Portsmouth CITY COUNCIL

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NOTICE OF MEETING

CABINET

THURSDAY, 5 MARCH 2015 AT 1.00 PM

EXECUTIVE MEETING ROOM - THE GUILDHALL - FLOOR 3

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.

A G E N D A

1 **Apologies for Absence**

2 **Declarations of Interests**

3 **Record of Previous Decision Meeting - 5 February 2015** (Pages 1 - 8)

RECOMMENDED that the record of decisions of the Cabinet meeting held on 5 February 2015 are agreed as a correct record to be signed by the chair.

4 **Local Transport Plan 3 2015/16** (Pages 9 - 14)

The purpose of the report by the Head of Transport & Environment is to seek approval from the Cabinet to present the draft Local Transport Plan 3 (LTP 3)

Implementation Plan 2015/16 to Full Council for approval.

RECOMMENDED that the Cabinet:

1) **Approve the attached Implementation Plan for onward consideration by Full Council.**

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

5 **Special Educational Needs and Disabilities (SEND) - Implementation Grant (New Burdens) 2015-16 allocation** (Pages 15 - 18)

The purpose of this report by the Inclusion Commissioning Manager is to seek agreement to allocate the Special Educational Needs Implementation Grant for 2015-16 to continue to fund the additional staff who have been recruited to carry out the 'conversion' statutory assessments, as specified in the new special educational needs and disabilities legislation.

The funding allocated to Portsmouth is £116,389. This has been allocated as an un-ring-fenced grant and so Cabinet approval is required in order to allocate this grant to the Education Service to support continued implementation of the SEND Reforms.

RECOMMENDED that the Cabinet:

1) **Approve the full allocation of the Special Educational Needs Implementation Grant of £116,389 in 2015-16.**
2) **Approve the proposals for utilising the grant to continue to fund the staff who have been employed on a fixed term basis to enable successful conversion of existing statements and Moving-on Plans to Education Health and Care Plans.**

6 **Building Control Partnership - update** (Pages 19 - 20)

The report by the City Development Manager is to provide an update to Cabinet on the progress of the Building Control Partnership discussions between Portsmouth City Council and the Fareham and Gosport Building Control Partnership (FGBCP).

RECOMMENDED that the Cabinet note:

(1) **That the Strategic Director (SD) for Regeneration in consultation with the portfolio holder for PRED have endorsed the recommendation that PCC enter into a partnership arrangement with the Fareham and Gosport Building Control partnership.**
(2) **The progress and that the proposed date for the formation of the new partnership is 1st May 2015 (subject to formal endorsement by**

Fareham and Gosport Borough Councils -March /April).

7 **ECYP Scrutiny report on pupil premium in Portsmouth Schools with response report** (Pages 21 - 60)

The Education, Children and Young People (ECYP) Scrutiny Panel conducted a review into the use of Pupil Premium money in Portsmouth Schools and the impact of the spend on narrowing the gap and the purpose of the report by the Interim Head of Education is to respond the ECYP panel's report and recommendations.

RECOMMENDED:

(1) That the panel is thanked for its work in undertaking the review

(2) That the Cabinet notes and supports the recommendations in the report, which are listed on pages 6-7 of the report.

(3) The original report is circulated with a covering letter to all schools to advise of the panel's findings and to highlight the ongoing importance of the PPG.

8 **Housing & Social Care Scrutiny Review into hospital discharge arrangements in Portsmouth with response report** (Pages 61 - 98)

The response report on behalf of the Strategic Directors of Children's Services & Adults and for Regeneration is attached with the Housing & Social Care Scrutiny Panel's signed off report.

RECOMMENDED:

(1) That Cabinet notes the comments in relation to the Scrutiny Panel recommendations at Point 3.1 within the response report.

(2) That Cabinet notes the points of clarification in Point 5 of the response report.

9 **Treasury Management Strategy for 2015/16** (Pages 99 - 152)

The report by the Head of Financial Services & S151 Officer seeks to is to obtain the Council's approval for 2015/16 to the Treasury Management Policy Statement (attached) which includes:

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

(The recommendations as set out within the report are for referral to Council)

10 **Budget and Performance Management 2014/15 (3rd Quarter) to end December 2014** (Pages 153 - 190)

The purpose of the report by the Head of Financial Services & S151 Officer is to update members on the current Revenue Budget position of the Council as at the end of the third quarter for 2014/15. 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.

RECOMMENDED to Council that:

(i) The forecast outturn position for 2014/15 be noted:

(a) An overspend of £822,200 <u>after</u> further forecast transfers to Portfolio Specific Reserves
(b) An overspend of £562,000 <u>before</u> further forecast transfers to Portfolio Specific Reserves.

(ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2015/16 Cash Limit.

(iii) Members note that the following actions have been instigated by the Head of Finance and S151 Officer in relation to the Children & Education Portfolio overspend:

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

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

11 Exclusion of Press and Public

That in view of the contents of the following item on the agenda the Committee is RECOMMENDED 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".

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

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

Members of the public may make representation as to why the item should be held in open session. A statement of the Council's response to representations received will be given at the meeting so that this can be taken into account when members decide whether or not to deal with the item under exempt business.

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

Item	**Exemption Para No.***
12. Delivering Differently - Exempt Appendices 1, 3, 5 & 6	**1, 2 & 3**

***1. Information relating to any individual**
2. Information that is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

12 Delivering Differently - Establishment of a new social enterprise (Pages 191 - 208)

The report by the Head of Health, Safety and Licensing informs members about the government's 'Delivering Differently' programme and requests the formal support of the Cabinet to establish a social enterprise in equal partnership with Hampshire Constabulary and Hampshire Fire and Rescue Service. The enterprise will be incorporated in the legal form of a Teckal compliant company limited by guarantee. In practice this means the council (alongside our partners) will retain a high level of control over the company's activity and the services it will provide. The timescale associated with this work means preparation has started in some areas.

