by PCC HR staff.
- 7.2 From a staff perspective, one of the key issues in moving to the partnership is the different Terms and Conditions (T&C's) of each neighbouring authority. A benchmarking exercise has been carried out regards the salary differentials across these authorities and a comparison of the overall T&C's is at Annex A. The sources used for comparison are Southeast Employers (SEE) and IDS pay and these organisations have been agreed by the Pay Steering group as sources for PCC to use when looking for salary data comparisons. SEE is purely based on the Public Sector data whereas IDS allows us to look at the Private Sector data as well, however, when the data check was run there was no Private Sector data available on IDS pay.
- 7.3 RICS data was also considered but again most of the data available was Public Sector and the only Private Sector data available was for London, which is not comparable. At the time of researching, the one salary that is currently being advertised and is comparable in the Private Sector is in Sussex at £30,000 to £39,999, which is within the range that we are currently paying.
- 7.4 When looking at this data, PCC take the average salary of those on the market and match it against our current salary range. The difference between the two then makes up our Market Supplement Payment which goes on top of our basic salary and is reviewed every 2 years.
- 7.5 Under the current partnership arrangements, a harmonisation payment is made to compensate for the differing T&C's between Fareham and Gosport. On further discussion with the Head of HR and the Pay and Policy Team, it has been confirmed that we have no facility to pay harmonisation payments within our Pay & Grading Policy. Any such agreements could set precedence for the future partnership working with other Local Authorities and Services which may cause

barriers to any partnership agreements. On this basis, we cannot agree for such a payment to be part of the Pay & Reward package for PCC employees in this partnership.

- 7.6 T& C's will need to be amended to reflect the change in location from within the 'Portsmouth Boundaries' to 'work will be carried out across all three areas 'Gosport, Fareham and Portsmouth'. Following a period of consultation we will aim to seek agreement about the effective date regarding the change of work location.
- 7.7 Historically, there have been problems with recruiting staff due to of a lack of qualified surveyors who wish to work for the public sector. PCC has not attracted qualified and experienced Building Control Surveyors to work for the authority for a number of reasons not just salary (advertisements for surveyors have taken a number of attempts resulting in a low level response.)
- 7.8 From a HR perspective, there are no HR issues that would prevent PCC entering into the partnership, but the level of cultural change required and differing T&C's are noted. In terms of risks:
- a. PCC may wish to vary the terms of the contract because of the re-organisation of the business. Employee's will be fully consulted with about any proposed changes to their contract of employment with a view to reaching an agreement about the reasons for the change.
 - b. If PCC cannot reach an agreement with the staff, we will look to serve notice to terminate the existing contract and offer the employee re-engagement on the new terms. This will only be considered after full and thorough consultation with employees and their representatives and treated as a last resort (e.g. Local Pay Review).
 - c. Due to the differing T&Cs, staff may choose to move to a "better offer" but this is applicable regardless of whether or not we are in a partnership.
 - d. The risk linked to recruiting is again applicable to both, however, the partnership potentially offers a more attractive opportunity.

8 IS

- 8.1 The partnership use a different IT system (Ocella) to PCC (IDOX) which they have developed over the last few years. Given their investment in the system, the partnership would not consider moving to PCC's current system (IDOX) and therefore, the basis of any partnership agreement is that PCC would use their system. PCC recognise that they too have invested in IDOX which also has a developed Document Management System that is used by Planning to enable near paperless working. The use of 2 systems was very quickly discounted as inefficient and lessons learnt from other partnership case studies suggest that a key factor to success and deriving efficiencies was agreement on an IT strategy and early adoption of one system.

- 8.2 To reflect this, the feasibility study has focused on the issues and costs associated with migration to the Ocella system. Given the risks particularly around data migration, this work will be partly undertaken by IDOX and Ocella staff and the associated costs to achieve the migration and support the new ways of working are estimated at £25000.
- 8.3 In terms of process improvement, the partnership are keen to reduce the amount of paper records held and to enable this, surveyors will be provided with a ruggedized laptop that they will use on site visits. The set up costs, including the initial purchase of additional office hardware is £1200 per surveyor and this is included in the cost at paragraph 8.2.
- 8.4 From a technical perspective, there is no reason why IS integration cannot be achieved and to mitigate against the risk of poor data quality, the migration will initially be undertaken into a test environment. This will be repeated until quality checks provide a sufficient degree of confidence to allow full migration and hence use of one system. The timescale to carry out the supporting activity and enable migration is estimated at 3 - 6 months. This point will be aligned to the physical move of staff to the partnerships office in Fareham (Wallington).

9 Administration/Process

- 9.1 PCC and the partnership have different IS systems and processes and both hold information in a number of different formats (this is due to the length of time that records have been recorded over i.e from 1947 and the different technology that has developed over this time). A key element of planning for any successful transition will be to ensure that data/files that are in regular use remain available to the team once it is operating as part of the partnership. As the service will be split between sites and records maintained at both there needs to be a process whereby easy access is maintained to all the records.
- 9.2 Therefore, analysis was undertaken to establish the options for future access to the data currently held by PCC, and whether any back-scanning of data currently held in legacy formats (e.g. paper, microfiche) will be required in order to ensure the efficient running of the service in future. This analysis covered the following:
- a. Document storage
 - b. Archive storage
 - c. Electronic Records
 - d. Contact processes and volumes
 - e. Future processes
- 9.2 The following recommendations were made:
- a. An Administration resource is maintained at PCC Civic Office
 - b. Applications which arrive in post / person handled by CHD with cheques banked by cashiers. Files passed direct to BCP

- c. Use submit-a-plan for electronic applications until long term national portal emerges. BCP pc's have necessary software but licence needs to be extended to cover PCC.
- d. All open / decided but not yet commenced files from 2012 are to be relocated to BCP (15 metres approx. shelving space 950 individual files)
- e. Closed files to be moved to Modern Records archive by above resource
- f. Fiche to be maintained as is

9.3 The findings of the review highlighted no major issues and will help inform the implementation strategy, however, it did highlight the level of cultural change required if the service is to adopt to new ways of working, some change will also be needed in the existing partnership as it reduces its paper dependency. From an administrative and process perspective, a move to the partnership with revised processes would provide an improved level of service for customers and is likely to result in efficiencies. The partnership currently allows customers to submit a plan electronically and the partnership are currently purchasing a scanning machine and all requests that are not in electronic format on receipt, will be scanned in. The intention is that the overall process up to the surveyor at the place of work will be paperless. In terms of current paper holdings at PCC, all current and valid (up to 3 years) applications would be scanned in once IS integration had been achieved.

9.4 The risks of adopting the partnership processes can be mitigated by training and mentoring for PCC staff. There is a risk that access to information might be fragmented but this will be overcome by maintaining a staff presence at the Civic to manage information and records between PCC and the Partnership. To ensure that this key element of the transfer is dealt with effectively, the Administration team leader post will not be transferred to the partnership but instead this post will sit within the Planning Support Team. The post holder will work across the 2 disciplines and provide a link to maximise any potential leads such as pre planning applications.

9.5 The cultural shift necessary for staff (regardless of the outcome of the study) has been noted and due consideration will be given in any future change management arrangements and emphasis placed on staff engagement and participation.

9.6 The full Administration/process report has been discussed with the partnership manager.

10 Legal/Governance

10.1 The arrangements for partnership working are covered within a Memorandum of Understanding and signed agreement. In terms of governance, the current arrangements are centred on a monthly officers group which has responsibility to consider and agree partnership issues linked to finance, Health & Safety, staffing and operational issues such as workload and risks.

10.2 A panel group consisting of members and officers meets on a bi-annual basis and have responsibility to receive reports, review, monitor and make recommendations to the Officer group or upwards to the council executive. They will also consider any issues that require Council approval.

10.3 If we pursue working with the partnership we will need to agree a joint working agreement with the other parties. This will be where all matters are dealt with including:

- a) The placing of staff at the disposal of other authorities is enabled by s113 of the LGA 1972 - this would allow the Partnership Manager to manage the employees, but for their employment to be retained with the originating employer.
- b) The agreement will need to deal with:
 - a. Working protocols
 - b. Reporting on operational matters
 - c. Escalation and reporting on staffing matters (including reference to obligation to reserve the respective procedures)
 - d. Delegation to the partnership manager of decisions, (including exceptions)
 - e. Arrangements for access, accommodation, information provision, computer support, supervision of the Partnership Manager
 - f. Funding arrangements
 - g. Liabilities - including liability for TUPE and pre-transfer matters.
 - h. Reference to any contracts necessary to carry the work on.

11 The partnership model

- 11.1 The partnership will operate out of the Fareham offices in Wallington but retain a daily presence at the Civic Offices in order to answer customer queries and enable access to records. It is anticipated that this would operate on the basis of customers being offered a bookable slot.
- 11.2 Surveyors will be based at Wallington but as they work in a more mobile fashion, they will use hot desk facilities at the Civic as the location of work dictates. A key facet of the partnership working will be that the geographical boundary that PCC surveyors cover will be extended to include the Fareham and Gosport areas.

12. Implementation

- 12.1 If the recommendation is accepted, then the first activity following any decision will be to undertake a planning phase in order to drill down into the detail to identify the tasks and develop any specifications. It is estimated that this phase of activity will take 4-5 weeks and to increase the likelihood of a successful transition to the partnership, Building Control staff will be fully engaged in the planning phase.
- 12.2 In terms of the actual implementation, the longest individual activities will be centred around the HR and IS elements and both can be initiated in parallel to the planning phase. With regard to the HR element, we believe there is a genuine business reason to vary the current terms and conditions therefore after full and thorough consultation if no agreement is reached and PCC wish to go ahead with a change,

this will result in the dismissal and reengagement of staff. However, whilst we will need to include this in the implementation plan as a consideration, this will not affect the critical path in terms of the activity required to be complete before integration can be considered.

- 12.3 During the planning phase, the specification for any IS migration will need to be developed prior to any useful dialogue with IDOX. The suggested approach would involve migration to a test environment until confidence is gained on the quality of data migrated. This is an iterative process and likely to define the critical path to when full integration would occur and the point at which the physical move of staff to the partnership offices would be aligned. From experience, it is considered that only after the first data migration has been achieved can a useful estimate be given as to the likely overall timescale and this review point is likely to occur 3-4 months after the planning phase is initiated. At this point it may take another month or several further iterations drawn out over a number of months.
- 12.4 This period will include site visits, staff training on new systems and processes and the associated administrative changes to reflect partnership working and completion of a joint agreement on ways of working.

13 Summary

- 13.1 The benefits of the partnership model is that it provides a bigger critical mass of skilled staff to compete with the threat of the private sector and will provide a more cost efficient service (when fully staffed). The capacity it generates will provide a degree of flexibility to cope with peak demands thus ensuring that customer requests are met in a timely manner. In addition, the proposed structure allows career development opportunities through the creation of trainee posts.
- 13.2 The benefits of moving to the partnership outweigh the identified risks and implementation costs. The issues as a result of different Terms and Conditions are noted and the associated risks around recruiting or moving as a result of a better offer are applicable regardless whether or not the partnership route is taken.
- 13.3 If the partnership route is not followed, considerable effort and cost will still need to be made in terms of recruitment and process improvement.

14. Equality Impact Assessment (EIA)

- 14.1 There are no equality issues arising from this report and its recommendations. Therefore, an Equality Impact Assessment is not required.

15. Legal's comments

- 15.1 Legal's comments are contained within the body of this report.

16. Head of Finance's comments

- 16.1 Following the approval of the recommendation contained in this report, further work will be carried out to formalise the financial details of the Partnership Agreement.
- 16.2 The savings reported at Appendix 1 are dependent upon the Partnership being able to achieve the increased income of £57,800 required to meet support service costs.
- 16.3 In the early years of the partnership, there is a risk that this income target will not be achieved resulting in an increased cost of the Building Control Service compared to the cost of present arrangements. Any additional cost will be met from within the existing cash limit of the City Development Service.
- 16.4 Over the longer term it is anticipated that income will increase as the Service develops within the Partnership and that the financial as well as the operational benefits highlighted in this report will be realised.

.....Signed by:

K Wadsworth - Strategic Director for Regeneration

Appendices:

- 1. BC Budget
- 2. Current BC staff structure
- 3. Proposed partnership staff structure
- 4. Implementation costs
- 5. Partnership Financial Model

Annex:

- A. Terms & Conditions

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

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

Title of document	Location

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

This page is intentionally left blank

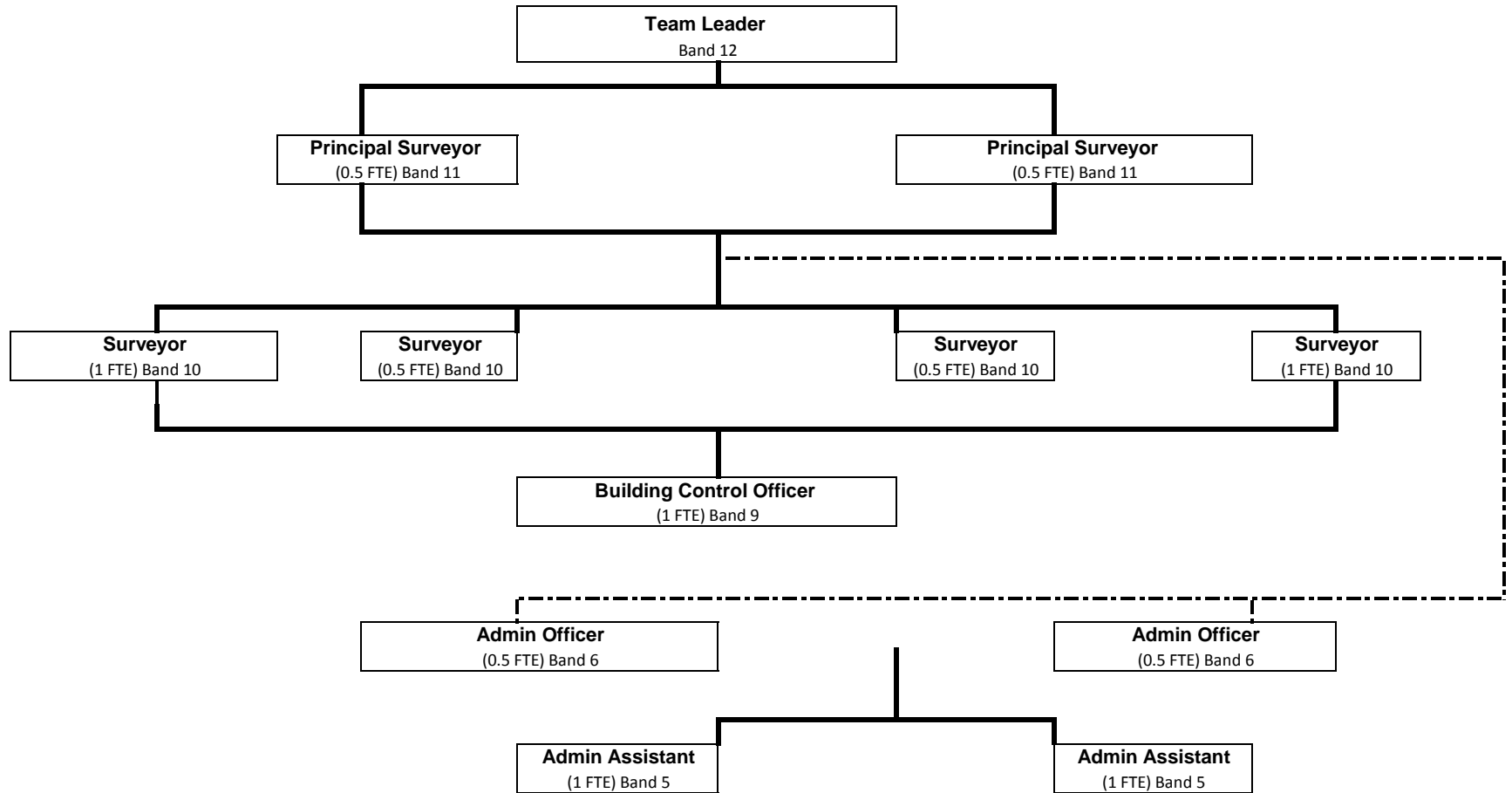
Appendix 1

Building Control Budget

		Current Year PCC Budget -2014/15	Transfer to BCP	BCP Budget	Proposed PCC Budget After Transfer	Saving
		£	£	£	£	£
Expenditure						
	Employees Direct	338,100	(12,600)	325,500	0	
	Employees Indirect	16,500	0	16,500	0	
	Premises	0	0	0	0	
	Transport	9,400	0	9,400	0	
	Supplies & Services	10,900	0	10,900	0	
	Third Party Payments	0	33,400	33,400	65,000	
Expenditure Total		374,900	20,800	395,700	65,000	
Income						
	08 - Other Internal Recharges - Recov	(20,200)	20,200	0	0	
	12 - External Income	(333,600)	(62,100)	(403,700)	(57,800)	
Income Total		(353,800)	(41,900)	(403,700)	(57,800)	
Cash Limited Budget Sub Total		21,100	(21,100)	(8,000)	7,200	13,900
	Support Service Charges	33,000	(33,000)	0	0	0
	Corp Insurance	400	(400)	0	0	0
	Short Term Employee Benefit	(100)	(100)	(100)	(100)	
	Purchased Leave	(800)	(800)	(800)	(800)	
	FRS Super Ann Valuation	28,300	28,300	28,300	28,300	
	Contra Super Ann Contribution	(19,400)	(19,400)	(19,400)	(19,400)	
Outside of Cash Limit Sub Total		41,400	(25,400)	8,000	8,000	33,400
Total Cost to PCC		62,500	(46,500)	0	15,200	47,300

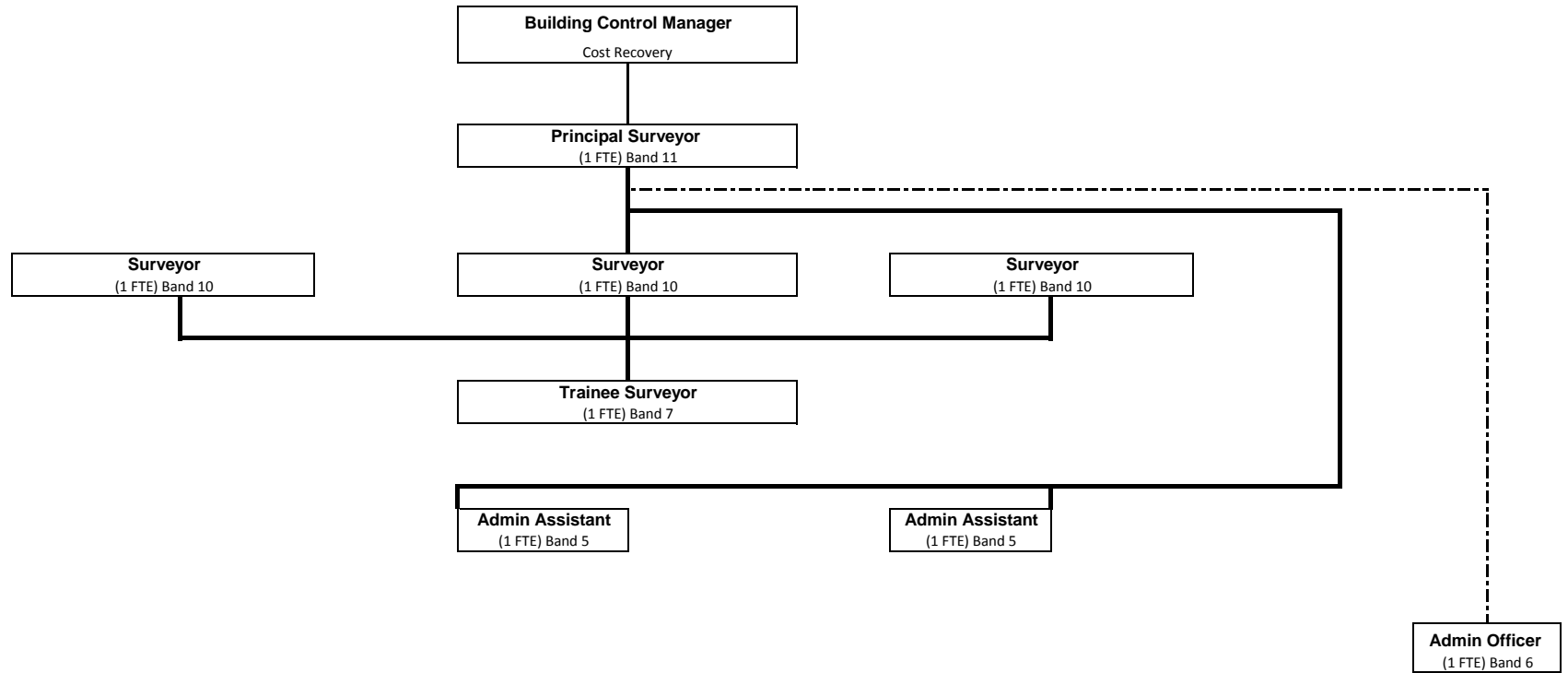
Appendix 2

Building Control - Current Establishment Structure



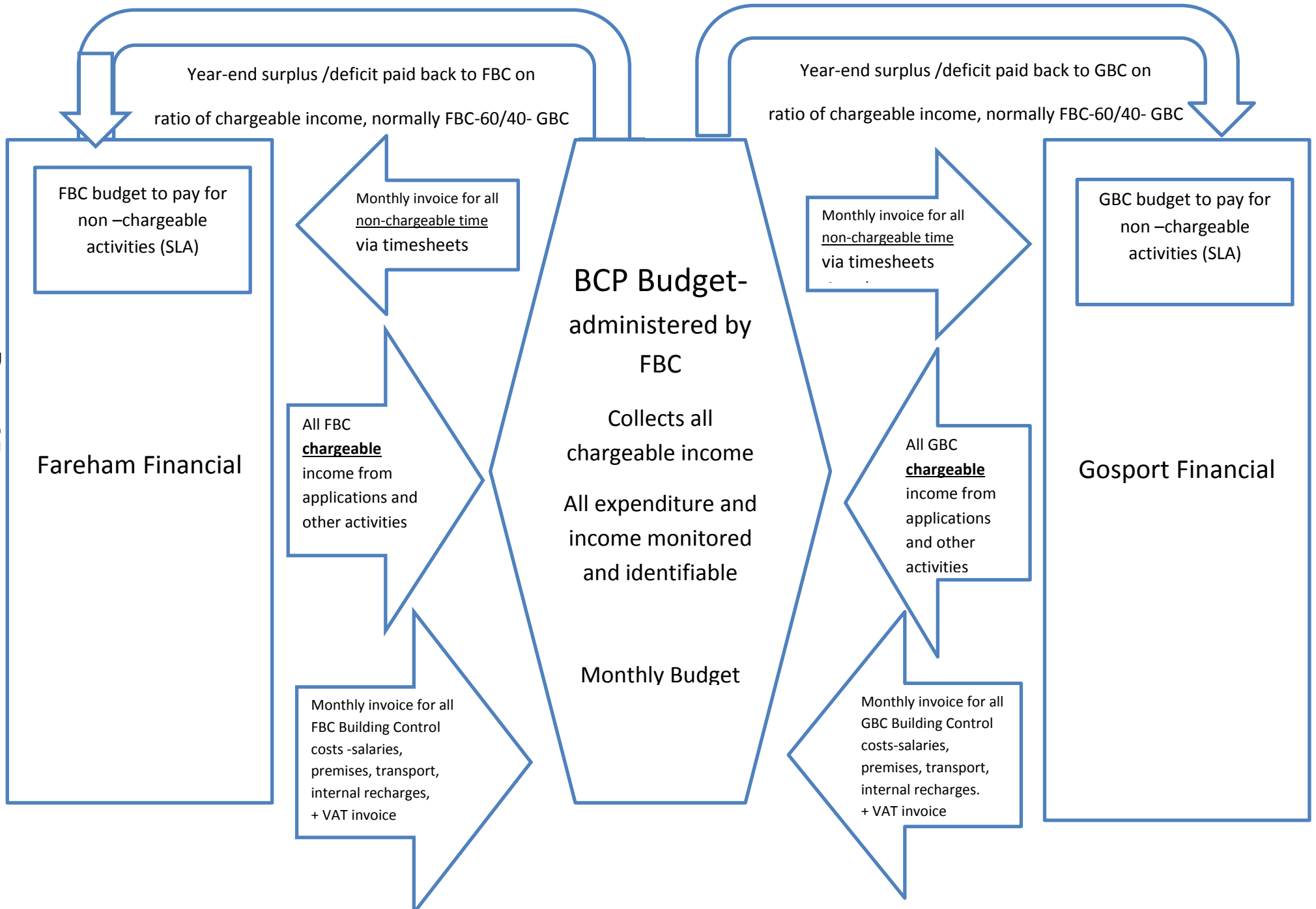
Appendix 3

Building Control Partnership - Organisational Chart Proposal



Appendix 4

	Detail	Implementation Costs
		£ (rounded up to nearest £100)
<u>Staff</u>		
Staff Advertising/Recruitment Costs	1.5 surveyors @ £1,000 1 trainee surveyor @ £500 and 1 admin @ £250	2,300
<u>Process</u>		
Process mapping	PCC Business Analyst @1.5 days =11 hrs x £49	600
Migration to FBC and GBC system	PCC Business Analyst@10 days=74hrsx£49	3,700
<u>IS</u>		
Hardware	Laptops, monitors and dockings stations for 5 surveyors - £1,200 pp	6,000
IDOX	Consultancy and data extraction costs	10,500
Migration to FBC and GBC system	Ocella	5,000
<u>Legal</u>		
Preparation of Partnership Agreement		2,000
<u>Project Management</u>	Rob Rimmer - 90 hours x £58	5,300
<u>Physical Move</u>		
Office Furniture	Desks x3	900
Contingency at 15%		5,500
TOTAL		41,800



This page is intentionally left blank

Building Control Terms & Conditions comparison - Nov 2014

Basic Salary

	Portsmouth	Fareham	Gosport
Head of Building Control	n/a	n/a	£46,479-£49,323
Area Team Leader - Fareham & Gosport	n/a	£39,690 - £47,316	£34,894-£42,032
Principal Building Control Surveyor	£35,784 - £39,351 (Band 11) - reports to Assistant Head of Service		
Building Control Surveyor Qualified	£32,072 - £35,784 (Band 10)	£35,710 - £39,690 (qualified)	£34,894-£38,422 (qualified)
Not fully qualified BC Surveyors	N/A	£18,687 - £31,804 (career grade)	£19,817-£28,922 (career grade)
Building Control Administration manager	N/A	£22146-£25109	£22146-£25109
Administrator	£16,709 - £22,443 (Band 5 & 6)	£18,687 - £21,449	£18687-£21449
Administrative/Technical Assistant - Fareham & Gosport	N/A	£18687-£21449	£18687-£21449

Additional payments/benefits

	Portsmouth	Fareham	Gosport
Essential Car User Allowance ¹	n/a	£660 p.a. (all posts except administrator)	£846 - £1,239 depending on cc of vehicle.
Essential User car mileage rate (car)	n/a	45p for first 10,000 miles then 25p.	36.9p to 50.5p depending on cc of vehicle.
Casual Mileage rate (car)	45p for first 10,000 miles then 25p.	45p for first 10,000 miles then 25p.	46.9p to 65p depending on cc of vehicle.
Annual Leave	26 or 30 days depending on length of service. Some Officers have protected leave up to 31 days	21 - 27 days depending on grade & length of service.	21-33 days depending on grade & length of service
Additional payment for working in the BC partnership	n/a	n/a	.
Market Sensitive Payment	£1304.42p.a Building Control Surveyor posts only. Reviewed annually.	n/a	n/a

¹ This applies to professional Building Control posts.

Agenda Item 5

Agenda item:

Decision maker: Cabinet 4th December 2014
City Council 20th January 2015

Subject: Budget & Performance Monitoring 2014/15 (2nd Quarter) to end September 2014

Report by: Head of Finance & Section 151 Officer

Wards affected: All

Key decision (over £250k): Yes

1. Purpose of Report

- 1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the second quarter for 2014/15 in accordance with the proposals set out in the "Portsmouth City Council - Council Tax Setting 2014/15 to 2017/18 & Medium Term Budget Forecast 2014/15 to 2017/18" report approved by the City Council on the 11th February 2014.

To also take the opportunity to report on the key performance measures of the Council and highlight any relationships between financial performance and service performance that may indicate any potential or emerging matters of concern in relation to either.

2. Recommendations

- 2.1 It is recommended that:

- (i) The contents of this report be noted, in particular the overall forecast overspend of £1,501,500 representing a variance of 0.9% against the City Council Budget (as adjusted) of £175,030,000.
- (ii) To enable the Children's & Education Portfolio to address the deficit against the Council approved cash limit, the Children's Social Care & Safeguarding savings proposals for 2015/16 totalling £1,917,000 outlined in Table 1 be noted.
- (iii) To remedy the historic underlying budget deficit relating to Parking within the Traffic & Transportation Portfolio, it be noted that an annual appropriation from the Parking Reserve in the amount of £400,000 per annum has been made.
- (iv) That the Council Leader works with the relevant portfolio holder to consider measures necessary to significantly reduce or eliminate the adverse budget position presently being forecast within Children & Education and Health & Social Care Portfolios and any necessary decisions presented to a future meeting of the relevant portfolio.

3. Background

- 3.1 A Budget for 2014/15 of £174,363,800 was approved by City Council on the 11th February 2014. This level of spending enabled a contribution to General Reserves of £3.383m after in-year spending was met from in-year income from all sources. Since the 11th February City Council meeting the Council has been allocated additional one off non ring-fenced grants totalling £566,200 in 2014/15. In order to achieve the government's priorities in these areas, service budgets have been amended accordingly. In addition, the adjusted budget includes a transfer to the PFI Reserve in respect of maintenance undertaken within the PFI for on-street parking.
- 3.2 In summary, changes to the budget as approved on 11th February 2014 are as follows:

	£
Budget Approved 11 th February 2014	174,363,800
Individual Voter Registration	131,200
Special Education Needs Reform	253,600
Adoption Reform	181,400
Transfer to PFI Reserve	100,000
Adjusted 2014/15 Budget	175,030,000

- 3.3 Once the above budget changes are taken into account, the Budget (as adjusted) for 2014/15 has increased to £175,030,000. After the additional non ring fenced grant funding is taken into account this results in an overall contribution to General Reserves of £3.283m for 2014/15 (i.e. assuming no overall budget variance).
- 3.4 This is the second quarter monitoring report of 2014/15 and reports on the forecast 2014/15 outturn as at the end of September 2014. The forecasts summarised in this report and detailed in the attached papers are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.
- 3.5 Any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any "windfall cost" from within their areas of responsibility in order to protect the overall Council financial position. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.
- 3.6 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 11th February 2014. The format presented at Appendix A has been amended to aid

understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

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

- 4.1 At the second quarter stage, the revenue outturn for 2014/15 is forecast to be overspent by £1,501,500 representing an overall budget variance of 0.9%.
- 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)
£		£	£
2,950,600	Children and Education	2,914,500	2,914,500
	Culture Leisure & Sport	227,800	112,200
751,200	Health and Social Care	497,000	497,000
340,100	Traffic and Transportation		

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)
£		£	£
	PRED	221,000	Nil
	Commercial Port	1,007,700	792,000
973,800	Asset Management Revenue Account	985,500	985,500
	Other Miscellaneous	279,600	279,600

5 Quarter 2 Significant Budget Variations – Forecast Outturn 2014/15

5.1 Children and Education – Overspend £2,914,500 (or 9.2%)

The cost of Children and Education Services is forecast to be £2,914,500 higher than budgeted.

The key variances are:

- Home to school and college transport is forecasting an overspend of £80,000 due to the number of children being supported. Following the introduction of revised transport policies from September the overspend has begun to reduce.
- Fieldwork Services are experiencing significant budget pressures as a result of a combination of the inability to deliver vacancy savings, the need to employ agency workers to cover practice leader posts and additional supernumerary front line posts. The supernumerary posts have been employed by the service as part of the strategy to reduce Looked After Children numbers, whilst also focusing on the government's adoption agenda to move children into permanent arrangements; as a result this service is forecast to overspend by £1,028,900.
- Family Support Services is forecast to overspend by £156,100 due to the need to employ agency staff in senior positions and the non-achievement of vacancy allowances assumed within the budget.
- Whilst placements with independent foster carers continue to reduce, this has been at a slower rate than that anticipated and due to the complexity of needs this budget area is forecast to overspend by £1,350,900.
- Management and Support (£312,300 overspend): The Independent Reviewing Officer (IRO) service is experiencing budget pressures as a result of not achieving vacancy savings targets, combined with the additional cost of 2 supernumerary specialist posts, which were recruited to lower the number of cases held by the IRO officers. The service is also experiencing additional pressures due to the increased contribution to the Integrated Commissioning Unit (this investment is intended to deliver future cost reductions through commissioning arrangements) as well as increased requirements associated with medical and legal costs.

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

It was reported to the Children and Education Portfolio on 26th September 2014 that Social Care and Safeguarding had exceeded the budget provision by £2.3m in 2013/14 and as at 30th June 2014 was forecasting an overspend of £2.5m in 2014/15 (The forecast overspend has risen to £2.8m as at the end of Quarter 2). As a result the Director of Adults and Children's Services was instructed to develop proposals for reducing the operating expenditure requirements of the Portfolio in:

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

The development of proposals to balance the in year and future years budget position remains ongoing, however it is recommended that the savings proposals for 2015/16 outlined in Table 1 below be noted.

Table 1

Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
1 Rationalisation and reduction in the use of transport and parking arrangements	Alternative transport and parking arrangements will require a review of service processes and flexibilities	40,000	40,000	40,000
2 Continued focus on building the capacity of suitable and appropriate in-house foster care placements, in order to continue to reduce the number of children placed in Independent Fostering Agency and external residential placements	This proposal seeks to continue the existing strategy of expanding the number of in-house foster care placements, with a focus on permanence planning for children in care. Therefore there is a minimal adverse impact on service delivery or customers	754,000	754,000	754,000
3 Implement a policy of parental contributions towards S20 placement costs to deliver the previously approved income target	In certain circumstances, parents will be expected to contribute towards the placement costs of their children. Means testing will be applied to these charges to mitigate the impact on low income parents	40,000	40,000	40,000
4 Reduce operation of non-statutory Integrated Youth Support Services	Re-designed service aimed at reducing the flow of vulnerable children and young people into Children's Social Care and numbers of young people Not in Education Employment or Training (NEET) A redesigned service on a reduced scale but focussed on youth support options to address the challenges young people face The scale of the future service will depend on the success or otherwise of attracting funding externally and from schools	893,000	893,000	893,000
5 Other proposals currently being investigated to reduce spending	To be reported to a future meeting of the Children & Education Portfolio	190,000	190,000	190,000
Total		1,917,000	1,917,000	1,917,000

5.2 Culture, Leisure & Sport - Overspend £227,800 (2.7%) or £112,200 After Transfer From Portfolio Reserve

Before a forecast transfer of £115,600 from the Culture, Leisure and Sport Portfolio Reserve, the Portfolio is forecasting an overspend of £227,800.

The key variances causing this overspend are:

- Lower expenditure (£59,400) relating to the general maintenance and upkeep of parks offset by increases in expenditure for repairs to parks buildings
- Department Establishment costs are forecast to be £190,000 lower than originally budgeted due to the reallocation of staffing costs to PRED following a reorganisation of staffing and the transfer of staffing costs to the City Deal Capital project
- Essential repair works at the Pyramids following extensive storm damage and the bringing forward of repair works planned for future years in order to take advantage of the lower cost of completing the maintenance while the building was closed has resulted in an overspend of £481,000. Following the completion of this accelerated maintenance programme it is anticipated that the cost of maintenance in future years will be significantly lower as a result of these additional works being completed.

5.3 Health and Social Care – Overspend £497,000 (or 1.0%)

The cost of Health & Social Care is forecast to be £497,000 higher than budgeted.

The key variances are:

- Social Care Activities is forecast to overspend by £248,200 due to recent changes in legislation that has placed a requirement on local authorities to carry out Deprivation of Liberties assessments which presently are being completed at a rate of 25 per week.
- Assistive Equipment & Technology is forecast to overspend by £144,800 due to lower than expected re-use of equipment from the Community Equipment Store.
- An increased requirement for domiciliary care packages and residential care packages for both older people with a physical support need and clients with a physical disability (partially offset by a decrease in the volume of nursing care packages) has resulted in a forecast overspend of £73,700

5.4 PRED - Underspend £221,000 (or 35.3%) (No variance after transfers to Portfolio Reserves)

The Portfolio is currently forecasting an underspend of £221,000. As portfolio underspendings are transferred to portfolio specific reserves at the end of the year no variance is currently forecast.

The cost of Planning Regeneration & Economic Development is forecast to be £221,000 lower than budgeted primarily as a result of the Planning Development Control service forecasting an underspend of £206,000. This underspend relates to planning income being £113,000 higher than originally budgeted arising from Revenue Section 106 & Community Infrastructure Levy administration contributions coupled with the reduced use of agency staff (£93,000).

5.5 PRED (Commercial Port) - Underspend £1,007,700 (£792,000 after transfers to Portfolio Reserves)

Overall net income from the Port is forecast to be £1,007,700 above target income.

Of this, £792,000 relates to an anticipated budget pressure that the Port was given additional funding for in the 2014/15 cash limit which has not materialised. In accordance with the approved Budget Guidelines the underspend accrues corporately. The balance of the improvement (£215,700) will be transferred to the PRED Portfolio specific reserve at year-end.

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 in Management and General expenses offset by;
- Higher Operational Expenses as a result of higher dredging and Business Rate costs mitigated by quay assistant vacancies and lower energy costs.

5.6 Asset Management Revenue Account – Underspend £985,500 (or 4.4%)

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:

The Housing Revenue Account share of council borrowing being higher than originally anticipated, improving interest rates and a reduced level of contingency to guard against interest rate fluctuations.

5.7 Other Miscellaneous – Underspend £279,600 (or 3.1%)

Other Miscellaneous Expenditure is forecast to underspend by £279,600 as a result of:

- MMD trading results not improving as quickly as originally expected (£578,300), although the overall financial position relating to MMD activities continues to exceed the breakeven position.
- Savings arising from the re-negotiation of strategic contracts not being as high as was originally expected or not occurring as early in 2014/15 as originally planned (£1,200,000)

These additional costs have been offset by a reduction in the amount required to be held as a contingency (£2,000,000) which is specifically held to guard against these and other risks. In addition, the risk of other costs for which a contingency was provided has either receded or is expected to slip to 2015/16.

6 Other Minor Budget Variations – Forecast Outturn 2014/15

6.1 Environment and Community Safety – Underspend £49,900 (or 0.3%) (No variance after transfers to Portfolio Reserves)

The Portfolio is currently forecasting an underspend of £49,900, the reasons for which are set out below. In accordance with Council Policy, portfolio underspends are transferred to portfolio specific reserves and as a consequence no Portfolio variance is currently forecast.