RECOMMENDED that the Cabinet:

(1) Delegate authority to the Interim Chief Executive with support from legal services to take all steps and prepare and submit all documents necessary to incorporate formally a 'shell' company ready to commence trading at a later date.

(2) Authorise the transfers, commencement of trading, and entering into all necessary legal documentation with the new company (New Co.), upon the section 151 officer in conjunction with the City Solicitor in consultation with the Leader being satisfied of the final business case, terms of transfer, and all related contractual documentation.

(3) Appoint the Cabinet Member for Environment and Community Safety as a member of the shadow board and instruct the Chief Executive to appoint another council officer, with the appropriate financial skills to support the Interim Chief Executive on the shadow board, with those individuals to become directors of the company upon incorporation.

(4) Approve the resource plan set out at item 19 to provided dedicated resources from HR, IT and finance to support the development of the business plan against the gateways and timeline set out in appendix 1

(5) Subject to approval in accordance with recommendation 3.1.2 delegate authority to the City Solicitor in consultation with the Section 151 Officer and the Interim Chief Executive to prepare, settle and execute all documents required for the transfer of staff, contracts, assets, equipment and accommodation as necessary to enable New Co to operate.

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.

23 February 2015

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CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Thursday, 5 February 2015 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

7. Apologies for Absence (AI 1)

Councillor New would be arriving later in the meeting.

8. Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

9. Record of Previous Decision Meeting - 8 January 2015 (AI 3)

DECISION: The record of decisions of the Cabinet meeting held on 8 January 2015 were agreed as a correct record to be signed by the Leader accordingly.

10. Capital Programme 2014/15 to 2019/20 (AI 4)

The recommendations as contained in the report by the Head of Financial Services and Section 151 Officer were forwarded to Council of 10 February 2015, with the exception of a change to the description only of the Capital Scheme set out in Appendix 2 relating to the Primary School Places Expansion. The description referring to providing additional places at St. Judes CofE Primary School is to be removed as this is now planned to take place in a subsequent year once additional capital resources become available.

RECOMMENDED to Council that

1) The Revised Capital Programme 2014/15 to 2019/20 attached as Appendix 1 which includes all additions, deletions and amendments for slippage and re-phasing described in Sections 6 and 8 be approved.

2) The passported Capital Allocations (Ring-fenced Grants) as set out in Section 7 be noted.

3) The Head of Finance and Section 151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council.

4) The following schemes as described in Section 9 and Appendix 2 be reflected within the recommended Capital Programme 2014/15 to 2019/20 and be financed from the available corporate capital resources:

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

Recommended New Capital Schemes	Corporate Resources Required £	Total Scheme Value £
Web Phase 2 & Channel Shift	635,000	635,000
Landlord's Maintenance	1,000,000	1,000,000
Traffic & Transportation:		
Local Transport Plan 3 (including Eastern Road Waterbridge and Anglesea Road Footbridge)	1,865,000	2,362,900
Verge Hardening	100,000	100,000
St. Mary's Road & Milton Road Crossings	60,000	60,000
Total Recommended Sum to be Approved	**22,605,000**	**30,683,500**

5) It be noted that the Improvements to Community Facilities (Fratton Area) of £100,000 in recommendation 4) above is available for the community to use to enhance the overall community provision but is conditional upon the scheme demonstrating that it will lead to the City Council realising savings in future years.

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

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

7) The Harbour School Fratton located in Penhale Road is declared surplus to requirements and disposed.

8) The following Schemes as described in Section 13 be included within the “Reserve List” of Capital Schemes to be considered once additional capital resources are identified.

Future Priority Capital Schemes – Not in Priority Order
Early Years School Places
Seafront Improvements
Port Development
Dunsbury Hill Farm Development

Provision of Sites For Student Accommodation

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

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

10) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes as described in Section 14.

11) The Prudential Indicators described in Section 14 and set out in Appendix 4 be approved.

11. Portsmouth City Council Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19 (AI 5)

The recommendations as contained in the report by the Head of Financial Services and S151 Officer were forwarded to Council of 10 February 2015 for approval.

RECOMMENDED

(1) That the following be approved in respect of the Council's Budget:

(a) The revised Revenue Estimates for the financial year 2014/15 and the Revenue Estimates for the financial year 2015/16 as set out in the General Fund Summary (Appendix A)

(b) The Portfolio Cash Limits for the Revised Budget for 2014/15 and Budget for 2015/16 as set out in Sections 7 and 9, respectively

(c) Any underspendings for 2014/15 arising at the year-end outside of those made by Portfolios be transferred to the MTRS Reserve

(d) The Head of Finance & Section 151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts

(e) Managers be authorised to incur routine expenditure against the Cash Limits for 2015/16 as set out in Section 9

(f) That the savings requirement for 2016/17 be set at a minimum on-going sum of £11.0m

(g) Heads of Service be instructed to start planning how the City Council will achieve the savings requirements shown in Section 11 and that this be incorporated into Service Business Plans

(h) The minimum level of Revenue Balances as at 31 March 2016 be set at £6.5m (£6.0m in 2014/15) to reflect the known and expected budget and financial risks to the Council

(i) The Head of Finance & S151 Officer be given delegated authority to complete and authorise the statutory Government Returns for Business Rates for 2015/16 and all future years

(j) The Head of Finance & S151 Officer be given delegated authority to approve the Council Tax Base and Collection Fund Estimates for all future years

(k) Members have had regard for the Statement of the Head of Finance & Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 17.

(2) That the following be noted in respect of the Council's Budget:

(a) The Revenue Forecast and the associated provisional Portfolio Cash Limits for 2016/17 onwards as set out in Section 10 and Appendices B and C, respectively

(b) The estimated Savings Requirement of £31m for the three year period 2016/17 to 2018/19, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Target £m	Cumulative Saving £m
2016/17	11.0	11.0

2017/18	10.0	21.0
2018/19	10.0	31.0

(c) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies holds a relatively modest uncommitted balance of £2.9m and will only be replenished from an approval to the transfer of any underspends at year end

(d) The Non Domestic Rates poundage for 2015/16 will be 49.3p, and 48.0p for small businesses

(3) The advice from the Head of Finance & S151 Officer set out in the approved Budget report to the Council in December 2014 stated that:

the minimum savings requirement for 2015/16 is £12.5m (with a Council Tax increase of 1.95%) or £13.1m (with a Council Tax freeze) and anything below that would not be prudent.

(4) That it be noted that at its meeting on 8 January 2015 the Cabinet calculated the amount of **53,277.2** as its Council Tax Base for the financial year 2015/16 [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].

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

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

(e) Valuation Bands (Portsmouth City Council)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£

781.02	911.19	1,041.36	1,171.53	1,431.87	1,692.21	1,952.55	2,343.06

Being the amounts given by multiplying the amount at 3.5(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

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

<u>Valuation Bands (Hampshire Police & Crime Commissioner)</u>

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

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

<u>Valuation Bands (Hampshire Fire & Rescue Authority)</u>

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

(8) That having calculated the aggregate in each case of the amounts at 3.5(e), 3.6 and 3.7 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2015/16 for each of the categories of dwellings shown below:

<u>Valuation Bands (Total Council Tax)</u>

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

(9) The Head of Finance & Section 151 Officer be given delegated authority to implement any variation to the overall level of Council Tax

arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Authority precepts.

12. North Portsea Flood Defences - Construction Phase 1 (AI 6)

The Leader, Cabinet Members and Chief Executive all asked that their thanks be placed on record to Martin Lavers, Guy Mason and all involved in the successful bid for the flood defence scheme for North Portsea and they were very grateful for the effective consultation programme that had taken place with local residents.

DECISION: that the Cabinet Member for Environment and Community Safety write to the Minister for the Environment and offer the Portsmouth Business Case as an exemplar case study for future projects.

13. Public Houses (AI 7)

Alan Cufley, the Head of Corporate Assets, Business & Standards reported that a parliamentary bill regarding the Community Right to Bid was at the report stage for consideration in March 2015. Cabinet Members were supportive of this paper which had been brought forward following a Notice of Motion by Councillor Hastings and stressed that the community value should be given consideration as well as the business case for properties under consideration.

DECISION:

(1) That the Cabinet notes the Community Right to Bid and will support the community to pursue this option where a public house can be shown to be a viable community asset.

(2) That the Cabinet Member for Planning, Regeneration & Economic Development (PRED) considers the purchase of public houses as part of its commercial property portfolio, if and when they can be shown to provide the greatest available return.

The meeting concluded at 1.20 pm.

………………………………………………………………………………

Councillor Donna Jones
Leader of the Council

Portsmouth CITY COUNCIL

Agenda item:

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

Subject: **Local Transport Plan 3 Implementation Plan 2015/16**

Report by: **Head of Transport and Environment**

Wards affected: **All**

Key decision (over £250k): **No**

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1. Purpose of report

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

2. Recommendations

It is recommended that the Cabinet;

1) **Approve the attached Implementation Plan for onward consideration by Full Council.**

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

3. Background

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

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

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

Implementation Plan

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

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

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

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

Next Steps

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

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

4. Reasons for recommendations

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

5. Equality impact assessment (EIA)

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

6. Head of legal services' comments

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

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

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

7. Head of Finance's comments

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

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

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

………………………………………………
Head of Transport and Environment

Appendices:

Appendix A – LTP3 2015/16 Indicative Programme

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

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

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

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

………………………………………………
Signed by:

Appendix A - LTP3 2015/16 Indicative Programme

Priority 1

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

Appendix A - LTP3 2015/16 Indicative Programme

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

Total (£k) 560

Priority 2

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

Total (£k) 437

Package Total (£k) 997

Other LTP3 funded schemes

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

Other Schemes Total (£k) 1028.1

LTP3 TOTAL 2015/16 FUNDING (£k) 2025.1

Portsmouth CITY COUNCIL

Title of meeting:	Cabinet
Date of meeting:	5th March 2015
Subject:	Special Educational Needs and Disabilities (SEND) Implementation Grant (New Burdens) 2015-16 allocation
Report from:	Julian Wooster, Director of Children's and Adults' Services
Report by:	Julia Katherine, Inclusion Commissioning Manager
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

The purpose of this report is to seek agreement to allocate the Special Educational Needs Implementation Grant for 2015-16 to continue to fund the additional staff who have been recruited to carry out the 'conversion' statutory assessments, as specified in the new special educational needs and disabilities legislation.

The funding allocated to Portsmouth is £116,389. This has been allocated as an un-ring-fenced grant and so Cabinet approval is required in order to allocate this grant to the Education Service to support continued implementation of the SEND Reforms.

2. Recommendations

Cabinet are recommended to:

a) Approve the full allocation of the Special Educational Needs Implementation Grant of £116,389 in 2015-16.
b) Approve the proposals for utilising the grant to continue to fund the staff who have been employed on a fixed term basis to enable successful conversion of existing statements and Moving-on Plans to Education Health and Care Plans.