A number of small underspends across the Portfolio offset by an overspend of £81,800 within Community Safety Strategy and Partnership as a result of increased staffing costs relating to the "Delivering Differently and "Shared Uniformed Services" projects has resulted in a net forecast underspend of £49,900 before transfers to Portfolio Reserves.

6.2 Housing – No Variance

6.3 Leader – Minor Overspend £12,100 (or 5.1%)

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 Resources – Underspend £75,600 or (0.3%) (No variance after transfers to Portfolio Reserves)

Prior to the transfer of net underspending to the Resources Portfolio specific reserve the portfolio is forecasting an underspend of £75,600

The main reasons for the net underspend are that:

- Vacancies being held across the Portfolio amount to an underspend of £182,000, the Local Welfare Assistance scheme, which supports those in greatest need, is expected to underspend by £49,900 and Trading income of the Spinnaker Tower is also expected to be £50,000 greater than originally budgeted.
- Offsetting these underspends are Housing Benefit Rent Allowances and rebate payments (£117,000) the total value of which exceeds £100m, it should be noted that relatively small fluctuations in the factors affecting Housing Benefit entitlement can give rise to material variations.

6.5 Traffic & Transportation – Overspend £22,700 (or 0.1%)

The main causes of the forecast overspend are:

- As a result of the Highways PFI Contract renegotiations currently taking place, Highways Street Lighting (Electricity) is forecasting an overspend of £336,700 due to the delay in the installation of LED Street lighting enhancements approved by Council in November 2013, which are anticipated to result in significantly lower energy costs. This overspend will be funded through a release from the Councils Contingency.
- Other variances include increased cost of Travel Concessions (£49,300) as a result of increased passenger usage, higher staffing costs within Passenger Transport (£33,000) primarily due to the requirement for maternity cover and reduced cost of School Crossing Patrols (£55,000) as a result of the difficulties currently being experienced to recruit crossing patrol staff.

6.6 Licensing Committee – Minor Underspend £10,900 (or 7.6%) (No variance after transfers to Committee Reserves)

The Licensing Committee is forecasting a minor underspend of £10,900. Any underspend at year-end will be transferred to specific reserves.

6.7 Governance and Audit Committee – Underspend £58,800 (No variance after transfers to Committee Reserves)

An underspend of £58,800 is currently being forecast by the Committee. As net underspends are transferred to portfolio reserves at year-end no variance is currently forecast.

The principle reason for the forecast underspend is higher income than budgeted of £89,400 within the Registrars Service due to increased income generated from new initiatives, higher demand for existing services and the introduction of a competitive pricing structure offset by higher May 2014 election costs (£30,600).

6.8 Levies – No Forecast Variance

6.9 Insurance – No Forecast Variance

7. Transfers From/To Portfolio Specific Reserves

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

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

Portfolio/Committee Reserve	Balance Brought Forward £	Approved Releases 2014/15 £	Forecast Under/ (Over) Spending £	Balance Carried Forward £
Children & Education	228,600	(228,600)		0
Culture, Leisure & Sport	115,600		(115,600)	0
Environment & Community Safety	1,177,400		(49,900)	1,127,500
Health & Social Care	2,194,600	(2,194,600)		0
Housing	136,800			136,800
Leader	0			0
PRED	375,500		221,000	596,500
Port	418,100		215,700	633,800
Resources	666,600	(52,100)	75,600	690,100
Licensing	33,700		10,900	44,600
Governance, Audit & Standards	145,000		58,800	203,800
Total	5,491,900	(2,475,300)	416,500	3,433,100

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

8. Relationships between Financial Performance and Service Performance

The Quarter 2 performance report will be considered by the Governance, Audit and Standards committee in January 2015. The report will set out the highlights, concerns and areas for improvement for all services.

It is worth noting that whilst many projects are proceeding well, and performance is being sustained or improved in a number of areas, services are also expressing concern around capacity and sustainability of services with reduced resources. In particular, there are areas where demand is increasing despite an accepted need to reduce demand (a particular area is around children's social care and safeguarding); and there are challenges in delivering on change projects already in the pipeline to reduce costs and particularly to deliver on income. Workforce capacity in some areas critical to longer term objectives is also strained.

9. Conclusion - Overall Finance & Performance Summary

- 9.1 The overall forecast outturn for the City Council in 2014/15 as at the end of September 2014 is forecast to be £176,531,500. This is an overall overspend of £1,501,500 against the Amended Budget and represents a variance of 0.9%.
- 9.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 9.3 The overall financial position is deemed to be “RED” since the forecast outturn is higher than budget. Whilst, finance is not having a negative impact on the overall performance status of the Council’s activities, at this stage, the scale of some Portfolio overspends being reported at the Quarter 2 stage indicates that some services are experiencing some degree of financial stress.
- 9.4 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 2014/15. Consequently, it is recommended that the Council Leader works with the relevant portfolio holder to consider measures to significantly reduce or eliminate the adverse budget position presently being forecast by these Portfolios, and any necessary decisions presented to a future meeting of the relevant portfolio.
- 9.5 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2014/15 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2015/16 and therefore the appropriate Heads of Service in consultation with Portfolio Holders should prepare an action plan outlining how their 2014/15 forecast outturn or 2015/16 budget might be reduced to alleviate the adverse variances currently being forecast.
- 9.6 Based on the Budget (as adjusted) of £175,030,000 the Council will remain within its minimum level of General Reserves for 2014/15 of £6.0m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2014	23.426
<u>Less:</u>	
Forecast Overspend 2014/15	(1.501)
<u>Add:</u>	
Planned Contribution to General Reserves 2014/15	3.283
Forecast General Reserves carried forward into 2015/16	25.208

Levels of General Reserves over the medium term are assumed to remain within the Council approved minimum sum of £6.0m in 2014/15 and future years since any ongoing budget pressures / savings will be reflected in future years' savings targets.

- 9.7 Financial resources are not seen as a primary barrier during the current year to either performance achievement or performance improvement. Although there are 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.

10. City Solicitor’s Comments

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

11. Equalities Impact Assessment

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

.....

Chris Ward

Head of Finance & S151 Officer

Background List of Documents –

Section 100D of the Local Government Act 1972

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

Title of Document	Location
Council Tax Setting 2014/15 to 2017/18 & Medium Term Budget Forecast 2014/15 to 2017/18	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 4th December, 2014

Signed:

Approved / Approved as amended / Deferred / Rejected by the City Council on 20th
January, 2015

Signed:

**FINANCIAL & SERVICE
PERFORMANCE**

**QUARTER 2
2014/15**

INFORMATION PACK

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15	
PORTFOLIO	City Council General Fund
BUDGET	Total General Fund Expenditure
TOTAL CASH LIMIT	175,030,000
CHIEF OFFICER	All Budget Holders
MONTH ENDED	September 2014

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET FORECAST 2014/15			
		Budget Profile To End September 2014		Actual To End September 2014		Forecast Year End Outturn		Variance vs. Total Budget	
		£	£	£	%	£	£	£	%
1	Children & Education	68,411,065	49,336,193	(19,074,872)	(27.9%)	31,707,300	34,671,787	2,964,487	9.3%
2	Culture, Leisure & Sport	4,281,115	4,381,669	100,554	2.3%	8,344,200	8,571,977	227,777	2.7%
3	Environment & Community Safety	7,734,935	8,086,759	351,825	4.5%	16,125,500	16,205,448	79,948	0.5%
4	Health & Social Care	24,178,980	24,771,934	592,954	2.5%	48,357,900	48,854,897	496,997	1.0%
5	Housing	853,600	974,114	120,514	14.1%	1,855,700	1,855,700	0	0.0%
6	Leader	108,745	119,922	11,177	10.3%	235,300	247,400	12,100	5.1%
7	PRED	(116,422)	(757,713)	(641,291)	(550.8%)	(626,900)	(750,900)	(124,000)	(19.8%)
8	Port	(2,378,083)	(1,851,652)	526,431	22.1%	(4,003,600)	(5,011,320)	(1,007,720)	(25.2%)
9	Resources	12,273,143	10,601,790	(1,671,353)	(13.6%)	22,548,300	22,881,300	333,000	1.5%
10	Traffic & Transportation	5,967,746	6,035,571	67,825	1.1%	16,967,100	17,326,508	359,408	2.1%
11	Licensing Committee	(71,550)	(79,262)	(7,712)	(10.8%)	(143,100)	(153,954)	(10,854)	(7.6%)
12	Governance, Audit & Standards Com	263,317	56,634	(206,683)	(78.5%)	416,200	357,400	(58,800)	(14.1%)
13	Levies	360,050	78,042	(282,008)	(78.3%)	821,000	821,000	0	0.0%
14	Insurance	1,714,500	1,714,500	0	0.0%	1,230,100	1,230,100	0	0.0%
15	Asset Management Revenue Account	4,264,388	3,169,261	(1,095,127)	(25.7%)	22,476,100	21,490,600	(985,500)	(4.4%)
16	Other Miscellaneous	935,451	1,432,451	497,000	53.1%	8,718,900	8,439,300	(279,600)	(3.2%)
TOTAL		128,780,980	108,070,213	(20,710,766)	(16.1%)	175,030,000	177,037,243	2,007,243	1.1%
		Total Value of Remedial Action (from Analysis Below)				(922,275)			
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)		175,030,000		176,114,968		1,084,968		0.6%	
		Total Forecast Transfers To Portfolio Specific Reserves				416,500			
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)		175,030,000		176,531,468		1,501,468		0.9%	

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	(50,000)	0
2	Culture, Leisure & Sport	0	(115,600)
3	Environment & Community Safety	(30,000)	(49,900)
4	Health & Social Care	0	0
5	Housing	0	0
6	Leader	0	0
7	PRED	(97,000)	221,000
8	Port	0	215,700
9	Resources	(408,600)	75,600
10	Traffic & Transportation	(336,675)	0
11	Licensing Committee	0	10,900
12	Governance, Audit & Standards Com	0	58,800
13	Levies	0	0
14	Insurance	0	0
15	Asset Management Revenue Account	0	0
16	Other Miscellaneous	0	0
Total Value of Remedial Action		(922,275)	416,500

Note Remedial Action resulting in savings should be shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Children and Education
BUDGET 7,444,100 Education
 24,263,200 Children's Social Care & Safeguarding

TOTAL CASH LIMIT 31,707,300

CHIEF OFFICER Julian Wooster

MONTH ENDED September 2014

Risk indicator	
Low	L
Medium	M
High	H

Page 44

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

BUDGET PROFILE 2014/15				
Budget Profile To End	Actual To End	Variance vs. Profile To		
September 2014	September 2014	September 2014		
£	£	£	%	
7,559,900	5,845,133	(1,714,767)	(22.7%)	
49,743,711	48,723,760	(1,019,951)	(2.1%)	
28,105,492	26,156,910	(1,948,582)	(6.9%)	
3,384,000	3,180,000	(204,000)	(6.0%)	
(35,351,674)	(48,339,665)	(12,987,991)	(36.7%)	
451,922	391,295	(60,627)	(13.4%)	
1,406,262	1,071,602	(334,660)	(23.8%)	
181,000	(882,549)	(1,063,549)	(587.6%)	
1,428,960	1,220,348	(208,612)	(14.6%)	
(110,110)	(466,073)	(355,963)	(323.3%)	
681,302	761,167	79,865	11.7%	
2,989,792	3,647,912	658,120	22.0%	
5,748,156	6,366,811	618,655	10.8%	
463,262	262,494	(200,768)	(43.3%)	
524,284	737,709	213,425	40.7%	
1,204,806	659,339	(545,467)	(45.3%)	
TOTAL				
68,411,065	49,336,193	(19,074,872)	(27.9%)	

BUDGET FORECAST 2014/15					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
7,559,900	7,809,900	250,000	3.3%	L	
49,743,711	49,743,711	0	0.0%	L	
28,105,492	28,105,492	0	0.0%	L	
3,384,000	3,384,000	0	0.0%	L	
(88,793,103)	(89,043,103)	(250,000)	(0.3%)	L	
962,300	1,075,803	113,503	11.8%	L	
2,813,500	2,712,900	(100,600)	(3.6%)	M	
1,068,652	1,101,100	32,448	3.0%	H	
3,460,448	3,540,484	80,036	2.3%	M	
531,800	531,800	0	0.0%	M	
1,317,900	1,524,000	206,100	15.6%	M	
5,835,800	6,864,700	1,028,900	17.6%	M	
11,246,200	12,597,100	1,350,900	12.0%	H	
926,000	1,038,100	112,100	12.1%	M	
1,473,500	1,785,800	312,300	21.2%	M	
2,071,200	1,900,000	(171,200)	(8.3%)	M	
TOTAL					
31,707,300	34,671,787	2,964,487	9.3%		

Total Value of Remedial Action (from Analysis Below) (50,000)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves) 31,707,300 34,621,787 2,914,487 9.2%

Total Forecast Transfers From Portfolio Specific Reserves 0

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves) 31,707,300 34,621,787 2,914,487 9.2%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	The overspend here is due to the continued growth in private, voluntary and independent nursery places for 3 & 4 Year olds being funded in the City. The EFA funding is lagged and therefore is creating a pressure in year.	250,000
5	Whilst the Authority is seeing growth in the numbers of 2 year olds accessing early education an underspend is expected in 2014 - 2015 due to the profile of the take up of nursery places	(250,000)
6	The service have agreed to contribute to the cost of the new posts in the Intergrated Commissioning Unit. The full cost of temporary cover for posts within the services are also contributing to the variance	113,503
7	The under spend here is due to the service finding further efficiencies within their operations in anticipation of of future savings requirements.	(100,600)
8	The overspend is due to the cost the team supporting the virtual school head teacher.	32,448
9	The Home to school and college transport budget will be overspent this year due to the numbers of children being supported. The effect of the of the new transport policies implemented in September 2014 have started to reduce the overspend compared to the first quarter estimate.	80,036
11	The overspend is due to the need to employ agency staff in senior positions whilst having a full establishment of staff in other areas means that the service is finding it difficult to meet any vacancy savings along with the impact of the regrading of posts.	206,100
12	The overspending is primarily related to staffing levels. These remain high thus not achieving the vacancy savings levels built into the budget nor offsetting the loss of Social Work Matters funding this year together with the financial impact of the recent regrading of social work staff.	1,028,900
13	Whilst placements with Independent Foster Agencies are reducing it is at a slower pace than anticipated in the budget. Generally numbers are still above budgeted levels and due to complexity of needs, at higher cost than provided for in the budget.	1,350,900
14	Reduced expectation of parental contributions coupled with unanticipated increased contract costs	112,100
15	Need for additional Independent Reviewing Officer posts and agency coverage, alongside contribution towards the new Integrated Commissioning posts.	312,300
16	the underspend has arisen as a result of the secondment and delayed backfill of Commissioning manager. Underspend on Targeted Youth Services due to vacancies and maternity leave.	(171,200)
TOTAL PROJECTED VARIANCE		2,964,487

Remedial Action	Value of Remedial
Reduced reliance on agency payments	(50,000)
TOTAL VALUE OF REMEDIAL ACTION	(50,000)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15			
PORTFOLIO	Culture, Leisure & Sport		
BUDGET	4,859,300	City Development & Cultural Services	
	3,484,900	Transport & Street Management	
TOTAL CASH LIMIT	8,344,200		
CHIEF OFFICER	Kathy Wadsworth		
MONTH ENDED	September 2014		

Risk indicator	
Low	L
Medium	M
High	H

Page 46

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

BUDGET PROFILE 2014/15				
Budget Profile To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014		
£	£	£	%	
1,477,686	1,180,214	(297,472)	(20.1%)	
74,840	21,089	(53,751)	(71.8%)	
(197,110)	(173,538)	23,572	12.0%	
95,750	705,640	609,890	637.0%	
141,768	140,365	(1,403)	(1.0%)	
154,244	5,245	(148,999)	(96.6%)	
115,443	117,088	1,645	1.4%	
230,620	185,797	(44,823)	(19.4%)	
1,151,194	1,109,156	(42,038)	(3.7%)	
420,990	372,434	(48,556)	(11.5%)	
190,880	234,655	43,775	22.9%	
221,380	144,149	(77,231)	(34.9%)	
203,430	339,375	135,945	66.8%	
TOTAL	4,281,115	4,381,669	100,554	2.3%

BUDGET FORECAST 2014/15					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
2,469,190	2,409,790	(59,400)	(2.4%)		H
201,328	181,328	(20,000)	(9.9%)		L
(191,499)	(183,022)	8,477	4.4%		M
506,000	987,000	481,000	95.1%		H
283,535	286,035	2,500	0.9%		M
273,530	271,030	(2,500)	(0.9%)		M
220,579	236,279	15,700	7.1%		L
490,312	300,312	(190,000)	(38.8%)		L
2,153,350	2,153,350	0	0.0%		M
820,675	820,675	0	0.0%		M
381,175	381,175	0	0.0%		L
390,457	357,457	(33,000)	(8.5%)		L
345,568	370,568	25,000	7.2%		L
8,344,200	8,571,977	227,777	2.7%		

Total Value of Remedial Action (from Analysis Below)

0

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

8,344,200 **8,571,977** **227,777** **2.7%**

Total Forecast Transfers From Portfolio Specific Reserves

115,600

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

8,459,800 **8,571,977** **112,177** **1.3%**

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Reductions in expenditure for general maintenance and upkeep of parks in a saving of £110,000. However, this is partly offset by building repairs at Portsmouth Rugby Club (£24,600) and the demolition of an unsafe building on Burrfields Road which is expected to cost £25,000.	(59,400)
2	It was originally expected that the Seafront Service would contribute £50,000 towards the D Day 70 commemorations. However, higher than expected levels of sponsorship and other external income has resulted in a contribution of only £20,000 being required.	(20,000)
3	Golf income is forecast to be slightly below budget due to reduced demand.	8,477
4	Essential repair works were carried out at The Pyramids, following extensive storm damage. In addition, works planned for future years have been brought forward to take advantage of the lower cost of combining them with the repairs while the facility was closed.	481,000
7	Various options for the future of the Interaction Service are presently being explored and savings previously approved have not been achieved. The overspend of £18,000 is being partially offset by a small underspend on the leisure card budget of £2,300	15,700
8	Employee costs have been charged to the City Development budget in PRED to reflect both the 50% Head of Service responsibility for this service and business development work carried out by the Culture team covering staff vacancies. One member of staff is now being funded through the City Deal project which has contributed £80,000 to the overall underspend.	(190,000)
12	It is expected that income will be generated from services provided by staff in addition Southsea Community Centre has now closed and a half year saving in rent of £13,000 will also arise.	(33,000)
13	There is pressure to deliver the programmed events within the budget available. Provision has been made to fund this shortfall from underspending in other service areas.	25,000
TOTAL PROJECTED VARIANCE		227,777

Remedial Action	Value of Remedial
TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Environment & Community Safety

BUDGET

951,900	Corporate Assets, Business & Standards
119,400	City Development & Cultural Services
12,848,100	Transport and Street Management
2,206,100	Community Safety

TOTAL CASH LIMIT 16,125,500

CHIEF OFFICER Kathy Wadsworth

Risk indicator	
Low	L
Medium	M
High	H

MONTH ENDED September 2014

Page 48

ITEM No.	BUDGET HEADING
1	Environmental Protection
2	Environment Admin & Management
3	Community Safety Administration & Management
4	Environmental Health - Commercial Services
5	Port Health
6	Trading Standards
7	Welfare Burials
8	Refuse Collection
9	Waste Disposal
10	Waste Recycling
11	Public Conveniences
12	Street Cleansing
13	Clean City
14	Built Environment
15	Control Of Dogs
16	Projects & Procurement Management
17	Sea Defences And Drainage
18	Coastal Partnership
19	LATS
20	Cemeteries
21	Contaminated Land
22	Carbon Allowances
23	Carbon Management Team
24	Motiv8
25	Hidden Violence And Abuse
26	Community Safety Strategy And Partnership
27	CCTV
28	Community Wardens
29	Anti Social Behaviour Unit
30	Substance Misuse (including Alcohol)
31	Civil Contingencies (Emergency Planning)
TOTAL	