3. Background

New legal duties came into force in September 2014, through the Children and Families Act to reform the way support is provided for children and young people with special educational needs and disabilities (SEND). The aim of these SEND Reforms is to improve outcomes for children and young people with SEND and to enable them to achieve their potential and live happy and fulfilled lives.

The Act places the views, wishes and aspirations of children, parents and young people at the heart of the system and requires a culture change in the ways in which professionals work with families and with each other.

Portsmouth has made a good start in implementing the SEND Reforms. Transitional arrangements are in place for gradually transferring SEN statements and Learning Difficulty Assessments to Education, Health and Care Plans by April 2018.

In December 2013 an SEN Reform Grant was announced to help local authorities plan for the reforms. Portsmouth received £253,647 to develop the systems and processes required to implement the reforms. In June additional 'new burdens' funding for 2014-15 was announced in recognition of the additional assessments required to convert existing statements and Learning Difficulty Assessments to Education Health and Care Plans. In Portsmouth this will mean approximately 1,000 education health and care needs assessments (over a 14 week period each) to convert existing statements and LDAs, plus an additional estimated 100 new assessments per year over a period of 20 weeks each.

Portsmouth have allocated the funding to employ additional staff on fixed term contracts within the SEND team to work with families, schools, colleges and early years settings to facilitate person centred annual reviews and write the new Education Health and Care Plans.

In December, the government announced funding allocations for 2015-16. Portsmouth has been allocated £116,389. It is proposed to use this additional funding to pay for the staff described above, who have been employed on one-year fixed term contracts to December 2015. The shortfall in funding of £27,895 between the staff costs shown below and the funding allocation of £116,389, will be met from funding from other sources within the department.

Staffing costs 2015-16

Posts	**Band**	**Time period**	**FTE**	**Cost**
SEND Advisers	8	April 2015 to Dec 2015	4.4	£111,428
SEND Case Workers	5	April 2015 to Dec 2015	2.0	£32,856
Total				**£144,284**

4. Reasons for recommendations

The work that has taken place in Portsmouth to implement the SEND Reforms has been praised by the Department for Education (DfE), and Children's Minister, Edward Timpson, in recognition of the progress made in implementation of the reforms.

The DfE are continuing to monitor closely the way that local authorities are using the grant funding allocated to ensure full compliance with the new legislation. Implementation will be subject to inspection by Ofsted and CQC.

5. Equality impact assessment (EIA)

A preliminary EIA was completed in 2014 for the Information, Advice & Support for Parents, Carers & Young People Service, as part of the implementation of the SEND reforms outlined in the Children and Families Act 2014. It was found that the reforms do not impact negatively on any of the protected characteristics under the Equality Act 2010 so a full EIA was not required.

An EIA is not required for this report as this also relates to the SEND reforms and the recommendations will not negatively impact on any of the equality strands as this is to allocate the SEND funds to ensure the continuation of funding for additional staff who have been recruited to carry out the 'conversion' statutory assessments, as specified in the new special educational needs and disabilities legislation.

6. Head of Legal Services' comments

The report comments and aims are consistent with implementing the statutory changes to the provision of SEND the benefit being that in dealing with the changes in the way suggested above the Authority is exposed to less risk associated with challenge and is acting consistently with promoting the best outcomes from those persons requiring SEND input.

7. Head of Finance's comments

The purpose of the SEND Reform grant is to support local authorities with the additional costs associated with the implementation of the SEND reforms, however it is not ring fenced. The grant allocation to Portsmouth for 2015-16 amounts to £116,389 and forms part of a two year allocation to Authorities by the Department for Education.

Due to the time limited nature of the grant and the uncertainty of the 2015-16 allocation, the additional posts have been recruited on fixed term contracts until December 2015.

………………………………………………
Signed by:

Appendices:

Background list of documents:

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

Title of document	Location

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

………………………………………………
Signed by:

Portsmouth CITY COUNCIL

Title of meeting: Cabinet

Date of meeting: 5th March 2015

Subject: Building Control Partnership

Report by: Claire Upton-Brown (City Development Manager)

Wards affected: Nil

Key decision: No

Full Council decision: No

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1. Purpose of report

1.1 To provide an update to Cabinet on the progress of the Building Control Partnership discussions between Portsmouth City Council and the Fareham and Gosport Building Control Partnership (FGBCP).

2. Recommendations

That members note:

2.1 That the Strategic Director (SD) for Regeneration in consultation with the portfolio holder for PRED have endorsed the recommendation that PCC enter into a partnership arrangement with the Fareham and Gosport Building Control partnership.

2.2 The progress and that the proposed date for the formation of the new partnership is 1st May 2015 (subject to formal endorsement by Fareham and Gosport Borough Councils -March /April)

3. Background/Progress

3.1 In 2013, a service review was undertaken of the former Planning service. The Building Control team formed part of the wider service and during the consultation process, staff suggested that the option of partnership working was considered. Following on from this, in July 2014 a feasibility study was undertaken to establish whether or not partnership working should be pursued with the Fareham & Gosport Building Control Partnership.

3.2 In December 2014, Cabinet endorsed the Feasibility Study's report and its recommendations to:

- 3.2.1 Further explore partnership working
- 3.2.2 Delegate the final decision to the Strategic Director (SD) for Regeneration in consultation with the portfolio holder for PRED.

3.3 After further engagement with the FGBCP throughout January 2015, all parties were agreed that partnership working was feasible and beneficial, and a recommendation was made to the SD and Portfolio Holder that PCC enter into a partnership arrangement with the FGBCP. This recommendation was subsequently endorsed.

3.4 Following this endorsement, activity has focused on preparing and agreeing an implementation plan with the partnership and preparation for the staff consultation which will start on the 2nd March. The former has resulted in a proposal that the new partnership between PCC and the FGBCP starts on the 1st May 2015.

………………………………………………
Signed by:

C Upton-Brown

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

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

Title of document	Location

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

………………………………………………
Signed by:

Portsmouth CITY COUNCIL

Title of meeting: Cabinet

Date of meeting: 5th March 2015

Subject: Response to Education, Children and Young People Scrutiny Panel

Report by: Interim Head of Education

Wards affected: All

Key decision: No

Full Council decision: No

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1. Purpose of report

The Education Children and Young Peoples Scrutiny Panel conducted a review into the use of Pupil Premium money in Portsmouth Schools and the impact of the spend on narrowing the gap and the purpose of this report is to respond the Education, Children and Young People Scrutiny Panel.

2. Recommendations

2.1 That the panel is thanked for its work in undertaking the review

2.2 That the Cabinet notes and supports the recommendations in the report, which are listed on pages 6-7 of the report.

2.3 The original report is circulated with a covering letter to all schools to advise of the panel's findings and to highlight the ongoing importance of the PPG

3. Background

The aim of the review was to investigate how schools are using and reporting pupil premium monies and whether the Council could identify and disseminate good practice. It was also intended to use the process to ensure that all schools are sharing information about pupil premium appropriately including;

- Consideration of the impact of following the introduction of PPG.
- To gain an insight into how PPG is currently being used in Portsmouth City Council schools.
- To review the effectiveness of the reporting process by schools.
- To review the Local Authority's role in supporting schools with pupil premium.

- To establish the amount of PPG each school in Portsmouth receives.
- To establish the level of awareness among school governors on the use of PPG in their schools.
- To identify and share good practice.

During the review which was carried out between September 2014 and February 2015, the Panel received evidence from a number of sources, which it used to draw up a series of recommendations to submit to the Cabinet.

4. Reasons for recommendations

The recommendations in this report endorse the work undertaken by the Scrutiny Panel, and ensure that the recommendations leading from the panel's findings will be acted upon to ensure that a coordinated school response to the use and outcomes of pupil premium grant is fully embedded across all of the city schools.

5. Equality impact assessment (EIA)

An Equality Impact Assessment is not required as the recommendations in the report do not contain any equality issues

6. Legal implications

Legal comments are incorporated in the body of the scrutiny report.

7. Finance comments

The financial implications are contained within the scrutiny report.

………………………………………………
Signed by:

Appendices:

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

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

Title of document	Location

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

………………………………………………
Signed by:

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Portsmouth
CITY COUNCIL

EDUCATION, CHILDREN AND YOUNG PEOPLE SCRUTINY PANEL

A REVIEW INTO PUPIL PREMIUM IN PORTSMOUTH SCHOOLS

Date published: 2 February 2015

Under the terms of the Council's Constitution, reports prepared by a Scrutiny Panel should be considered formally by the Cabinet or the relevant Cabinet Member within a period of eight weeks, as required by Rule 11(a) of the Policy & Review Procedure Rules.

PREFACE

The aim of this review was to investigate how schools are using and reporting pupil premium monies and whether the Council could identify and disseminate good practice. It was also intended to use the process to ensure that all schools are sharing information about pupil premium appropriately.

During the review which was carried out between September 2014 and February 2015, the Panel received evidence from a number of sources, which it used to draw up a series of recommendations to submit to the Cabinet.

I would like to convey, on behalf of the Panel my sincere thanks to all the officers who contributed to the review. I would also like to thank Helen Reeder from Portsmouth National Union of Teachers for her valuable input into the review.

I would also like to thank the governors and head teachers who took time to attend panel meetings to provide evidence. Also thanks to those chairs of governors who responded to the questionnaire sent by Governor Services (a full list of schools who responded is set out in paragraph 8.8).

……………………………
Councillor Will Purvis
Chair, Education, Children and Young People Scrutiny Panel.

Date: 2 February 2015

CONTENTS

EXECUTIVE SUMMARY

1. To consider the impact following the introduction of Pupil Premium Grant.

The Panel received evidence from the Interim Head of Education and the Interim Education Commissioning Manager about the impact pupil premium grant (PPG) has had in the city. The Panel noted that overall standards in Portsmouth have risen since PPG has been introduced and PPG eligible children are catching up with the non PPG children. However, as highlighted in the Ofsted Annual Report 2014, more needs to be done in the city. The panel learned that although the introduction of Universal Infant Free School Meals (UIFSM) presents a risk to schools with regard to the amount of money they receive; most schools are taking steps to ensure that all families who are eligible for FSM are registering for this.

2. To gain an insight into how pupil premium is currently being used in Portsmouth City Council Schools.

The Panel heard from headteachers and governors in the city about how their schools are using the PPG funding to improve outcomes for pupils and noted some excellent initiatives that are in place for improving education outcomes for pupils. Identifying the right projects in which to invest PPG is vital to ensuring the best impact from the grant. It was also noted that different interventions worked for different schools and there is no 'one size fits all' with regard to pupil premium programmes. Two members of the Panel also attended the local PP conference held in November where the national pupil premium champion, Sir John Dunford attended to share best practice.

3. To review the effectiveness of the reporting process by schools.

Under Regulation 10 (9) of the School Information (England) (Amendment) Regulations 2012, schools are required to publish specified information on their school website in relation to PPG - spend and effectiveness/impact. The majority of schools in the city were doing this however there are some schools where some of this information is lacking and could be improved upon. Advice from Sir John Dunford on this matter recommended that schools publish this information under four headings: strategy, cost, evaluation and impact.