BUDGET PROFILE 2014/15				
Budget Profile To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014		
£	£	£	%	
205,862	217,232	11,370	5.5%	
5,496	8,913	3,417	62.2%	
7,086	6,848	(238)	(3.4%)	
128,790	126,496	(2,294)	(1.8%)	
(11,911)	(18,541)	(6,630)	(55.7%)	
149,470	156,212	6,742	4.5%	
6,048	5,010	(1,038)	(17.2%)	
1,755,872	1,680,871	(75,001)	(4.3%)	
2,128,935	2,116,899	(12,036)	(0.6%)	
68,968	71,907	2,939	4.3%	
204,657	183,426	(21,231)	(10.4%)	
1,482,084	1,482,084	0	0.0%	
1,998	428	(1,570)	(78.6%)	
40,798	40,316	(482)	(1.2%)	
40,321	25,273	(15,048)	(37.3%)	
51,072	35,969	(15,103)	(29.6%)	
126,919	114,754	(12,165)	(9.6%)	
141,295	143,722	2,427	1.7%	
		0	-	
(19,035)	(47,115)	(28,080)	(147.5%)	
59,740	39,375	(20,365)	(34.1%)	
0	260,224	260,224	-	
57,404	54,865	(2,539)	(4.4%)	
40,900	143	(40,757)	(99.7%)	
220,594	162,573	(58,021)	(26.3%)	
85,404	165,546	80,142	93.8%	
112,829	230,877	118,049	104.6%	
455,557	454,190	(1,367)	(0.3%)	
93,449	96,958	3,510	3.8%	
0	159,451	159,451	-	
94,335	111,853	17,519	18.6%	
TOTAL	7,734,935	8,086,759	351,825	4.5%

Total Value of Remedial Action (from Analysis Below)

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

Total Forecast Transfers From Portfolio Specific Reserves

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

BUDGET FORECAST 2014/15				
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR
£	£	£	%	
340,146	340,146	0	0.0%	L
34,031	34,031	0	0.0%	L
14,182	14,182	0	0.0%	L
292,819	292,819	0	0.0%	M
(23,822)	(23,822)	0	0.0%	M
277,320	307,320	30,000	10.8%	M
17,175	17,175	0	0.0%	L
3,676,430	3,641,145	(35,285)	(1.0%)	H
4,679,651	4,723,222	43,571	0.9%	H
137,917	137,917	0	0.0%	L
368,318	353,097	(15,221)	(4.1%)	L
2,964,167	2,964,167	0	0.0%	L
4,000	4,000	0	0.0%	L
81,581	81,581	0	0.0%	L
90,084	90,084	(0)	(0.0%)	M
102,129	85,907	(16,222)	(15.9%)	M
272,643	278,954	6,311	2.3%	M
162,245	162,245	0	0.0%	L
		0	-	H
3,812	3,812	0	0.0%	L
119,400	104,400	(15,000)	(12.6%)	L
190,000	190,000	0	0.0%	L
115,108	115,108	0	0.0%	L
81,800	81,800	0	0.0%	L
441,187	436,139	(5,048)	(1.1%)	L
170,808	252,581	81,773	47.9%	H
225,690	229,306	3,616	1.6%	L
911,113	907,492	(3,621)	(0.4%)	L
186,897	187,052	155	0.1%	L
0	0	0	-	L
188,669	193,588	4,919	2.6%	L
TOTAL	16,125,500	16,205,448	79,948	0.5%

(30,000)

16,125,500 16,175,448 49,948 0.3%

49,900

16,175,400 16,175,448 48 0.0%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
6	The Rogue Traders project is continuing in line with previous approvals. The project is partly funded by a transfer from the Environment & Community Safety Portfolio Reserve.	30,000
8	As part of the monthly monitoring of the Waste Collection Contract, it expected that actual costs will be below the maximum charge permitted under the contract. This saving is offset by a fall in the price per tonne paid for recycled glass.	(35,285)
9	Waste disposal costs are currently forecast to be £19,600 above budget, primarily due to large volumes of green waste and known upcoming increases in cost for the disposal of wood. In addition, income from the sale of waste is forecast to be £24,000 lower than budgeted due to lower volume of Dry Mixed Recyclables than expected.	43,571
11	Income at Clarence Pier convenience is above budget and is forecast to be £11,000 favourable over the full year. Water usage has been less than budget so far.	(15,221)
16	Income generated by the Projects & Procurement team has been higher than budgeted due to more work of a chargeable nature being undertaken.	(16,222)
17	A Drainage Engineer post is presently vacant. However, this saving is offset by income this post was expected to generate.	6,311
21	The projected underspend is as a result of staff vacancies in the service.	(25,000)
27	Community Safety Strategy and Partnership - this projected overspend relates to increased staff costs regarding the 'Delivering Differently' and 'Shared Uniformed Services' projects. If the release of Portfolio Reserve funding is approved by Members then the majority of this overspend will be mitigated.	81,773
	Other minor variances	10,020
TOTAL PROJECTED VARIANCE		79,948

Remedial Action	Value of Remedial Action
A drawdown has been approved from the Portfolio Reserve.	(30,000)
TOTAL VALUE OF REMEDIAL ACTION	(30,000)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO	Health & Social Care
BUDGET	48,357,900
TOTAL CASH LIMIT	48,357,900
CHIEF OFFICER	Julian Wooster
MONTH ENDED	September 2014

Risk indicator	
Low	L
Medium	M
High	H

Page 50

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
27	European Integration Fund
28	Big Lottery
29	Chances 4 change
30	Cities of Service
TOTAL	

BUDGET PROFILE 2014/15				
Budget Profile To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014		
		£	%	
5,726,350	7,044,453	1,318,103	23.0%	
0	0	0	-	
1,849,110	1,715,029	(134,081)	(7.3%)	
8,551,510	7,852,304	(699,206)	(8.2%)	
1,111,360	1,276,299	164,939	14.8%	
69,350	(375,259)	(444,609)	(641.1%)	
0	0	0	-	
0	0	0	-	
38,550	85,804	47,254	122.6%	
381,070	805,124	424,054	111.3%	
3,194,820	3,140,537	(54,283)	(1.7%)	
18,500	66,674	48,174	260.4%	
747,530	2,180,850	1,433,320	191.7%	
2,490,820	2,441,669	(49,151)	(2.0%)	
1,609,860	1,523,118	(86,742)	(5.4%)	
127,350	135,785	8,435	6.6%	
610,910	470,420	(140,490)	(23.0%)	
354,320	245,730	(108,590)	(30.6%)	
205,770	157,374	(48,396)	(23.5%)	
225,840	167,485	(58,355)	(25.8%)	
2,425,760	1,873,219	(552,541)	(22.8%)	
83,790	20,193	(63,597)	(75.9%)	
(5,643,590)	(6,139,720)	(496,130)	(8.8%)	
0	72,415	72,415	-	
0	68,440	68,440	-	
0	11,025	11,025	-	
0	(67,034)	(67,034)	-	
TOTAL	24,178,980	24,771,934	592,954	2.5%

BUDGET FORECAST 2014/15				
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR
		£	%	
11,452,708	11,526,369	73,661	0.6%	L
0	0	0	0.0%	L
3,698,211	3,681,983	(16,228)	(0.4%)	L
17,103,024	17,113,156	10,132	0.1%	L
2,222,726	2,278,821	56,095	2.5%	M
138,700	138,700	0	0.0%	L
0	0	0	0.0%	L
0	0	0	0.0%	L
77,100	74,700	(2,400)	(3.1%)	M
762,134	906,897	144,763	19.0%	H
6,389,634	6,637,858	248,224	3.9%	M
37,000	37,000	0	0.0%	L
1,495,064	1,541,364	46,300	3.1%	M
4,981,642	4,918,092	(63,550)	(1.3%)	L
3,219,718	3,203,360	(16,358)	(0.5%)	L
254,691	254,925	234	0.1%	L
1,221,812	1,136,694	(85,118)	(7.0%)	H
708,631	690,511	(18,120)	(2.6%)	M
411,538	368,802	(42,736)	(10.4%)	H
451,684	376,046	(75,638)	(16.7%)	H
4,851,471	4,740,854	(110,617)	(2.3%)	M
167,587	156,452	(11,135)	(6.6%)	H
(11,287,175)	(10,927,687)	359,488	(3.2%)	M
0	0	0	0.0%	L
0	0	0	0.0%	L
0	0	0	0.0%	L
0	0	0	0.0%	L
TOTAL	48,357,900	48,854,897	496,997	1.0%

Total Value of Remedial Action (from Analysis Below)

0

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

48,357,900 48,854,897 496,997 1.0%

Total Forecast Transfers From Portfolio Specific Reserves

0

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

48,357,900 48,854,897 496,997 1.0%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Physical Support - increased requirement for domiciliary care packages and residential care for both older people with a physical support need and clients with a physical disability. This has been partially offset by a decrease in the volume of nursing care packages.	73,700
10	Assistive Equipment & Technology - increased spend due to lower than expected re-use of equipment through the Community Equipment Store.	144,800
11	Social Care Activities - Deprivation of Liberties (DOLS) - Adult Social Care are currently projecting an overspend of £310,522 for this area of the budget due to a recent change in legislation. This has placed the responsibility on local authorities to carry out these DOLS assessments which have rapidly increased from a few per month to approximately 25 per week.	248,200
	Other Miscellaneous Comprises a number of very small variances on a range of services.	30,297
TOTAL PROJECTED VARIANCE		496,997

Remedial Action	Value of Remedial Action
In Quarter 1 Adult Social Care released £2.2m from the Portfolio Reserve to meet 2014/15 expenditure. This has had the effect of reducing the projected overspend to £497,000 as at the end of quarter 2.	0
TOTAL VALUE OF REMEDIAL ACTION	0

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

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Leader
 BUDGET 235,300

TOTAL CASH LIMIT 235,300

CHIEF OFFICER

MONTH ENDED September 2014

Risk indicator	
Low	L
Medium	M
High	H

Page 53

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

BUDGET PROFILE 2014/15			
Budget Profile To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014	
£	£	£	%
627	70	(557)	-88.8%
0	6,591	6,591	-
51,962	54,918	2,956	5.7%
(6,244)	6,071	12,315	197.2%
62,400	52,272	(10,128)	-16.2%
108,745	119,922	11,177	10.3%

BUDGET FORECAST 2014/15				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
102,100	105,800	3,700	3.6%	L
(5,900)	2,500	8,400	142.4%	L
113,100	113,100	0	0.0%	L
235,300	247,400	12,100	5.1%	

Total Value of Remedial Action (from Analysis Below)

0

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

235,300 247,400 12,100 5.1%

Total Forecast Transfers From Portfolio Specific Reserves

0

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

235,300 247,400 12,100 5.1%

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
4	Income from the Guildhall Trust for the use of the Lord Mayors Banqueting room continues to be less than had been expected. A recent change to the basis of the charges is expected to improve the position going forward. The service is also in the process of having the venue licensed so it can be used as a wedding venue and this should also increase potential for income generation in the future.	8,400
	Other minor variations over the remaining budget headings	3,700
TOTAL PROJECTED VARIANCE		12,100

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

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15			
PORTFOLIO	Planning Regeneration & Economic Development (Excluding Commercial Ferry Port)		
BUDGET	1,070,400	City Development & Cultural Services	
	(4,198,800)	Corporate Assets, Business & Standards	
	2,501,500	Housing & Property Services	
TOTAL CASH LIMIT	(626,900)		

CHIEF OFFICER Kathy Wadsworth
Michael Lawther

MONTH ENDED September 2014

Risk indicator	
Low	L
Medium	M
High	H

Page 54

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

BUDGET PROFILE 2014/15				
Budget Profile To End	Actual To End	Variance vs. Profile To		
		September 2014	September 2014	September 2014
	£	£	£	%
	35,520	32,568	(2,952)	(8.3%)
	(3,897)	(261,387)	(257,490)	(6607.4%)
	184,357	136,485	(47,872)	(26.0%)
	(11,580)	(52,629)	(41,049)	(354.5%)
	168,480	74,807	(93,673)	(55.6%)
	192,962	206,727	13,765	7.1%
			0	-
	(14,800)	(233,200)	(218,400)	(1475.7%)
	39,640	157,600	117,960	297.6%
	(6,500)	(62,678)	(56,178)	(864.3%)
	1,299,924	985,973	(313,951)	(24.2%)
	250,642	297,462	46,820	18.7%
	(2,251,170)	(2,039,441)	211,729	9.4%
			0	-

BUDGET FORECAST 2014/15					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR	
		£	%		
	£	£	%		
	70,955	70,955	0	0.0%	M
	(8,815)	(214,815)	(206,000)	(2336.9%)	H
	367,892	367,892	0	0.0%	M
	(23,167)	(38,167)	(15,000)	(64.7%)	H
	371,869	371,869	0	0.0%	L
	291,666	291,666	0	0.0%	L
	247,564	247,564	0	0.0%	L
	(281,657)	(281,657)	0	0.0%	L
	43,733	140,733	97,000	221.8%	L
	0	0	0	0	M
	2,000,220	2,000,220	0	0.0%	M
	501,280	501,280	0	0.0%	L
	(4,208,440)	(4,208,440)	0	0.0%	H
					-

TOTAL	(116,422)	(757,713)	(641,291)	(550.8%)
--------------	------------------	------------------	------------------	-----------------

TOTAL	(626,900)	(750,900)	(124,000)	(19.8%)
--------------	------------------	------------------	------------------	----------------

(97,000)

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)	(626,900)	(847,900)	(221,000)	(35.3%)
--	------------------	------------------	------------------	----------------

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)	(626,900)	(847,900)	(221,000)	(35.3%)
--	------------------	------------------	------------------	----------------

Total Forecast Transfers To Portfolio Specific Reserves	(221,000)
--	------------------

Total Forecast Transfers To Portfolio Specific Reserves	(221,000)
--	------------------

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)	(847,900)	(847,900)	0	0.0%
---	------------------	------------------	----------	-------------

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)	(847,900)	(847,900)	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 2014/15

Item No.	Reason for Variation	Variance £
2	Planning income is forecast to be higher than originally budgeted (£113,000) and the use of agency staff to meet increases planning work is being minimised (£93,000)	(206,000)
4	The service is holding vacancies where possible in order to prepare for saving requirements in future years which is being offset by reduced levels of income	(15,000)
9	PCMI Manufacturing have challenging income budgets for 2014/15, for both externally generated sales, and income internal to PCC. These targets reflect a saving in the budget for 2014/15 and an increase in costs. The budget is currently forecast to overspend by some £97,000 at year end and the action being undertaken to mitigate this includes developing the business to generate further new customers and additional sales as well as a review of pricing and costs.	97,000
TOTAL PROJECTED VARIANCE		(124,000)

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
This will be met from within the PCMI service.	(97,000)
TOTAL VALUE OF REMEDIAL ACTION	(97,000)

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Planning Regeneration & Economic Development (Commercial Ferry Port)

BUDGET (4,003,600)

TOTAL CASH LIMIT (4,003,600)

CHIEF OFFICER Martin Putman

MONTH ENDED September 2014

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.		BUDGET PROFILE 2014/15				BUDGET PROFILE 2014/15				RISK INDICATOR
		Budget Profile To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	£	£	£	%	
1	Income	(7,385,251)	(7,525,988)	(140,737)	(1.9%)	(13,240,200)	(14,469,400)	(1,229,200)	(9.3%)	H
2	Operational Costs	4,258,070	4,987,448	729,378	17.1%	7,668,450	7,909,180	240,730	3.1%	M
3	Management and General Expenses	749,098	686,888	(62,210)	(8.3%)	1,568,150	1,548,900	(19,250)	(1.2%)	L
TOTAL CASH LIMIT		(2,378,083)	(1,851,652)	526,431	22.1%	(4,003,600)	(5,011,320)	(1,007,720)	(25.2%)	

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

Total Value of Remedial Action (from Analysis Below)

0

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

(4,003,600) (5,011,320) (1,007,720) (25.2%)

Total Forecast Transfers To Portfolio Specific Reserves

(215,700)

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

(4,219,300) (5,011,320) (792,020) (18.8%)

Capital Charges & Other Corporate Costs	0	(47,720)	(40,437)	-	4,520,000	4,617,060	97,060	2.1%
Net (Profit) / Loss	(2,378,083)	(1,899,372)	485,994	20.4%	300,700	(394,260)	(694,960)	(231.1%)

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
Income	Favourable variance resulting from increased unit due and ship services income for reasons including new services operating from the port.	(1,229,200)
Operational Costs	Adverse variance due to required dredging an increase in the use of berthing contractors because of additional services and cover for vacant officer posts, additional business rates due to changes in rateable values, offset in part by employee savings identified.	240,730
Management and General Expenses	Favourable variance due to IT and advertising savings identified.	(19,250)
TOTAL PROJECTED VARIANCE		(1,007,720)

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

Note: Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO	Resources
BUDGET	22,548,300
TOTAL CASH LIMIT	22,548,300
CHIEF OFFICER	Various
MONTH ENDED	September 2014

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2014/15				
Budget Profile To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014		
£	£	£	%	
44,124	125,920	81,796	185.4%	
1,727,623	1,364,912	(362,711)	(21.0%)	
0	214,478	214,478	-	
880,973	738,300	(142,673)	(16.2%)	
876,000	743,973	(132,027)	(15.1%)	
2,257,208	2,461,804	204,596	9.1%	
2,212,198	1,789,140	(423,058)	(19.1%)	
392,256	317,135	(75,121)	(19.2%)	
93,298	108,509	15,211	16.3%	
651,498	159,511	(491,987)	(75.5%)	
0	(70,586)	(70,586)	-	
0	(192,743)	(192,743)	-	
0	10	10	-	
(355,910)	(306,075)	49,836	14.0%	
(87,972)	(142,436)	(54,464)	(61.9%)	
1,052,526	995,166	(57,360)	(5.4%)	
451,700	324,713	(126,987)	(28.1%)	
1,042,590	761,548	(281,042)	(27.0%)	
0	(20,000)	(20,000)	-	
(27,468)	(47,585)	(20,117)	(73.2%)	
604,862	629,025	24,163	4.0%	
457,638	647,070	189,433	41.4%	

BUDGET PROFILE 2014/15					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
231,200	228,300	(2,900)	(1.3%)	L	
3,064,600	3,036,000	(28,600)	(0.9%)	H	
0	343,600	343,600	-	M	
1,730,600	1,734,500	3,900	0.2%	L	
876,000	876,000	0	0.0%	L	
4,738,200	4,685,300	(52,900)	(1.1%)	M	
4,699,300	4,685,500	(13,800)	(0.3%)	M	
830,000	830,000	0	0.0%	M	
193,300	358,300	165,000	85.4%	H	
1,303,000	1,303,000	0	0.0%	M	
(250,000)	(300,000)	(50,000)	(20.0%)	M	
(385,400)	(385,400)	0	0.0%	M	
20,300	19,600	(700)	(3.4%)	L	
(637,000)	(436,200)	200,800	31.5%	H	
(199,200)	(282,600)	(83,400)	(41.9%)	H	
1,304,300	1,294,800	(9,500)	(0.7%)	L	
581,200	531,300	(49,900)	(8.6%)	M	
2,005,500	1,971,000	(34,500)	(1.7%)	H	
134,500	134,500	0	0.0%	L	
(82,900)	(101,000)	(18,100)	(21.8%)	M	
1,197,900	1,204,600	6,700	0.6%	L	
1,192,900	1,150,200	(42,700)	(3.6%)	M	