4. To review the Local Authority's role in supporting schools with Pupil Premium.

The local authority (LA) has a statutory role to ensure that outcomes are improved for children and has a role in oversight, advice and sharing of best practice in relation to PPG. The Panel learned of some of the work of the education officers and the governor services team that takes place to help support schools with PPG. The LA also has initiated a PPG programme for secondary schools which involved a number of streams and included organising and hosting a workshop for all headteachers where the national pupil premium champion Sir John Dunford attended and shared advice. The Panel also received evidence from the Tackling Poverty Lead Officer about the Tackling Poverty Strategy which aims to alleviate poverty in the city. The strategy going forward will explore how PPG can be used strategically to improve social mobility. There is also a link between good health and educational attainment and the Panel received written evidence on initiatives that the Council has in place such as the 5-19 Healthy Child Programme which sets out the good practice framework for prevention and early intervention services for children. The PPG could help ensure the LA is able to deliver the healthy child programme in schools targeting those most deprived in a more strategic way.

5. To establish the amount of Pupil Premium Grant each school in Portsmouth receives.

PPG for maintained schools is allocated via the Council using data provided by the Department for Education (DfE). Schools are free to spend the money how they wish but are accountable for this and Ofsted review this as part of their inspections. In Portsmouth the largest amount of funding is for free school meals pupils with £6.2 million for primary school and £2.9 million for secondary school pupils. The Panel received a breakdown of how much each school received in 2014/15, which is included in appendix 3.

6. To establish the level of awareness among school governors on the use of the Pupil Premium Grant in their schools.

It is vital that school governors understand and articulate how PPG is spent and more importantly its impact. The Panel heard from three governors about PPG in their school to ascertain their level of awareness. Following this, a short questionnaire was also sent to all chairs of governors to ascertain further information about the level of involvement of governing bodies. It was found that while many governing bodies review PPG at their Finance Committee, the impact of PPG is not being reviewed as much as it could. The majority of governing bodies said that PPG was well understood by all governors in their school however the responses also suggested that further training specifically on PPG would be welcomed to ensure that governors understand fully how to measure the impact. Although the majority of governing bodies have a dedicated governor responsible for PPG, there were still some schools who replied who do not have this in place.

7. To identify and share good practice.

During their review the Panel heard of some excellent practice delivering impact in Portsmouth schools. Initiatives were being considered on how to share best practice in the city including for governors to utilise social media to share ideas and best practice. Schools in the city that are making significant improvements through using their PPG should also consider and be encouraged to enter the pupil premium awards for a chance to win some further funding and achieve national recognition for their work.

Conclusions

Based on the evidence and views it has received during the review process the Panel has come to the following conclusions:

1. Pupil premium practice varies in the city. There is some good practice locally but this is not consistent throughout the city. The Panel noted in Ofsted's 2014 Annual Report it states that the LA is making important improvements although the outcomes for young people are still not strong enough. It was also noted that different interventions worked for different schools and there is no 'one size fits all' with regard to pupil premium programmes. (Para 2.6 refers)

2. Excellent work is taking place by the LA in supporting schools through its work around the Pupil Premium and narrowing the gap for FSM children, through its wider work co-ordinated within the Council's Tackling Poverty Strategy and Healthy Child Programme. (Paras 6.11-6.21 refer).

3. Currently the comparative impact of PPG spend amongst schools locally is not being monitored by the LA. The various cluster groups in the city are considering how best to close the gap. (Paras 3.5 and 3.8 refer).

4. The recent pupil premium conference was very well received by headteachers and governors in the city. Further networking opportunities such as this to share best practice would be welcomed. (Paras 6.9 and 8.14 refer).

5. The seconded headteacher driving the pupil premium programme for secondary schools is working well, however more needs to be done to share best practice with primary schools. (Paras 6.3 and 9.4 refer).

6. Although a number of schools have moved to academy status, the LA continues to offer the opportunity to buy into the governor services SLA for training. Many academy schools have taken up this offer however there are some academy schools that the LA now has limited contact with. (Para 6.4 and 6.5 refer).

7. The support to governors on pupil premium from the governor services team is good although some governors felt that they required further training. Training sessions where both the chair of governor and the headteacher from each school attend would be welcomed as would further networking opportunities. (Para 6.10 and 8.14 refer).

8. School governing bodies should be directly involved in pupil premium funding and the challenge and evaluation of PPG funded programmes. Many governing bodies are looking PPG at their

Finance Committee however concern was raised that some governing bodies are not monitoring the impact. Some governors were also uncertain whether PPG was included as part of their School Improvement Plan (Paras 8.2, 8.7 and 8.9 refer).

9. Awareness of pupil premium amongst governors varies in the city and best practice needs to be shared between governors. (Paras 8.4-8.15 refer)

10. Some schools do not have a governor who takes responsibility for overseeing PPG impact and spend. (Paras 8.10 & 8.11 refer).

11. In secondary schools PPG is tailored more towards individual PPG pupils however in primary schools it is used more to improve education for all pupils. A pupil premium awards scheme is in place which rewards schools for making significant improvements in closing the gap. (Paras 4.9, 9.6-9.8 refer).

Recommendations

1. That the LA continues to share the good practice of pupil premium taking place in the city and this should be shared in the context of the healthy child programme and tackling poverty strategies. (conclusions 1&2)

2. That schools are encouraged to share best practice, be outward looking and encouraged to engage with their clusters. (conclusion 1).