TOTAL	12,273,143	10,601,790	(1,738,672)	(14.2%)
--------------	-------------------	-------------------	--------------------	----------------

Total Value of Remedial Action (from Analysis Below)	(408,600)
--	-----------

Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)	22,548,300	22,472,700	(75,600)	(0.3%)
---	------------	------------	----------	--------

Total Forecast Transfers To Portfolio Specific Reserves	(75,600)
---	----------

Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)	22,472,700	22,472,700	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 2014/15

Item No.	Reason for Variation	Variance £
2	The HR, Legal and Performance Management budget is currently forecast to be underspent due to additional income and part year vacancies.	(28,600)
3	The initial investment for the Transformation Business cases was agreed by City Council on 11th October 2011. As expenditure is incurred, a release from the MTRS Reserve will be actioned to fund these costs at year end.	343,600
6	The service is holding vacancies where possible in order to prepare for saving requirements in future years.	(52,900)
7	The service are projecting an underspend due to vacant posts being held in preparation for future years savings.	(13,800)
9	The overspend is split into two elements. Of the £165,000, £100,000 was initially a recommended 2014/15 budget saving. This saving was based on the AMS Property Service creating Business Partners with other PCC Services' Property Departments, providing a more efficient service and creating a reduction in staff. However, following the splitting of AMS, this saving can no longer be achieved. The further overspend of £65,000 relates to the balance of the funding agreed for a 1 year project to review the property portfolio. This funding has spanned financial years and is currently held within the Resources Portfolio Reserve, and will be transferred into the budget in the next quarter.	165,000
11	The Tower continues to report an improvement in trading activity.	(50,000)
15 & 16	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.	117,400
17	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(9,500)
18	The Local Welfare Assistance scheme supports those in greatest need, mainly helping towards the funding of white goods & furniture for resettlement & a small proportion for emergencies and exceptional expenses. The forecast underspend is based on previous years experience of demand.	(49,900)
19	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(34,500)
21	Land Charges have experienced increased service demand as confidence in the local housing market continues to improve.	(18,100)
23	Represents an unfilled vacancy which will be offered as a saving in 2015/16 and a one-off saving arising from a secondment at a lower pay scale than the current post holder.	(42,700)
	Net of variances less than £5,000	7,000
	TOTAL PROJECTED VARIANCE	333,000

Remedial Action	Value of Remedial Action
A planned (and approved) release from the MTRS Reserve which will fully meet the costs of the Transformation Business Cases.	(343,600)
£65,000 transfer from Portfolio Reserve for the Review of the Property	(65,000)
TOTAL VALUE OF REMEDIAL ACTION	(408,600)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Traffic & Transportation
 BUDGET 16,967,100

TOTAL CASH LIMIT 16,967,100

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED September 2014

Risk indicator	
Low	L
Medium	M
High	H

Page 59

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

BUDGET PROFILE 2014/15				
Budget Profile To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014		
£	£	£	%	
(1,214,223)	(1,107,053)	107,170	8.8%	
(23,111)	183,264	206,375	893.0%	
98,216	84,679	(13,537)	(13.8%)	
266,930	264,015	(2,915)	(1.1%)	
2,649,588	2,649,942	354	0.0%	
1,570,812	1,447,418	(123,394)	(7.9%)	
498,408	565,978	67,570	13.6%	
(29,332)	(7,387)	21,945	74.8%	
2,024,994	2,016,717	(8,277)	(0.4%)	
(250,447)	(342,715)	(92,268)	(36.8%)	
62,993	60,942	(2,051)	(3.3%)	
172,560	124,096	(48,464)	(28.1%)	
105,746	47,278	(58,468)	(55.3%)	
15,160	37,086	21,926	144.6%	
19,452	11,311	(8,141)	(41.9%)	
			-	
TOTAL	5,967,746	6,035,571	67,825	1.1%

BUDGET FORECAST 2014/15				
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR
£	£	£	%	
(1,804,067)	(1,804,105)	(38)	(0.0%)	H
-	-	0	-	H
202,411	198,911	(3,500)	(1.7%)	L
567,375	567,375	0	0.0%	M
9,276,602	9,276,602	0	0.0%	L
3,140,474	3,136,974	(3,500)	(0.1%)	H
1,130,585	1,467,260	336,675	29.8%	H
(54,911)	(54,911)	0	0.0%	M
4,016,310	4,065,581	49,271	1.2%	H
(169,901)	(136,901)	33,000	19.4%	M
120,047	116,547	(3,500)	(2.9%)	L
346,100	291,100	(55,000)	(15.9%)	M
116,205	122,205	6,000	5.2%	L
40,970	40,970	0	0.0%	L
38,900	38,900	0	0.0%	L
TOTAL	16,967,100	17,326,508	359,408	2.1%

Total Value of Remedial Action (from Analysis Below)

(336,675)

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

16,967,100 16,989,833 22,733 0.1%

Total Forecast Transfers From Portfolio Specific Reserves

0

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

16,967,100 16,989,833 22,733 0.1%

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
7	The installation of LED lights was expected to lead to significant savings in Street Lighting electricity. However, this capital project is currently delayed due to negotiations with the PFI contractor.	336,675
9	At Quarter 1, the level of Concessionary fares reimbursements to bus operators was as expected. However, as a result of the extended good weather during Quarter 2, increased passenger usage has been notified by the bus operators and an increased level of reimbursement is expected.	49,271
10	Additional employment costs have been incurred on maternity cover for the Transport Planning Manager and additional support required for increased Development Control activity.	33,000
12	Difficulties in recruiting School Crossing Patrol staff continue to be experienced and a number of vacancies persist despite continued recruitment activity.	(55,000)
	Other Variances	(4,538)
TOTAL PROJECTED VARIANCE		359,408

Note Remedial Action resulting in savings is shown in brackets

Remedial Action	Value of Remedial Action
Release from Contingency	(336,675)
TOTAL VALUE OF REMEDIAL ACTION	(336,675)

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

COMMITTEE Governance, Audit and Standards Committee
 BUDGET 416,200

TOTAL CASH LIMIT 416,200

CHIEF OFFICER Michael Lawther

MONTH ENDED September 2014

Risk indicator	
Low	L
Medium	M
High	H

Page 62

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

BUDGET PROFILE 2014/15				
Budget To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014		
£	£	£	%	
75,147	138,504	63,357	84.3%	
215,815	72,595	(143,220)	(66.4%)	
(27,645)	(154,465)	(126,820)	(458.7%)	

BUDGET FORECAST 2014/15				
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
144,300	174,900	30,600	21.2%	
295,000	295,000	0	0.0%	
(23,100)	(112,500)	(89,400)	(387.0%)	

TOTAL 263,317 56,634 (206,683) (78.5%)

263,317 56,634 (206,683) (78.5%)

416,200 357,400 (58,800) (14.1%)

Total Value of Remedial Action (from Analysis Below)

0

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

416,200 357,400 (58,800) (14.1%)

Total Forecast Transfers To Portfolio Specific Reserves

(58,800)

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

357,400 357,400 0 0.0%

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	Staffing costs for the May 2014 election are higher than originally budgeted budget.	30,600
3	It is expected that the Registrars will underspend at the end of the financial year due to additional income for the chargeable services that it delivers. A conscious decision has been made to preserve these savings to support other pressures within the portfolio. Going forward this additional income will help the service achieve future increased income targets as a contribution to the City Council's budget savings strategy. A further saving has now arisen from qtr 1 as a Band 6 post has become vacant and will remain so for approximately 3 months before being replaced with a Band 4 post.	(89,400)
	Other minor variations over the remaining budget headings	0
TOTAL PROJECTED VARIANCE		(58,800)

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

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING SEPTEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure
 BUDGET 22,476,100 Asset Management Revenue Account

TOTAL CASH LIMIT 22,476,100

CHIEF OFFICER Michael Lawther

MONTH ENDED September 2014

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2014/15			
Budget To End September 2014	Actual To End September 2014	Variance vs. Profile To September 2014	
£	£	£	%
5,466,925	5,370,946	(95,979)	(1.8%)
(1,202,537)	(2,201,685)	(999,148)	(83.1%)
0		0	-

BUDGET FORECAST 2014/15				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
18,302,305	17,971,068	(331,237)	(1.8%)	H
(2,405,074)	(3,073,468)	(668,394)	(27.8%)	H
6,578,869	6,593,000	14,131	0.2%	M

TOTAL	4,264,388	3,169,261	(1,095,127)	(25.7%)
Total Value of Remedial Action (from Analysis Below)				
0				
Total Net Forecast Outturn (after remedial action)				

22,476,100	21,490,600	(985,500)	(4.4%)
0			
22,476,100	21,490,600	(985,500)	(4.4%)

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 2014/15

Item No.	Reason for Variation	Variance £
1	Less General Fund capital expenditure financed from borrowing than anticipated has increased the HRA's share of the Council's borrowing costs which is reflected in the Item 8 Debit.	(331,237)
2	Increased returns on investments	(668,394)
3	Minor variance in Minimum Revenue Provision	14,131
TOTAL PROJECTED VARIANCE		(985,500)

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

Note Remedial Action resulting in savings is shown in brackets



Agenda item:

Decision maker: Cabinet
City Council

Subject: Portsmouth City Council Revenue Budget 2015/16 -
Savings Proposals

Date of decision: 4th December 2014 (Cabinet)
9th December 2014 (City Council)

Report by: Head of Finance & Section 151 Officer

Wards affected: All

Key decision: Yes

Budget & policy framework decision: Yes

1. Executive Summary

- 1.1 The financial picture over the next 3 years and expectations further into the future is one of increasing demand for services, particularly in the essential care services, at the same time as experiencing unprecedented reductions in funding. This simultaneous double impact of increased costs and a funding squeeze requires the Council to make £37m of savings over the next 3 years. Despite this challenge, the proposals within this report seek to follow the Medium Term Financial Strategy approved last year 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.
- 1.2 Economic conditions are now expected to be steady and sustained but with the pace of growth slowing next year. Public sector debt will remain high (currently standing at £1.45 trillion or 79.5% of Gross Domestic Product¹) and is likely to continue to rise through to 2020. The Prime Minister has stated that growth alone will not fix the budget deficit and therefore unless there is a change in policy stance, public sector spending cuts will continue through to 2020 at least.
- 1.3 Over the last 3 years, the City Council has experienced Government funding reductions of £44m (representing 30%). When combined with the need to meet unavoidable cost pressures, the City Council has had to make savings of £59m through efficiencies and service reductions. In context, £59m represents 22% of the Council's controllable budget.

¹ Gross Domestic Product is a national measure of economic output

- 1.4 The Council's essential care services (Adults and Children's Social Care) are facing severe demographic pressures and represent 49% of the City Council's controllable budget. Those pressures are currently most apparent within Children's Safeguarding which is currently forecasting a £2.9m overspend. Given the level of savings protection that has been provided to the essential care services in previous years, coupled with the scale of the future savings required, the Council is faced with a position where it is inevitable that all Council services will now need to make significant savings.
- 1.5 Against the backdrop of having made savings of £59m, the Council now needs to make further savings of £37m over the next 3 years. The Council's Medium Term Financial Strategy to achieve this 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

1.6 The proposals contained within this report, designed to follow the financial strategy and respond to the budget consultation, include the following:

- To prepare the Council's Budget for 2015/16, to be approved in February 2015, on the basis of a Council Tax freeze
- A corresponding suite of savings that accommodate a Council Tax freeze amounting to £13.1m of the £37.6m required over the next 3 years (2015/16 to 2017/18)
- Noting the response from the Budget Consultation (which generally suggests that services to the vulnerable should receive some measure of protection) and considering that Children's Safeguarding is currently forecasting a £2.9m overspend, to not seek any new savings from Children's Safeguarding to contribute towards the £13.1m savings for 2015/16.
- Savings decisions at this early stage to provide greater opportunity for any necessary consultation, notice and other lead-in times to take place and therefore avoid a greater number or deeper savings associated with any delay
- Use of the £5.2m improvement in the Council's financial position to provide a significant boost to the Council's aims in the Medium Term Financial Strategy; by supplementing the capital resources available by £3.0m to help bridge the funding gap between need and resources and investing the remaining £2.2m into the Medium Term Resources Strategy (MTRS) Reserve to provide funding for future redundancy costs and spend to save schemes
- Create a £500,000 Voluntary Sector Capacity & Transition Fund to enable the voluntary sector to reconfigure their service or enhance their capacity / infrastructure in order to support / provide council services in the future
- Create a £500,000 Business Intervention Fund to deliver significant change and cost reduction across services, including Health and Adult Social Care in particular, at both scale and pace.

1.7 The proposals within this report are a necessary pre-cursor to the Annual Budget and Council Tax Setting meeting of the 10th February 2015 where the Council will be requested to formally approve the Budget for 2015/16 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 2015/16 presented to Council. That report will also include a comprehensive revision of the Council's future forecasts and set the consequent future savings requirements for the period 2016/17 to 2018/19.

1.8 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.

2 Purpose of Report

- 2.1 The report describes the challenging financial climate facing the City Council for the three years 2015/16 to 2017/18 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 £37m of savings over the next three years with a minimum of £12.5m (or £13.1m assuming a Council Tax freeze) for 2015/16. It recommends the level of savings to be made across Portfolio's and other activities in 2015/16 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, are two proposals to set up specific funds of £0.5m each to be funded from the MTRS Reserve which will work both individually and in synergy with each other in order to deliver targeted efficiency savings at scale and pace.
- 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. In that context, a recommendation is made to supplement both from the improvement in the Council's overall financial position that has arisen from the financial results of the previous year.
- 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) Key assumptions built into the City Council's forecasts for 2015/16 to 2017/18 which give rise to a forecast £37m 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
 - vi. Trading operations such as the International Port and MMD
- (d) The Medium Term Financial Strategy aimed at meeting the Council's core aim whilst addressing the £37m deficit
- (e) Within the context of the Medium Term Financial Strategy, how the improvement in the Council's overall financial position resulting from the underspend in 2013/14 is recommended to be used
- (f) 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
- (g) 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 2015/16
- (h) The detailed indicative savings 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
- (i) 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
- (j) The spend to save investment required in order to deliver future savings in accordance with the Councils Medium Term Financial Strategy

- (k) How the proposals contained within this report will be fed into the formal Budget and Council Tax 2015/16 proposals to be considered by the City Council on 10th February 2015

3 Recommendations

3.1 That the following be approved:

- (a) That the Council's Budget for 2015/16 be prepared on the basis of a Council Tax freeze
- (b) The savings proposals for each Portfolio amounting, in total, to £13.1m for 2015/16, £13.1m for 2016/17 and £13.1m in 2017/18 as set out in Appendix A to enable appropriate consultation and notice periods to be given to affected parties
- (c) Given the capital investment needs of the City, the funding gap between need and available resources and the importance of the Capital programme in delivering the Medium Term Financial Strategy, that £3.0m of the overall £5.2m financial improvement in the City Council's financial position be transferred to the Revenue Reserve for Capital in order to supplement the capital resources available for new Capital Investment (see paragraphs 8.11 and 8.12)
- (d) Given the current uncommitted balance on the MTRS Reserve of £2.1m is very modest in the context of the £37m of savings that the Council is required to make over the next 3 years and that it is also the Council's primary vehicle for providing funding for redundancies and Spend to Save initiatives, that the remaining £2.2m of the overall £5.2m financial improvement in the City Council's financial position be transferred to the Medium Term Resource Strategy Reserve (see paragraph 8.14)
- (e) That £500,000 be released from the MTRS Reserve to create a Voluntary Sector Capacity & Transition Fund to enable the voluntary sector to reconfigure their service or enhance their capacity / infrastructure in order to support / provide council services as set out in paragraph 10.16
- (f) In the event that the Voluntary Sector Capacity & Transition Fund is created, that the use of those funds be released on the same spend to save criteria adopted for other MTRS funds and that the allocation of these funds be delegated to the Head of Financial Services & S151 Officer in consultation with the Leader of the Council
- (g) To undertake the necessary business intervention work described in paragraphs 10.17 and 10.18 at the necessary scale and pace to deliver significant change and cost reduction, it is recommended that a Business Intervention Fund be created in the sum of £500,000 to be used flexibly across years and funded from the MTRS Reserve

- (h) In the event that the Business Intervention Fund is created, that the use of those funds be used both, independently of, and in synergy with, the Voluntary Sector Capacity & Transition Fund and that the allocation of these funds be delegated to the Head of Financial Services & S151 Officer in consultation with the Leader of the Council
- (i) That the funds released under recommendations (e) and (g) be used flexibly across the 2014/15 and future financial years and that the S151 Officer be given delegated authority to determine the annual allocations as necessary

3.2 That the following be noted:

- (a) The Budget Savings Requirement for 2015/16 approved by the City Council and based on a Council Tax increase of 1.95% is £12.5m; based on a Council Tax freeze, that savings requirement increases to £13.1m
- (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(b) 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(b)
- (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 Head of Finance & S151 Officer, to release funds from the Portfolio Reserve in accordance with the provisions set out in paragraph 10.10

- (j) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies holds a very modest uncommitted balance of £3.3m² 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 The global economic downturn has had a significant effect on overall employment levels, disposable incomes and economic prosperity generally. As a consequence, public finances nationally have experienced a rise in the overall welfare bill at the same time as reduced tax revenues. Since 2008, this has led to the overall national debt position to rise from £0.53 trillion to £1.45 trillion or 79.5% of Gross Domestic Product (GDP) compared with around 40% of GDP in 2008.
- 4.2 Part of the response from Central Government has been to reduce spending (and funding) across the public sector. Over the past 4 years (since 2011/12), Central Government funding to Portsmouth City Council has reduced by over £44m (amounting to 30%). 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 Council provided 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 £59m. In context, this represents some 22% of the Council's controllable spending.
- 4.3 The national economic climate has been improving over the last 2 years and is comparatively strong versus the rest of the G7 nations³. The UK economy has now reached the same level of economic output compared with the previous 2008 peak although overall pay and productivity levels remain subdued.
- 4.4 Most commentators expect there to be a steady and sustained recovery but with the pace of growth slowing next year and into future years. The lack of real growth in wages (i.e. wage growth being outpaced by inflation) and geo-political tensions are the main dangers to these forecasts.
- 4.5 Despite the improving economic conditions, public sector debt remains high but more importantly it is higher than Government plans by approximately £11bn for the current financial year. Government are committed to turning the current annual budget deficit, currently standing at approximately £97bn 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 most recently the Institute for Fiscal Studies has suggested that significant public spending cuts are still to come through the next

² Assuming the recommendations contained within this report are approved which include the transfer of £2.2m into the Reserve and the creation of a Voluntary Sector & Capacity Fund of £0.5m and a Business Intervention Fund of £0.5m which are drawn out of the Reserve

³ G7 nations are the largest 7 economies of the world

parliament. Spending cuts can therefore be expected to continue through to 2020.

- 4.6 Looking forward, the Council's current forecasts which run to 2017/18 indicate an overall savings requirement of £37m (or £37.6m if a Council tax freeze is assumed for 2015/16) 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 49%.

5 Local Government Funding Outlook - 2015/16 and Beyond

Local Government Finance Settlement 2015/16 & 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 2015/16 which accounts for approximately 55% of controllable spending is expected to be announced in either the second or third week of December following the Autumn Statement in the first week of December. As part of the Local Government Finance Settlement for 2014/15, Government provided Local Authorities with an illustrative settlement for 2015/16. That illustrative settlement does not include all elements of funding but does cover the main Revenue Support Grant plus their estimate of the Business Rates to be retained by the Council (in aggregate totalling £118m in 2014/15). The indicative settlement for 2015/16 amounts to £102m representing a £16m (or 13%) reduction in cash terms. At this stage it is anticipated that the illustrative settlement will remain broadly intact.
- 5.3 For 2016/17 and 2017/18, the Local Government Finance Settlement is forecast to reduce by a further £19m over the period.

Council Tax 2015/16 & Beyond

- 5.4 Portsmouth City Council is a low taxing Authority. The Council currently receives approximately £6m per annum less in Council Tax than the average Unitary Authority within its statistical neighbour group.
- 5.5 The original assumptions for 2015/16, 2016/17 and 2017/18 are for a 1.95% increase in Council Tax each year which would generate a total of £3.6m in income over the 3 year period.
- 5.6 As part of the Local Government Finance Settlement for 2014/15, it was announced that a Council Tax Freeze Grant will be made available to those Local Authorities that do not increase their Council Tax in 2014/15 or 2015/16. The Council Tax Freeze Grant will amount to the equivalent of a 1% increase in Council Tax. Alternatively, Councils have the option, without a referendum, to increase Council Tax up to a threshold which is yet to be announced but is

expected to be around 2%. Any increase beyond the threshold can only be implemented following a "Yes" vote in a local referendum.

- 5.7 The difference in income to the Council between a Council Tax freeze and a 2% increase in Council tax amounts to £0.6m. The increase in the amount of Council Tax payable by the average council taxpayer⁴ in Portsmouth with a 2% increase is £18.22 per year (or 35 pence per week).
- 5.8 Should the Council approve a Council Tax freeze for 2015/16, Council Tax income and the related grant will reduce from the assumed £3.6m to £3.0m causing the savings requirement to increase by a corresponding £0.6m over the period.

Business Rates 2015/16 & Beyond

- 5.9 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.
- 5.10 The new 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.

- 5.11 Current estimates of the City Council's share (i.e.49%) of total Business Rates collected for 2014/15 is £41.8m. For the period 2015/16 to 2017/18, the Council's forecasts assume no real growth but with inflationary uplifts of 2.8%, 3.3% and 3.6%, respectively. These inflationary uplifts are now considered to

⁴ The median Council Taxpayer lives in a Band B property

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 2015. Any consequent implications will be reflected in the Savings Requirements for future years.

- 5.12 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.
- 5.13 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.
- 5.14 In summary, for 2015/16, the Council is anticipating a total reduction in revenue funding from Government of £16m whilst a Council Tax increase of 1.95% will generate £1.2m of income. Should the Council opt for a Council Tax freeze, that will lever in a grant of just £0.6m.
- 5.15 Beyond 2015/16, the level of funding for the Council is more uncertain and will depend on the outcome of the General election in May 2015. What is known is that funding from Government will continue to decrease, most likely at a rate much higher than any compensating increases in Council Tax and Business Rates.

6 City Council Expenditure Outlook - 2015/16 & 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. In Portsmouth the Office for National Statistics have forecast that the number of people aged 80+ in Portsmouth will increase by 15% between 2011 and 2021. Equally the population aged 0-19 is also forecast to increase by 2% but with a much higher increase for those aged 5-14. 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 who previously would not have survived their childhoods due to the

nature of their illnesses and disabilities. These cases tend to be at the higher end of the care spectrum and can cost significant amounts of money for each individual. Clearly, with advances in medical care this will go on rising. The outlook therefore for the Council's essential care services is one of significantly increasing costs.

Government Policy Changes / Expectations 2015/16 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 Equally, 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 The Care Act 2014 attained royal assent during 2014. The new care duties and responsibilities for local authorities under the Act start in April 2015. The Government has stated that it will fund these new Care Act requirements in full and this remains the Council's central assumption although it is a risk. The additional Care Act funding to the Council 2015/16 has been provisionally identified (circa £1.5 million) whilst future years allocations are still being calculated by the Government. The new funding for 2015/16 comes via two routes; some received directly to the City Council via "new burdens" funding (circa £1m) whilst the other amount (circa £0.5m) comes via the NHS and is contained within the funding for the local Better Care Fund 2015/16 plan.
- 6.5 In April 2016 the Care Act introduces a care cap which will limit the amount that a client pays towards their care. The thresholds at which clients become eligible for financial support from the Local Authority also change at that point. As previously stated, the Government has confirmed that these Care Act changes will be fully funded but no amounts have yet been announced for 2016/17 or onwards. Again, the Council's central assumption is that any additional costs will be funded in full by Central Government.
- 6.6 The Children and Families Act 2014 placed a number of new duties on local authorities from 1st September 2014, including the requirement to re-assess the needs of children and young people who currently have a statement of special educational needs or learning disability assessment. The purpose of this was to 'convert' their existing statement or Moving-on plan into an Education, Health and Care Plan. In Portsmouth this will involve approximately 1,200 children and young people and a conversion process which will last around 3 years.

6.7 In addition, the Children's and Families Act reforms combined with the National Fair Funding Reforms are placing additional responsibilities on the Local Authority to support young people up to the age of 25. Examples of the additional responsibilities include:

- a duty to jointly commission services across Education, Health & Social Care to meet the needs of children and young people with special educational needs and disabilities
- a duty to implement an integrated assessment process;
- a duty to deliver personal budgets and where appropriate, direct payments to families with Education, Health & Care Plans
- a duty to extend the statutory protections currently available for pupils with statements of special educational needs from 0 to 25 years
- a duty to procure Further Education placements, placing pupils in educational establishments, negotiating support packages and providing the required funding support.

6.8 The combined effect of these additional responsibilities is estimated to cost in excess of £0.5m per annum to the Council. To offset this additional burden, the Government allocated an implementation grant to the Council of £188,602 in 2014/15 to support the Children's and Families Act reforms. At this stage, Central Government have yet to confirm whether any of the implementation grant will continue in the future and this remains a financial risk to the Council.

6.9 The additional pupil and young person support is being met from the Dedicated Schools Grant (DSG). The financial costs funded from the DSG have grown significantly during 2014/15, but at this stage it is not possible to quantify the final burden flowing into future years.

Inflation

6.10 In overall terms, the cost of inflation has been relatively modest at £10m for the past 4 year period. This has been held down largely due to the pay freeze that has been experienced by the Council for 3 of the last 4 years, with a modest rise of 1% in 2014/15. For the next 3 year period, it is expected that inflationary costs will rise to £14m as pay increases return and the Consumer Price Index (CPI) expected to operate within the 2.4% - 3.7% range.

Interest Rates

6.11 Interest rates for investments are expected to remain at current levels until the first or second quarter of next year and then begin to rise steadily thereafter. This will have a modest but positive influence on the Council's overall financial

position. At present a 0.25% increase in investment rates in 2015/16 is anticipated, which might yield an additional £0.4m.

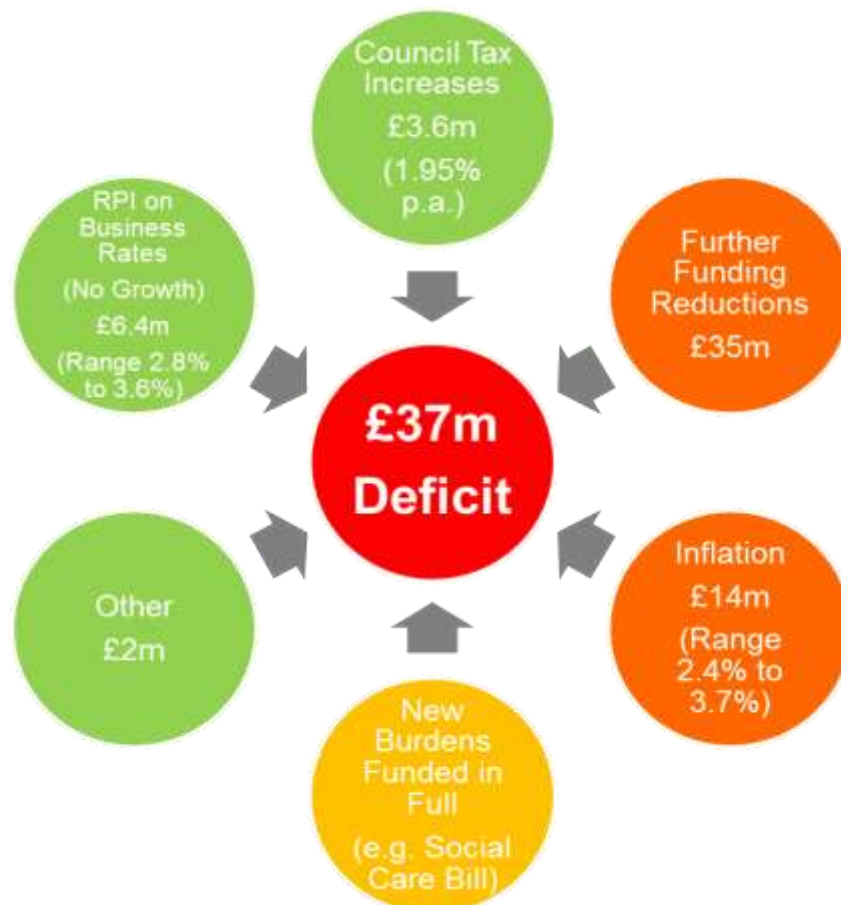
6.12 Borrowing rates are quite volatile at present due to geo-political and sovereign debt crisis developments but the general expectation is for an eventual trend of gently rising gilt yields and therefore borrowing rates. The Council is not expecting to undertake any additional borrowing over the next 12 months but may take a modest amount within the 2 year period which follows.

7 Overall Financial Forecast - 2015/16 to 2017/18

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 £37m. This means that by 2017/18, the Council's net expenditure will need to be £37m less that 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 £37m deficit as described in Sections 5 & 6 is shown below:



Savings Requirement for 2015/16 & Forecast Savings Requirements for 2016/17 and 2017/18

7.3 The last comprehensive review of the City Council's 3 Year Financial Forecast was reported in the Annual Budget Report in February 2014. This set out the City Council's underlying budget deficit and consequent forecast Budget Savings Requirement for the next 3 years as follows:

	Underlying Budget Deficit	Annual Budget Savings Requirement	Total Savings Requirement
	£m	£m	£m
2015/16	15.1	12.5	12.5
2016/17	26.6	12.5	25.0
2017/18	37.0	12.0	37.0

7.4 On the basis of the overall £37m deficit and the preference to be able to manage those savings smoothly over that period, the City Council resolved in February 2014 that a minimum savings requirement of £12.5m would be implemented for 2015/16. That minimum savings requirement was predicated on a Council Tax increase of 1.95% (which generates £1.2m of additional Council Tax income). The proposals set out within this report are based on the Administration's intention to implement a Council Tax freeze for 2015/16 which necessarily means that the savings requirement for 2015/16 increases by £0.6m to compensate for the lost income⁵.

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 2015, this means that a comprehensive revision at this stage would be premature and subject to significant uncertainty.

7.6 The Head of Finance & S151 Officer advises that whilst it is likely that the overall financial forecasts will change, the savings requirement for 2015/16 at £12.5m (with a Council Tax increase of 1.95%) or £13.1m (with a Council Tax freeze) 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.

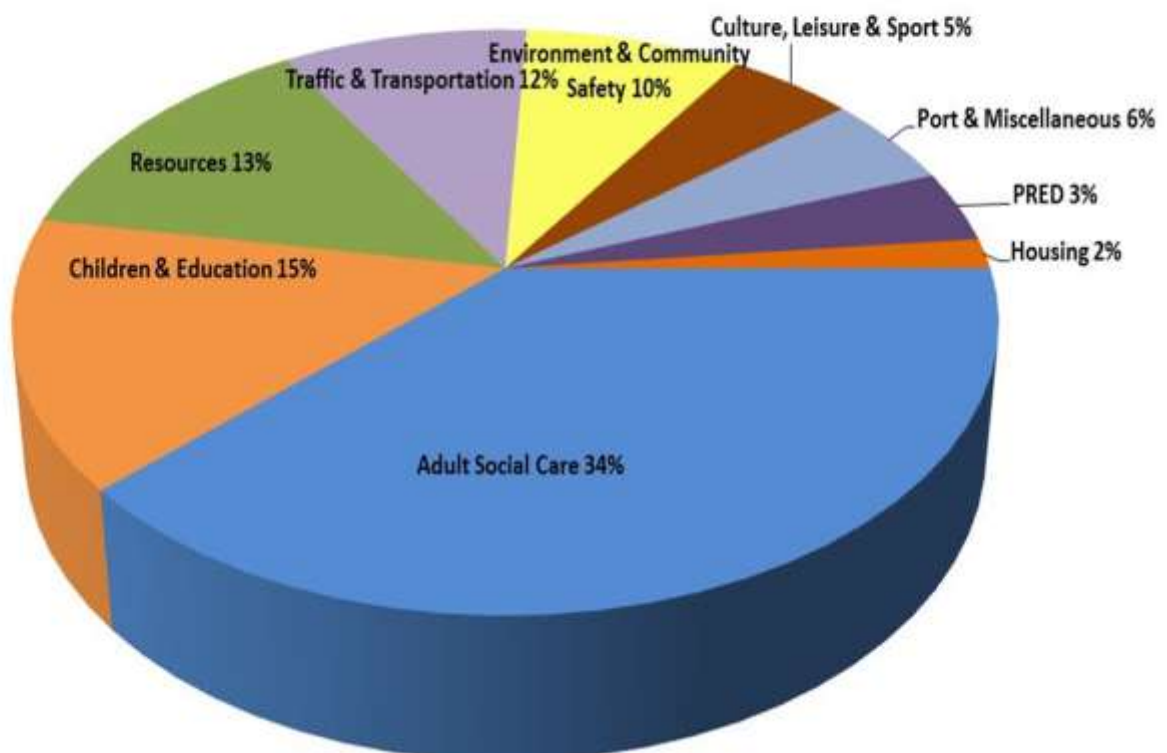
⁵ The loss of income relates to a reduction in Council Tax of £1.2m offset by a Council Tax Freeze Grant of £0.6m

8. Medium Term Financial Strategy - 2015/16 & beyond

Financial Strategy 2015/16 & 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 unprecedented reductions in funding. Taking all of the cost and funding implications into account, it is estimated that the Council will need to make £37m of savings over the next 3 years.
- 8.2 Considering also that those essential care services consume 49% of the Council's 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 £37m savings across all areas. This is illustrated below

2014/15 Gross Controllable Expenditure of £210.2M



- 8.3 It is also of significance that a further 22% 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 savings potential is therefore more limited.

8.4 The Council's Medium Term Financial Strategy that has been developed to respond to these very challenging circumstances is illustrated below.

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 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. The strategy is consistent with the '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, the implementation of this strategy could see an additional 11,500 new jobs created over the next 10 years. The aim of the strategy is to ensure local people are able to get those jobs and benefit from the regeneration programme.

Financial Position - Year ending March 2014

- 8.6 In February 2014, the Council revised its budget for 2013/14 and set its budget for the current year. At that time, it was anticipated that the Council would need to draw upon £5.7m from General Reserves in order to balance its spending for the year with its income for the year. On finalising the City Council's accounts for the year 2013/14, the Council only needed to draw down £0.2m from General Reserves.
- 8.7 Whilst there was a reduction in the planned use of General Reserves, it is important to take into account the position of the Council's Collection Fund⁶ which has financial implications for the Council in future years. The financial position on the Collection Fund as at the end of March 2014 is anticipated to be in deficit by £0.3m over the period to 2017/18.
- 8.8 In overall terms the Council's expenditure exceeded its income in 2013/14, but the Council had already planned for an excess of spend over income of £5.5m and a corresponding reduction in its General Reserves. All of the Council's future forecasts were based on that presumption. Taking account of the reduction in planned use of General Reserves (£5.5m) but offset by an unplanned deficit on the Collection fund (£0.3m), the Council's financial position has improved by £5.2m.
- 8.9 The main causes of the "underspend" relate to the non-use of the Council's general contingencies and the award of a "safety net" payment from Government amounting to £3.0m. The "safety net" payment arose from the election to account for all anticipated business rate appeals in a single year as opposed to taking the option to spread those losses over a 5 year period. This

⁶ The Collection Fund is the account where all Council Tax income and Business Rate income is collected and then paid out to the Council and other parties such as the Hampshire Police & Crime Commissioner, Hampshire Fire & Rescue Authority and the Government. This account must be operated to break-even and therefore any surpluses and deficits need to be carried forward and addressed in the following financial year.

decision has enabled the Council to receive £3m which, in the alternative option, would not have been available.

8.10 It should be noted that under the new financial framework which provides greater financial autonomy to Portfolios and Committees, any underspending arising against their budget are retained by them. This was deliberately designed in order to create the financial conditions that support responsible spending and forward financial planning. The implication of this is that the opportunity for future underspendings to accrue and be available corporately is much reduced. It is vitally important therefore, that the use of any corporate underspend is used wisely and in accordance with the Council's Medium Term Financial Strategy aimed at meeting the future financial challenges of the Council.

8.11 The Medium Term Financial Strategy stresses the important contribution that the Capital Programme can make to the Council's overall aims. This is particularly relevant to regeneration schemes, the effect that has on overall prosperity and the consequent reduced need for Council Services. 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.

8.12 Aside from the positive financial effect that the Capital Programme can have on the Council's cost and income base through regeneration and invest to save schemes, the Council also needs to provide for continued investment into essential Council Services. The most pressing capital investment needs of this nature over the medium term are as follows:

- Deficiency in school places which will necessarily mean that school extensions and new classrooms will be required
- Priority condition repairs and maintenance for Schools
- Priority maintenance of all other operational buildings
- Flood defence and flood risk works
- Road transport schemes
- Home adaptations for vulnerable residents

The aggregate capital investment requirement for all of the above, if fully accommodated, would exceed £40m alone. This excludes any desirable regeneration or Invest to Save initiatives. With Capital resources available provisionally estimated at circa £20m, there is an enormous gap between need and funding.

8.13 Given the capital investment needs of the City, the funding gap between need and available resources and the importance of the Capital programme in delivering the Medium Term Financial Strategy, it is recommended that £3.0m of the overall £5.2m financial improvement in the City Council's financial position be transferred to the Revenue Reserve for Capital in order to supplement the capital resources available for new Capital Investment.

- 8.14 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 £2.1m. This is considered to be very modest in the context of the £37m 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 recommended that the remaining £2.2m of the overall £5.2m financial improvement in the City Council's financial position be transferred to the Medium Term Resource Strategy Reserve.
- 8.15 The proposals for the use of the £5.2m improvement in the Council's financial position seek to provide a significant boost to the Council's aims in the Medium Term Financial Strategy.

9 Budget Consultation 2015/16

9.1 During September and October of this year, the Council undertook a Budget consultation to help inform how to make £37m of savings over the next 3 years. The consultation was city wide and took the form of a questionnaire which was also supplemented by two public meetings with residents and one public meeting with the business community.

9.2 The final response rate from the consultation was as follows:

Residents	1,329
Staff	929
Citizen's Panel	202
Total	2,460

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

9.4 Given the response volume, the results can be considered to be statistically robust such that there is 95% confidence that the results have a margin of error of plus or minus 1.96%.