3. That the LA should continually review the impact of the pupil premium work locally and consider an audit of PPG activity in the city to identify what interventions are known to work in the different parts of the city. (conclusion 3)

4. That the LA and schools consider an ongoing joint program of work specifically focussed on PPG impact within clusters.(conclusion 3)

5. That the LA include pupil premium as a key theme for the annual governors' conference in Spring 2015. The LA should also seek to organise an annual pupil premium conference for the city which Sir John Dunford should be invited to contribute. (conclusion 4)

6. That a primary headteacher be seconded to drive the pupil premium programme across primary schools alongside a pupil premium co-ordinators network for the city to share best practice. (conclusion 5)

7. It is Important that there are strong links with academy schools and the LA should continue to work with academies to provide support with pupil premium. The LA should strongly encourage academy schools to join the LA programs of work (conclusion 6).

8. That the LA continues to provide a facilitative role to governors and that pupil premium programmes should be led by governors and headteachers. The governor services team should investigate holding dedicated sessions for chairs of governors and headteachers to attend together. (conclusion 7)

9. That the LA investigates whether social media could be used further for governors to network and share best practice on the usage of PPG. (conclusions 7&9)

10. That all governing bodies monitor the impact of pupil premium through their standards/curriculum sub-committee as well as their finance committee, due to the importance of pupil premium. In addition all governing bodies should consider designating a dedicated PPG governor. (conclusions 8 and 10)

11. That the LA identify and appoint a pupil premium governor champion for the city to visit all governing bodies within the year to share best practice on pupil premium. The governor services team should also systematically share good practice with governing bodies. (conclusion 8&9)

12. That Governor Services follow up on those schools who did not respond to the questionnaire and to provide them with support to ensure that their governing bodies are fully engaged with pupil premium. (conclusion 8&9)

13. That the LA produces a pupil premium manual of good practice to share with schools. (conclusions 3&9)

14. That headteachers ensure that Pupil premium is embedded in the School Improvement Plan for their school. (conclusion 10)

15. That schools be encouraged, where possible, to aspire to achieve excellent pupil premium practice so that they can enter the pupil premium awards, for the opportunity to win some additional money for their school. Schools should also be encouraged to use PPG to maximise achievement for all pupils in their school who are not making the expected level of progress. (conclusion 11).

16. That the Head of Education circulate a copy of this report with a covering letter to all schools to advise of the panel's findings and to highlight the importance of the PPG.

The budgetary and policy implications of these recommendations are set out in section 13 on pages 28-30.

1. Purpose.

The purpose of this report is to present the Cabinet with the recommendations of the Education, Children and Young People Scrutiny Panel following its review of pupil premium in Portsmouth Schools.

2. Background.

2.1 PPG was introduced by the government in April 2011. It is an additional grant allocation to support schools in raising the educational attainment of disadvantaged pupils and to close the gap with their peers. It is allocated to schools on the basis of the number of pupils who have registered for free school meals (FSM) at any point in the last six years, children who have been looked after continuously in the last six months and children of service personnel.

2.2 The Pupil Premium Grant for 2014-15 is paid pursuant to section 14 of the Education Act 2002 and is allocated with certain terms and conditions as set out by the Secretary of State under the powers of Section 16 of that Act. The conditions of grant for 2014-15 are set out in guidance from the Department for Education.

2.3 Although schools are free to spend the PPG in whichever way they choose, the increased level PPG, the statutory requirement to publish PPG policies and expenditure on school websites and the inclusion of the PPG within the new Ofsted regime means that there is an increasing focus on how schools are using the PPG to achieve the greatest impact on pupils' educational attainment.

<u>Local Context</u>

2.4 In their July 2014 report, Ofsted identified (based on 2012/13 academic year data) that in Portsmouth, only 22.6% of pupils eligible for FSM achieved five good GCSE passes including English and Mathematics at the end of Key Stage 4. This was the second worst position in the country. The national average level of pupils eligible for free school meals attaining five or more GCSEs 2013 was 37.9%. The report noted that 23 of the top 25 local authority areas attaining the benchmark for eligible pupils are London boroughs, where there are high proportions of pupils coming from poorer backgrounds, indicating that income poverty is not a predictor of poor attainment.

2.5 The recent Ofsted report published on 10 December 2014 states that:

'From Key Stage 2 onwards, poor pupils in the South East continue to do less well than poor pupils in most other parts of England. In 2012/13, attainment at 16 for pupils eligible for free school meals remained below the national level in 15 out of the 19 local authorities in the South East. The attainment gap at the end of Key Stage 2 and Key Stage 4 between pupils eligible for free schools meals and their more affluent peers is wider in the South East than any other region in the country. There is cause for optimism though: since 2011/12, attainment of poorer students in the South East has improved at a faster rate than the improvements seen nationally at both Key Stages 2 and 4. Pupil premium funding and the efforts of teachers and leaders are making a difference to the progress poorer pupils make in many schools. However, the improvements seen so far only mark the very start of what is necessary and vary considerably between local authorities.'

2.6 In terms of Early Years provision, the Ofsted report identified that Portsmouth is one of the highest performing LA's with 46% of children eligible for FSM achieving a good level of development by the end of their Reception year, which is above the national average. Unvalidated data shows that students in Portsmouth have made impressive gains in their examination results compared with last year's performance. The report goes on to state that Portsmouth is making important improvements although the outcomes are still not strong enough:

'The HMI have repeatedly visited a number of school clusters over a period of time to feed back on the strengths and weaknesses in the school improvement work being delivered. While the picture remains a mixed one, schools in the most effective clusters are beginning to support and challenge each other over the impact of their work and to share good practice. Above all, HMI are using inspection to drive improvement by asking headteachers and system leaders to be clear about what they want to do, how they will achieve it and how they will check the impact. Schools are left in no doubt that HMI will return to check the progress being made and this is proving to be a powerful motivator.'