9.5 In terms of Resident responses only and where there is broad correlation with the responses from the Citizen's panel, the following is a summary of the responses received:

- 63% would like the Council to either encourage or provide more people with direct payments for their social care needs
- 71% of residents would like to keep Day Centres for Adults with Learning Disabilities

- Over 50% of residents suggested that Foot Care services should be reduced or cut with a further 29% suggesting that it should be charged for
- 42% believe that free swimming should be either reduced or cut with a further 33% suggesting that it should be charged for
- 54% of residents expressed a preference for retaining services for young people with a further 10% suggesting they would be willing to pay additional Council Tax to retain it
- 51% of residents suggested that grants to Charitable Organisations should either be reduced or cut
- 74% believe bulky waste collections should attract a charge, with 17% saying it should remain as it is
- For Residents Parking schemes, 35% believe that current restrictions should be removed, a further 47% believe there should be a charge, only 17% believe it should remain unchanged
- Increasing charges for allotments is popular with 52% of respondents although 48% believe charges for a first allotment should remain the same. When asked about charges for additional allotments 94% believe there should be an increase in charge and only 5% think they should remain the same.
- 34% of residents would support a Council Tax increase of 1% with 29% of residents supporting a council tax increase of 2%. 12% would consider a 4% increase. Only 17% indicated that they would not want any increase
- Reducing or cutting Council Tax Support (formerly Council Tax Benefit) is more popular with 54% of respondents expressing this view compared with 42% who think it should remain unchanged.
- The majority of residents believe we should be building more beach huts, licensing more food outlets and trailers, as well as organising more paying events
- If forced to make a decision to cut three services, 54% of residents agreed that their first choice would be to cut the resident parking scheme, the next most popular first choice is the Substance misuse service
- Second choice to cut was subsidised Bus Services with 22%, followed by Council Tax support and School Nursing both with 17%

- When residents were asked to indicate the areas they believed should be protected, they indicated supporting vulnerable adults and children to be the most important with 39% recording this as their top ranking first choice. Developing the city and creating jobs and opportunities was the top ranking second choice (34%) with the top third choice being providing quality education (24%) and keeping our city clean and safe (24%).

9.6 The full results of the Budget Consultation can be found at: <https://www.portsmouth.gov.uk/ext/the-council/transparency/portsmouth-city-council-budget-consultation.aspx>

9.7 These results have been considered by the Administration in formulating their budget savings proposals described in Section 10 below.

10 Budget Proposals for 2015/16 to 2017/18

Budget Savings Proposals 2015/16

- 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. 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 Children's Safeguarding is currently forecasting a £2.9m overspend against its current budget, the Administration's savings proposals do not seek any new savings from Children's Safeguarding to contribute towards the £13.1m savings for 2015/16. There remains a requirement for Children's Safeguarding to operate within the budget parameters that have been previously approved by the City Council, and the Service will need to make savings in order to remedy its underlying budget deficit.
- 10.3 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.
- 10.4 To mitigate against the uncertainty presented by the Local Government Finance Settlement and potential changes to both Council tax income and

Business Rate income as well as the general need to find £37m for the period 2015/16 to 2017/18, it would be prudent and financially responsible for the Council to seek to implement its 2015/16 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.

- 10.5 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.
- 10.6 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.
- 10.7 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 2015/16

- 10.8 In contrast to previous years, the City Council's forecast budgets for future years no longer include 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.
- 10.9 One of the aims of the Medium Term Financial Strategy was to create the conditions that would incentivise responsible spending and strong forward financial planning. As a consequence, a financial framework was implemented which provides Services with much greater financial autonomy.
- 10.10 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 Head of Finance & 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 any other development or initiative

10.11 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 Head of Finance & S151 Officer to make releases from the Portfolio reserve.

Proposals for Funding from the Medium Term Resource Strategy Reserve

10.12 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 £4.3m⁷.

10.13 In accordance with the Council's Financial Strategy to reduce costs through increased efficiency it is proposed that two funds are created amounting to £0.5m each which whilst separate have significant complementarity to better equip both the Council and the Voluntary Sector in the delivery of Council Services. These two funds are described below.

10.14 It is well recognised that the Voluntary Sector is an important part of delivering services to the community and that, where appropriate, this will become an increasingly used delivery model for Council services. In many instances, the Voluntary Sector is well placed to deliver services although it is also recognised that to do this there may need to be some investment into building their capacity or to improving their infrastructure and support. Equally, there are proposals contained within Appendix B that may require some transitional or transformational support to the Voluntary Sector.

⁷ Assumes that the recommendation to transfer £2.2m into the reserve is approved.

10.15 Following the full allocation of the previous Voluntary Sector Capacity & Transition Fund, it is proposed that a further fund is created and funded from the MTRS Reserve with any allocation made on the same criteria that exists for the MTRS Reserve. In broad terms, that requires that the fund can only be used for initiatives to make "one-off" allocations that will deliver financial savings to the Council and where the return, measured by "payback", is within a 4 year period.

10.16 It is expected that the demand on any fund will exceed the funding available and therefore it will be necessary to prioritise any bid according to the following criteria:

- Overall fit with the Council's objectives
- Deliverability
- Payback
- The extent to which it could drive further transformation and capacity of the voluntary sector in delivering Council services
- Wider economic impacts

It is recommended that to deliver such transformation at scale, a Voluntary Sector Capacity & Transition Fund in the sum of £500,000 be created to be used flexibly across years and funded from the MTRS Reserve and used as described above.

10.17 It is also recognised that to meet the scale of the financial challenge, the Council will need to transform many of its existing "in-house" activities, delivering differently and in partnership with other organisations. Inevitably the Council will need to look carefully at its large spending areas. Initially the Council will need to focus much of its attention on Adult Social Care which spends more than a third of the Council's controllable expenditure.

10.18 A review of Adult Social Care activities is already in train which includes how the Council can better integrate services with both Health and the Voluntary Sector in order to provide better and more joined up services as well as at a reduced cost. It is clear that to progress this at speed and with the required skill and knowledge, the Council will need to release officers to undertake that work as well as supplementing the Council's own knowledge and resources with that of experts externally.

10.19 To undertake the necessary business intervention work described above at the necessary scale and pace to deliver significant change and cost reduction, it is recommended that a Business Intervention fund be created in the sum of £500,000 to be used flexibly across years and funded from the MTRS Reserve.

10.20 Should the recommendations contained within this report for the transfer of £2.2m⁸ into the MTRS Reserve plus the creation of the Voluntary Sector Capacity & Transition Fund and the Business Intervention Fund be approved,

⁸ See paragraph 8.14

the remaining uncommitted balance on the MTRS Reserve will amount to £3.3m.

- 10.21 An uncommitted balance on the MTRS Reserve of £3.3m is considered to be very modest in the context of the £37m 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 2015/16

- 10.22 At the 10th February 2015 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 (2018/19) in order to maintain a rolling 3 year plus current year financial forecast.

- 10.23 The Budget 2015/16 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 2015/16
- The final estimate of the Council Tax yield (based on the determination of the Council Taxbase to be approved by the Cabinet in January 2015)
- 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 is unprecedented. The simultaneous reductions in funding and increasing cost pressures, driven largely by demographic pressures in the essential care services, will require the Council to make savings / increase income by £37m over the next 3 years (or £37.6m assuming a Council Tax freeze in 2015/16).

- 11.2 The proposals to Council contained within this report seek to achieve the first £13.1m of those savings in 2015/16. There are also proposals to set aside £1m of funding to support greater efficiency and integration with both the Voluntary and Health sectors as well as pursuing business interventions into

the areas of the Council's activity where it spends most heavily. These proposals are intended to provide substantial foundations towards meeting the Council's remaining savings for both 2016/17 and 2017/18.

- 11.3 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.
- 11.4 This report is the pre-cursor to the Annual Budget and Council Tax Setting meeting to be held on the 10th February 2015 where the Council will be requested to formally approve the Budget for 2015/16 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 2015/16 presented to Council in February 2015. That report will also include a comprehensive revision of the Council's future forecasts and set the consequent future savings requirements for the period 2016/17 to 2018/19.
- 11.5 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 £37m of savings over the next 3 years. The consultation took the form of a questionnaire which was also supplemented by two 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 Head 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: Head of Finance & Section 151 Officer

Appendices:

A	Recommended Portfolio / Committee Savings 2015/16
B	Indicative Savings Proposals 2015/16

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

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

Title of document	Location
Budget Working Papers	Office of Head of Financial Services
Local Government Finance Settlement 2014/15	Office of Head of Financial Services

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 9th December 2014.

.....
Signed by: Leader of Portsmouth City Council

PROPOSED BUDGET SAVINGS AMOUNTS 2015/16 BY PORTFOLIO/COMMITTEE

Portfolio/Committee	Saving 2015/16		Saving 2016/17		Saving 2017/18	
	£	%	£	%	£	%
Children and Education	914,100	3.0%	918,100	3.0%	922,100	3.0%
Culture, Leisure and Sport	638,900	7.8%	673,900	8.2%	673,900	8.2%
Environment and Community Safety	870,000	5.8%	870,000	5.8%	870,000	5.8%
Governance, Audit and Standards	30,200	10.6%	30,200	10.6%	30,200	10.6%
Health and Social Care	5,389,500	9.0%	5,389,500	9.0%	5,389,500	9.0%
Housing	135,500	6.9%	135,500	6.9%	135,500	6.9%
Leader	22,100	10.5%	22,100	10.5%	22,100	10.5%
Licensing	120,000	19.8%	120,000	19.8%	120,000	19.8%
Other Expenditure	1,581,400		1,488,900		1,488,900	
Planning Regeneration and Economic Development	367,200	7.7%	369,900	7.7%	369,900	7.7%
Resources	2,447,100	11.2%	2,497,900	11.5%	2,497,900	11.5%
Traffic and Transportation	584,000	14.8%	584,000	14.8%	584,000	14.8%
Grand Total	13,100,000	8.9%	13,100,000	8.9%	13,104,000	8.9%

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
-----------------------------	---	------------------------	------------------------	------------------------

Children and Education Portfolio**Head of Education & Strategic Commissioning**

1	Cessation of discretionary grant payments, for example support to Junior Bursary Sports Award, Youth Awards etc.	Some students will not receive funding for outstanding achievement	7,500	7,500	7,500
2	Reduce admin pool	The reduction in support, may require other professional staff to undertake additional administration duties	20,000	20,000	20,000
3	To apply a proportion of the income received from the pay-back mechanism within the Schools Catering contract towards the cost of the contract management	Limited impact on direct service delivery	10,000	10,000	10,000
4	Increased income from fixed penalty notices	The Attendance service to focus on delivering statutory attendance monitoring duties only. Any non-statutory work will need to be bought in by schools	13,000	13,000	13,000
5	Increased income from training and conferences	The educational psychology service will develop a range of conferences and training which will be income generating	5,000	7,000	9,000
6	Reduction in specialist equipment budget	This budget has historically underspent so it is anticipated that the level of demand will be able to be met from the reduced budget	35,000	35,000	35,000
7	Improved and more efficient use of funding for supplies and services by introducing a "pooled" service budget	Limited impact is expected	5,000	7,000	9,000
8	Reduction in Inclusion management team	The current duties will be distributed amongst the remaining management team and there is not expected to be any significant impact on service delivery	23,000	23,000	23,000
9	Income Generation: Increase in Governor Services income through SLA and courses	Limited impact is expected	5,000	5,000	5,000
10	Review of Service in relation to the pre-birth to 5 Strategy	Efficiency savings expected through the integration of the Health Visiting Service and Children's Centres. It is not expected that there will be any reduction in front line practitioner staff in Children's Centres	483,500	483,500	483,500

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
11	Increased income from traded services	Increase the offer to maintained and Academy schools via new service Level agreements, increase the take-up of existing service level agreements with academy schools, widen the Traded Services Offer to schools outside the Authorities boundaries	50,000	50,000	50,000
12	Departmental efficiencies	Implement control procedures to increase efficiencies within the department such as vacancy management and improved purchasing practices	50,900	50,900	50,900
13	Reduction in Governor Services	Reduction of administrative support to Governors Services training programme	6,200	6,200	6,200
14	Charge some Early Years education costs to Dedicated Schools Grant	Reduction in grant available for schools budgets	200,000	200,000	200,000
Children and Education Portfolio Total			914,100	918,100	922,100

Culture, Leisure and Sport Portfolio

Head of City Development & Cultural Services

15	Countryside Service to be part funded from grant received from DEFRA	No impact expected	5,000	5,000	5,000
16	Seafront - Increase beach hut charges by 10%	As a result of customer demand there is currently a waiting list for beach huts. An increase in the rental cost is unlikely to have a significant impact	6,500	6,500	6,500
17	Seafront - Increase poster charges	There has been increased demand for these sites since the option to rent for shorter periods has been introduced	1,000	1,000	1,000
18	Seafront - Increase fees for hire of seafront equipment	No impact expected	1,000	1,000	1,000
19	Seafront - Generation of additional concession income on the seafront	No impact expected	25,000	25,000	25,000
20	Departmental Establishment - Staff costs charged to capital scheme (City Deal)	Reduction in capital works budget for regeneration schemes	77,500	77,500	77,500
21	Libraries - Align opening times of Southsea Library with other libraries by reducing opening times by 2.5 hours on a Saturday	Administrative efficiency but some limited reduction for service users	2,300	2,300	2,300
22	Cultural Partnerships - Bournemouth Symphony Orchestra - 10% reduction in Revenue Support Grant	The number of concerts currently held in Portsmouth each year is 11. This may reduce as a result of the saving	2,800	2,800	2,800
23	Cultural Partnerships - Peter Ashley Centre - 10% reduction in Revenue Support Grant	The Trust will need support to seek alternative funding or reduce their costs	700	700	700

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
24 Cultural Partnerships - City of Portsmouth Preserved Transport Trust - 10% reduction in Revenue Support Grant	The organisation has been aware of PCC's reducing ability to support external organisations. The CPPTT has potential as a charity to seek other grants and income streams	600	600	600
25 Literature Development - Reduced staffing	Minimal impact as post is vacant	12,900	12,900	12,900
26 Cultural Partnerships - Reduction in funding for Literary Project	The Service would no longer be able to support and deliver the wide ranging and innovative literary projects within the community that it presently does. The use of literary collections such as the Conan Doyle collection to support literary and reading initiatives across the city would also be impacted. These initiatives would become more dependent on securing external funding	4,200	4,200	4,200
28 Museums - Create a permanent 'History of Portsmouth' for children to support the national curriculum	Service would no longer provide temporary exhibitions as previously, some impact on maintenance of displays. Will reduce the programme planned for 2015. Loss of temporary exhibition programme will impact on visitor numbers, though offset by increased school visits	30,000	30,000	30,000
29 Museums - Change the opening hours of the Dickens Museum from April to September. Alter the mix of staffing and volunteers	The museum would be open for general visitors 3 days per week therefore enabling 2 days per week for private tours and special events. This would allow the overall level of visitor numbers to this unique site to be maintained	20,000	20,000	20,000
30 Museums - Introduce more volunteers to support permanent staff	Minimal impact if implemented with full support, recruitment and training etc.	5,000	35,000	35,000
31 Museums - Adopt a more pro-active approach to donations with an income target for each free site	Minimal - will need to train staff to encourage people to give	10,000	10,000	10,000
32 Community Services - Reduce Community Projects budget	Reduction in support to Associations	4,000	4,000	4,000
33 Community Services - Southsea Community Centre, saving on rent from being re-provided in Somerstown Hub	No impact as service will be re-provided in Somerstown Hub	25,700	25,700	25,700
34 Community Services - Fratton Community Centre, remove remaining grant	Minimal impact as the Association is holding reserves and has the capacity to generate income	1,300	1,300	1,300
35 Community Services - Buckland Community Centre, reduce grant to £5,000.	Minimal impact as the Association is holding reserves and has the capacity to generate income	3,800	3,800	3,800
36 Community Services - Stamshaw Community Centre, post to be funded by grant aid	No impact upon the Association, a vacant PCC post has been deleted and the Association is funded to employ the post direct for the same number of hours	1,500	1,500	1,500
37 Community Services - Stacey Community Centre, reduce grant to £5,000	Minimal impact as the Association is holding reserves and has the capacity to generate income	2,000	2,000	2,000

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
38 Community Services - Paulsgrove Community Centre, reduce grant to £25,000	The community centre has the opportunity to absorb the saving through income generation	2,500	2,500	2,500
39 Deletion of vacant Events post and reduction in events budgets as a result of contract renegotiations and reduced support for events	The level of support previously provided to Civic & Cultural Events will be reduced	26,400	26,400	26,400
40 Libraries - Income contribution to Portsea Library	Housing Revenue Account will contribute towards the premises costs of the library	18,200	18,200	18,200
41 Libraries - Review of libraries staffing and volunteering	Reduction in information, customer support, promotion and marketing of library services	147,200	147,200	147,200
42 Reduction in Book Fund	Reduction in new library stock and ability to respond to requests	29,800	29,800	29,800
43 Increase income from events held on Southsea Common	No expected impact	25,000	25,000	25,000
<u>Head of Transport and Street Management</u>				
44 Remove free swimming for over 60's and those between the ages of 13-16. Free swimming would be retained for those 12 and under	Free Swimming remains available as a safety/life skill for young people	35,000	35,000	35,000
45 Grants to sports clubs reduced from £15,000 pa to £10,000 pa	There is the potential for smaller clubs that rely on the grant to close	5,000	5,000	5,000
46 Introduce charge for tennis provision across Portsmouth	Includes existing tennis courts which currently have free access, opening up school sites or development of new tennis courts which would increase overall provision in city	5,000	10,000	10,000
47 Eastney Pool Programming / Pricing Review	Proposals based on existing use, so minimal impact. Leisure Card rates and concessions for under 18's and over 60's would still apply	10,000	10,000	10,000
48 Charter Community Sports Centre Programming / Pricing Review	Proposals based on existing use so minimal impact. Leisure Card rates and concessions for under 18's and over 60's would still apply	10,000	10,000	10,000
49 Review and redesign of the Parks and Open Spaces team structure and methods of working	Potential reduction in team capacity to undertake maintenance related activity	82,000	82,000	82,000
Culture, Leisure and Sport Portfolio Total		638,900	673,900	673,900

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
<u>Environment and Community Safety Portfolio</u>					
<u>Head of Community Safety</u>					
50	Reduction in budget for CCTV repairs and maintenance	Plans are currently being prepared to bring the repairs and maintenance contract in house. It is anticipated that this level of saving will be realised	20,000	20,000	20,000
51	Review of Community Safety service and potential integration with other health and environmental activities	Savings and efficiencies arising from an integrated Community Safety and Health Protection Unit	268,200	268,200	268,200
<u>Head of Corporate Assets, Business and Standards</u>					
52	Environmental Health - Review and consequential reduction of staff and resources across all Environmental Health Services, with the exception of food hygiene	All service areas of Environmental Health will be affected, other than food hygiene. Client delays and complaints may increase beyond the level currently being experienced and there will be pressure on the team's ability to maintain current income levels	24,100	24,100	24,100
53	Trading Standards - Reduction in staff establishment	Some reduction in responding to criminal and rogue trading activity, breaching of age related sales legislation and complaints of customer harm and detriment	20,000	20,000	20,000
54	Trading Standards - Seek further Primary Authority Agreements to increase income	Staff resources required to service the Agreements will be met from within existing resources	10,000	10,000	10,000
<u>Head of Transport and Street Management</u>					
55	Stop subscription to Sustainable Business Partnership	Four sustainability information and networking events for SME's in Portsmouth would no longer happen. Recent events have seen 30-40 SME's attend	5,000	5,000	5,000
56	Stop subscription to Keep Britain Tidy	PCC would lose links with Keep Britain Tidy and would need to pay for any future services from them on a pay as you use basis	4,500	4,500	4,500
57	Reductions to promotions and marketing budget for Environment and Recycling Team	Communications with residents would be reduced. Some risk that a reduction in communications may lead to a drop in recycling rates and therefore income and an increase in waste disposal costs	2,700	2,700	2,700
58	Reduce grass cutting frequency at cemeteries	Minimal impact	6,000	6,000	6,000
59	Waste Collection - Increased Revenue as a result of the purchase of Paper Baler at Alton Mixed Recycling Facility	No impact	18,000	18,000	18,000

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
60	Waste Disposal - Additional revenue from diverting street sweeping waste from Hampshire to an alternative recycling plant in Warwickshire	15,000	15,000	15,000
61	Review of Tripartite Waste Disposal Contract	350,000	350,000	350,000
62	Charge for all collections of bulky waste (i.e. end free collections for those who qualify)	10,000	10,000	10,000
63	Stop paying charities a proportion of textile bank income	55,000	55,000	55,000
64	Stop issuing yellow recycling hangers	2,000	2,000	2,000
65	Obtain Sponsorship/advertising to meet printing and distribution costs of recycling collection calendars and also to publish calendars in Flagship	5,000	5,000	5,000
66	Charge developers for all bins (communal or individual) associated with any new developments in the city	4,500	4,500	4,500
67	Waste Collection Contract	50,000	50,000	50,000
Environment and Community Safety Portfolio Total		870,000	870,000	870,000

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
<u>Governance and Audit Committee</u>					
<u>Head of Customer, Community and Democratic Services</u>					
68	Withdraw the Registrars Freepost service	None anticipated	4,500	4,500	4,500
69	Reduction in premises budget (garden, furniture etc.)	None anticipated	7,500	7,500	7,500
70	Increase ceremony fees by £10	Potential impact on demand, but costs still comparable to other benchmarked areas	10,200	10,200	10,200
71	Review of staff responsibilities and workloads to be more cost effective	Additional duties subsumed by others within service	8,000	8,000	8,000
Governance and Audit Committee Total			30,200	30,200	30,200

Health and Social Care Portfolio

Director of Public Health

72	Contribution from Public Health to a range of existing activities that enable continued support for improving a range of Public Health outcomes	Reprovision and replacement of some School Nursing and Children's Disability Services to enable other existing activities to continue which also provide Public Health Outcomes	320,000	320,000	320,000
73	Contribution from Public Health to a range of existing activities that enable continued support for improving a range of Public Health outcomes	Reprovision and replacement of some sexual health Services to enable other existing activities to continue which also provide Public Health Outcomes	161,000	161,000	161,000
74	Contribution from Public Health to a range of existing activities that enable continued support for improving a range of Public Health outcomes	Reprovision and replacement of some Substance Misuse, Smoking Cessation and Alcohol Harm Services to enable other existing activities to continue which also provide Public Health Outcomes	444,500	444,500	444,500
75	Contribution from Public Health to a range of existing activities that enable continued support for improving a range of Public Health outcomes	Minor adjustments to the Service Provision for Domestic Abuse, Oral Health and Weight Management to enable other existing activities to continue which also provide Public Health Outcomes	45,000	45,000	45,000
76	Contribution from Public Health to a range of existing activities that enable continued support for improving a range of Public Health outcomes	Use of general underspending in Public Health Services to contribute towards a range of existing activities that enable continued support for improving a range of Public Health outcomes including health inequalities, sexual health, smoking cessation, alcohol and substance misuse, health checks and obesity	500,000	500,000	500,000

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
<u>Head of Adult Social Care</u>					
77	Supporting People - Contract negotiation and re-tendering	Contracts remain in place and no reduction in service anticipated	390,000	390,000	390,000
78	Supporting People - Review of service charges to be passed on to clients	No Impact - Costs will be funded by increased Housing Benefit payments	387,000	387,000	387,000
80	Supporting People - Charging service users (in accordance with the Government Fairer Charging Framework) for specific supporting people services	All clients affected by this change will be visited by a Financial Assessment and Benefits Officer who will complete a full welfare benefits check. Any resulting charge will therefore be means tested	50,000	50,000	50,000
81	Cease providing footcare services	This is a non-statutory service. Footcare services will still be available via NHS and private providers	45,000	45,000	45,000
82	Adult Social Care staffing reductions across the service - not recruiting to vacant posts/combine posts	It is anticipated that the Better Care programme will create efficiencies across Health and Social Care with staffing functions being shared across services	250,000	250,000	250,000
83	A review of Adult Mental Health commissioning activity	A review of all existing clients currently being supported within residential care in order to seek opportunities for independent living and expanding the use of Direct Payments	200,000	200,000	200,000
84	Transfer of Patey Day Centre activities at Edinburgh House to Paulsgrove Community Centre	Service will continue but with reduced staffing and savings made from premises costs	100,000	100,000	100,000
85	Learning Disability - All respite services to now be provided locally	Service users to be offered the opportunity to receive this service at Russets	30,000	30,000	30,000
86	Learning Disability - Staffing efficiencies within Portsmouth Day Services	By reviewing levels of staffing support that clients receive without adversely impacting on them including a review of activities currently provided	250,000	250,000	250,000
87	Learning Disability - A review of Supported Living arrangements (alternative to residential care)	Reviewing current living arrangements and encouraging clients to take up opportunities for independent living	150,000	150,000	150,000
88	Learning Disability - Review of high cost residential placements including all 'out of city' placements.	Ensure residential care placements are appropriately meeting needs at the most appropriate cost	200,000	200,000	200,000
89	Learning Disability - Continued contract negotiation across the service	Providers to make efficiencies. Quality of services will be monitored to ensure needs continue to be met	100,000	100,000	100,000
90	Older Persons/Physical Disability Commissioning - Review of all low level care packages to identify alternative ways of meeting assessed needs	Seek alternatives to current provisions working with the voluntary sector and maximising the use of technology	158,000	158,000	158,000
91	Older Persons/Physical Disability Commissioning - To reduce the cost of domiciliary care packages where two carers per visit are required	Some people require the assistance of two carers to meet their moving and handling needs. This will be reviewed to make better use of equipment available	300,000	300,000	300,000

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
92	Review of all high cost domiciliary care packages	Reassessment of needs to ensure level of care provided is appropriate and value for money	100,000	100,000	100,000
93	Independence and Wellbeing Team - Ongoing contract review with Age UK who provide such services as laundry, cleaning, shopping etc.	Low impact as part of ongoing contract negotiations with Age UK. These services enable people to live at home longer and therefore are an important factor in keeping people out of residential care	80,000	80,000	80,000
94	Independence and Wellbeing Team - Staffing	Efficiency savings already identified. Minimal impact on service anticipated	23,000	23,000	23,000
95	Independence and Wellbeing Team - Carers Centre running cost reductions	Efficiency savings already identified. Minimal impact on service anticipated	6,000	6,000	6,000
96	Older Persons/Physical Disability - Earlier review of care packages following discharge from hospital	Earlier intervention to reduce dependency on long term care	50,000	50,000	50,000
99	Overall review of commissioned care services from the private sector	Ensuring personal budgets and Direct Payments are used in providing care that is value for money. Social workers to work closely with clients to consider new ways of meeting care needs through a personalised approach	750,000	750,000	750,000
100	Reduce Middle Management in Adult Social Care	Reduction in management capacity and re-organisation of responsibilities	200,000	200,000	200,000
<u>Head of Integrated Commissioning Unit</u>					
101	Integrated Commissioning Unit - Staffing	Reduced capacity of the Integrated Commissioning Unit, prioritising activities of the team and achieving efficiency through simpler procurement processes	100,000	100,000	100,000
Health and Social Care Portfolio Total			5,389,500	5,389,500	5,389,500

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
<u>Housing Portfolio</u>					
<u>Head of Corporate Assets, Business and Standards</u>					
102	Housing Standards - Reduction in number of customer facing staff and increased income from licencing	Deletion of currently vacant post. Reduction will mean the private sector housing team not being able to investigate and resolve issues as quickly, including dealing with pests entering properties or living in overgrown gardens; the accumulation of waste in gardens or overflowing private drains and sewers. Responses will be prioritised and these services will only be dealt with as resources allow	41,200	41,200	41,200
103	Housing Strategy / Registered Social Landlords / Enabling - Review of Housing Strategy and related Staffing costs	No adverse effect on services to the public	19,300	19,300	19,300
<u>Head of Housing & Property Services</u>					
104	Warden's Welfare Service - Review of Sheltered Housing Service and related charges	No adverse effect on services	75,000	75,000	75,000
Housing Portfolio Total			135,500	135,500	135,500
<u>Leader Portfolio</u>					
<u>Head of City Development & Cultural Services</u>					
105	Civic Events - Increased income from Big Screen	Opportunities to sell space will be pursued	11,900	11,900	11,900
<u>Head of Customer, Community and Democratic Services</u>					
106	Reduction in staffing support for Lord Mayor's Office	Potential impact on ability to host functions in Lord Mayor's facilities	7,400	7,400	7,400
107	Re-negotiate lease on Lord Mayors car	None anticipated	2,800	2,800	2,800
Leader Portfolio Total			22,100	22,100	22,100

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
-----------------------------	---	------------------------	------------------------	------------------------

Licensing Committee

Head of Community Safety

108	Increase in discretionary licensing fees	None	120,000	120,000	120,000
Licensing Committee Total			120,000	120,000	120,000

Other Expenditure

Head of Housing & Property Services

109	Reorganisation of the Public Conveniences staffing operations	No adverse effect	34,000	34,000	34,000
110	Reduction in Debt Servicing Costs	No adverse effect	689,900	689,900	689,900
111	Increased contribution from the Housing Revenue Account for play park maintenance to reflect its usage	No adverse effect	117,700	117,700	117,700
112	Efficiency savings arising from the merger of Community Wardens, Enforcement Team and Estate Services Officers	Creation of a Clean City Team tackling a range of environmental and anti-social issues in a co-ordinated way	389,800	297,300	297,300
113	Savings from the review of the apportionment of debt financing, corporate services and support service contributions from the Housing Revenue Account	More appropriate cost sharing arrangements	350,000	350,000	350,000
Other Expenditure Total			1,581,400	1,488,900	1,488,900

Planning Regeneration and Economic Development Portfolio

Head of City Development & Cultural Services

114	Regeneration - Deletion of vacant Skills and Training Advisor post	Reduced strategic input into the city's skills and training agenda	40,400	40,400	40,400
115	Planning - Deletion of vacant Planning Officer post	Less direct input on heritage matters	14,400	14,400	14,400
116	Planning - Deletion of vacant Planning Implementation Assistant post to take effect from June 2015	Work on Homes in Multiple Occupation database re-focused and delivered in a different way	13,400	16,100	16,100

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
117	Planning - Section 106 monitoring fees received and increased income being received for planning pre-applications	14,700	14,700	14,700
118	Tourism - Web Income - Web and Social media Officer to further promote advertising	4,500	4,500	4,500
119	Tourism - Tourist Guide Income - Continue to grow service following successful training of new guides in 2014	1,500	1,500	1,500
120	Tourism - Providing marketing support for Havant, Hayling Island and Emsworth	10,000	10,000	10,000
121	Tourism - Reduce support to private sector bodies e.g. Mary Rose launch	9,000	9,000	9,000
122	Tourism - Send out fewer hard copy publications	5,400	5,400	5,400
<u>Head of Corporate Assets, Business and Standards</u>				
123	Additional income from Investment Property Portfolio	15,400	15,400	15,400
124	Enterprise Centres - Additional Income from improved lettings activity, including charged services	14,000	14,000	14,000
<u>Head of Housing & Property Services</u>				
125	Guildhall - Reduction of 10% in revenue support to Capital Programme of agreed works to Guildhall	40,500	40,500	40,500
126	Guildhall - Reduction in revenue grant to Guildhall Trust	20,000	20,000	20,000
127	Guildhall - Removal of repairs and maintenance budget for PCC rooms (Chambers)	44,000	44,000	44,000
128	Review of Admin Buildings costs including energy savings following installation of new boilers, chillers and plant	120,000	120,000	120,000
Planning Regeneration and Economic Development Portfolio Total		367,200	369,900	369,900

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
<u>Resources Portfolio</u>					
<u>Chief Executive and Strategic Directors</u>					
129	Senior Management reductions across the Council	Further reduction in senior expertise will impact on ability to attract funding, implement change and manage critical risk areas	312,000	312,000	312,000
<u>Head of Customer, Community and Democratic Services</u>					
130	Income generated from charges for the provision of support services (e.g. FOI & Data Protection) to external organisations	None - Increased income	6,000	6,000	6,000
131	Re-negotiate Healthwatch contract	Advocacy support will remain in place, but there may be a reduction in engagement activities	30,000	30,000	30,000
132	Service review leading to staffing reductions	Less engagement activity with the community, increased waiting/resolution times across the board	144,300	144,300	144,300
133	Customer Help Desk management review	Little impact on customer	21,000	21,000	21,000
134	Reduction in support services	Review to be undertaken to reduce support requirements in the future	16,500	16,500	16,500
135	Deletion of vacant Communications Officer post	Reduction may result in slower response times and ability to resource major incidents	16,100	16,100	16,100
136	Reduce cost of democracy	Streamline of the Cabinet decision making process with a view to reducing/minimising the need for separate individual portfolio decision making meetings and to reduce the Council's scrutiny arrangements and involvement to the statutory minimum	15,000	15,000	15,000
137	Acceleration of Chanel Shift (Reduced Opening Times / Contact times)	Reduction in opening times of Civic Offices and telephone switchboard. Active encouragement of the use of online communications and transactions	101,000	101,000	101,000
<u>Head of Financial Services</u>					
138	Improve collection rate for Council Tax from 97.6% to 97.8%	Collection rate improvement through more efficient processes	60,000	60,000	60,000
139	Service efficiencies within Payroll, Pensions, Travel & Benefits team	Low risk- Efficiencies generated from review of processes and system enhancements	17,000	17,000	17,000
140	Reduction in capacity of central Finance Teams	Low risk- Efficiencies arising from improvements / automation of annual statutory accounts process	43,000	43,000	43,000

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £
141 Service Finance Teams - Overall 9% reduction in team capacity	Capacity within the Finance Teams supporting Services will be reduced. Financial management and control activities will be reduced and the potential to over or underspend will increase. Budget monitoring and forecasting for low and medium risk services will be quarterly only. Financial support for Service initiatives including savings proposals will be rationed. Payments made on time may deteriorate from 88%	311,100	311,100	311,100
142 Improvement in investment yields	Now that financial markets are in a more stable position than for the last 5 years, the Council is able to shift the balance of its investments, still within its current investment policy, towards those categories that offer greater return for slightly greater risk	80,000	80,000	80,000
<u>Head of Housing & Property Services</u>				
143 Reduction in the Revenue budget for Landlords Maintenance with increased reliance being placed on capital resources to fund these works	Reduced capital resources available for other priority schemes	120,000	120,000	120,000
144 Staffing review of Property Services Staff	Low risk of any loss in service capacity	114,600	114,600	114,600
<u>Head of Human Resources, Legal & Performance</u>				
145 Delete vacant senior management post in HR	Reduction in senior management capacity and loss of expertise but considered to be manageable	73,000	73,000	73,000
146 Delete vacant post in Internal Audit	Coverage of annual audit plan reduced. This will reduce the overall level of assurance that Internal Audit are able to provide to the council, but not to a level that is considered unacceptable	44,000	44,000	44,000
147 Reduce corporate training budget	Budget now reduced to level that will support only items that are already committed to. Therefore, ability to respond to ad hoc requests for externally provided training will be reduced	10,000	10,000	10,000
148 Further service reviews and efficiency savings	Capacity of service to provide advice and support to service departments reduced	92,000	92,000	92,000
149 Increase income generated through provision of internal agency service to neighbouring authorities and services provided to other organisations	None - Will help to retain valuable skills within the service	30,000	30,000	30,000
<u>Head of Information Service</u>				
150 Efficiencies delivered as a result of the implementation of the new Multi-Function Device contract	Improvement in service, reduced costs	50,000	50,000	50,000

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
151	Efficiencies delivered as a result of the implementation of Windows 7 and the new desktop environment and infrastructure	Hardware breaks less and environment is easier to manage	50,000	50,000	50,000
152	Efficiencies delivered as a result of the implementation of improved software auditing tool	Enables more centralised management of resources	50,000	50,000	50,000
153	Efficiencies delivered as a result of the renegotiation of expired and existing contracts and consolidation of technologies	Reduced costs	100,000	100,000	100,000
154	Reduce training budget	Essential training will need to be funded from projects or related service budgets. Core infrastructure training will still be covered without over using consultancy	10,000	10,000	10,000
155	Increase Income	New Data Centre should enable a small amount of income from end of 2015	10,000	10,000	10,000
156	Delete vacant Service Desk Analyst Post	Call times to log IT related problems and get a fix will increase. Current call waiting times would increase. The wait time to add new users to the network will increase to two weeks initially and will increase again as workload builds up	25,000	25,000	25,000
157	Delete vacant Service Desk Technician Post	Current incident fix times will increase initially to 1 week and longer as workload builds up. Installation of new software and hardware will increase initially to two weeks, growing over time as workload builds up	30,000	30,000	30,000
158	Introduction of a staff vacancy target	None provided assumed level of short term vacancies arising from staff turnover is achieved	133,000	133,000	133,000
<u>Head of Integrated Commissioning Unit</u>					
159	Remove grant to Pompey Pensioners which contributes towards the cost of magazine production	Individuals who receive information by this route may turn to PCC help desk or social care services. Pompey Pensioners may not be able to produce a magazine without charging for it or finding additional sponsorship	2,500	2,500	2,500
160	No inflation on grants and contracts supported by the voluntary sector	Small impact - possible reduction in activities if running costs increase	9,750	9,750	9,750
161	Cessation of funding to Portsmouth Counselling Service	It is anticipated that this will be funded from another source in the future. The service currently accepts self referrals and referrals from GPs, health and social care professionals	33,150	33,150	33,150
<u>Head of Revenues and Benefits</u>					
162	Improved efficiency through reduced handling and automation; reduction in staffing through unfilled vacancies & small number of redundancies	Minimal impact	149,100	149,100	149,100

INDICATIVE BUDGET SAVINGS 2015/16

Indicative Savings Proposal	Impact on Level of Service & Service Outcomes	Saving 2015/16 £	Saving 2016/17 £	Saving 2017/18 £	
163	Reduction in funds for Discretionary Business Rate Relief	Minimal impact, based on the current level of applications in 2014/15	15,000	15,000	15,000
164	Increased charges for summonses and liability orders. This increase is based on cost recovery balanced against the charges in neighbouring Local Authorities, to ensure the Courts accept the charge as reasonable	None	22,500	22,500	22,500
165	Improve collection rate for Council Tax from 97.6% to 97.8%	Collection rate improvement through more efficient processes	60,000	60,000	60,000
166	Reduced staffing through unfilled vacancies. This will reduce the level of service to Housing Benefit claimants (private sector, Housing Association & Local Authority tenants) in outer offices - Buckland, Paulsgrove & Leigh Park.	Work is currently ongoing to determine current customer demand at these offices. Once complete the service will be redesigned to minimise the impact on tenants using these offices	15,500	66,300	66,300
167	Reduce the recharge made by Housing & Property Services for activities performed by Housing Management staff with regard to normal landlord duties	None	25,000	25,000	25,000
Resources Portfolio Total			2,447,100	2,497,900	2,497,900
<u>Traffic and Transportation Portfolio</u>					
<u>Head of Transport and Street Management</u>					
169	Withdraw the subsidy to the Dial-A-Ride-Service and provide alternative arrangements from the voluntary sector	The service is expected to be re-provided by the voluntary sector with a financial contribution from the Council	104,000	104,000	104,000
170	Parking Income	More parking is taking place within the city therefore parking income is rising	100,000	100,000	100,000
171	A range of options to provide additional parking income or reduced costs of the operation, all of which are capable of delivering the saving	Range of parking options to be considered with residents prior to the commencement of the new financial year	380,000	380,000	380,000
Traffic and Transportation Portfolio Total			584,000	584,000	584,000
Grand Total			13,100,000	13,100,000	13,104,000