2.7 The review of school governance was undertaken by the Education, Children and Young People Scrutiny Panel, which comprised:

Councillors Will Purvis (Chair)
Ben Dowling
Ken Ferrett
Paul Godier
Lynne Stagg
Alistair Thompson

Standing Deputies were: Councillors Margaret Adair, Colin Galloway, Terry Hall and Matthew Winnington.

2.8 At its meeting on 22 September 2014, the Education, Children and Young People Panel (henceforth referred to in this report as the Panel) agreed the following objectives for a scrutiny review of school governance arrangements:

- To consider the impact of following the introduction of PPG.
- To gain an insight into how PPG is currently being used in Portsmouth City Council schools.
- To review the effectiveness of the reporting process by schools.
- To review the Local Authority's role in supporting schools with pupil premium.
- To establish the amount of PPG each school in Portsmouth receives.
- To establish the level of awareness among school governors on the use of PPG in their schools.
- To identify and share good practice.

2.9 The Panel met formally to discuss the review of pupil premium on four occasions between 22 September 2014 and 2 February 2015.

2.10 A list of meetings held by the Panel and details of the written evidence received can be found in *appendix one*. A glossary of terms used in this report can be found in *appendix two.* The minutes of the Panel's meetings and the documentation reviewed by the Panel are published on the Council's website www.portsmouthcc.gov.uk.

3. To consider the impact following the introduction of Pupil Premium Grant

3.1 The Panel received evidence from the Interim Head of Education and the Interim Education Information Commissioning Manager with regard to the impact following the introduction of PPG. Evidence was also obtained from headteachers and governors.

3.2 The Interim Education Commissioning Manager explained that overall standards have risen with 51% of pupils achieving 5 or more GCSE's at A*-C including English and Mathematics compared to 48% last year. The provisional 2014 data shows that the gap for free school meal children, (which is the largest cohort for PPG funding) at Key Stage 4 is improving and the gap has reduced from 30% to circa 23% this year. The target is to further reduce the gap to 15% by 2015 and the data shows that the LA is on track to meet this target.

3.3 At Key Stage 2 the gap is also narrowing. For the combined measure of reading, writing and mathematics, the gap was 26% in 2012, 24% in 2013 and the provisional figures show this is now 21% for 2014.

3.4 The progress of PP eligible children between KS1 and KS2 is improving rapidly and they are catching up to the non PP children. More children are making three levels of progress (above expected levels of progress) than ever before. In 2014, 27.78% of PP eligible children made 3 levels of progress in writing, up by almost a half from the previous year's 18.7%, compared to 29.64% and 22.84% of non-PP eligible children in 2014 and 2013 respectively.

3.5 With regard to the comparative impact of PPG between all local schools, The Interim Head of Education advised that the LA was currently not measuring this and this was something that could be developed, perhaps through cluster working.

3.6 The Panel were advised by the Interim Education Commissioning Manager that from September 2014 the government introduced UIFSM for all pupils in Years R, 1 and 2. The introduction of UIFSM presents a risk to schools in terms of a reduction in the level of pupil premium a school might receive as parents/guardians of children in Year R, 1 and 2 will no longer have any incentive to register for FSM. To combat this risk the Council issued to all primary and infant schools (and Mayfield School and Mary Rose Academy) a letter and form to be distributed to schools to help assess the likely uptake of FSM, check on whether a special diet was required, but most importantly allow the Council to check for FSM eligibility and therefore claim for pupil premium funding. Schools are returning these forms to the Council in batches which the Free Schools Meals Checking Service is administering.

3.7 The Panel received evidence from headteachers of Flying Bull Academy, St George's Beneficial Church of England School, and Miltoncross School. Also from governors of Corpus Christi, Redwood Park and Highbury Primary Schools.

<u>Flying Bull Academy</u>

3.8 With regard to outcomes at Flying Bull Academy following the introduction of PP Mr Hewett-Dale advised of the following impacts in 2013/14:

- Above or at national standards in reading, writing, GPS, maths and combined at key stage 2.
- Year 2 made above age related expected progress.
- Writing gap between pupil premium and non-pupil premium reduced in all year groups.
- Fewer speech and language delays entering reception year group this year due to early interventions in nursery.
- Improved attendance - Ofsted had raised concerns over attendance and this had improved over the last year and the persistent absentees had stopped.
- Reduced incidents of poor behaviour disrupting learning.
- Early intervention with children with poor behaviour.

3.9 Mr Hewett-Dale said his school was part of the Heart of Portsmouth cluster and each school within the cluster is looking at ways of closing the gap. With regard to the effect of introducing UIFSM to all primary school pupils on the amount of PPG a school receives, Mr Hewett-Dale and Ms Gibb explained that their schools had 'parent partners' to assist parents in completing the FSM registration forms and explaining that it is important to do this to ensure the school receives the funding it is entitled to. The schools target families that they know are eligible to encourage them to complete the form.

3.10 <u>Governor of Highbury Primary School</u>

Ms Lawrence advised that her school has closed the gap in reading and writing by 2.4%. In their action research project on maths 100% of their PP children made expected progress and of those, 30% made more than expected progress.

4 To gain an insight into how Pupil Premium Grant is currently being used in Portsmouth City Council schools.

4.1 The Ofsted Report published in February 2013: *'The Pupil Premium – How schools are spending the funding successfully to maximise achievement'*, draws together some of the effective practice that inspectors saw from their visits to 68 schools during autumn 2012. Ofsted identified a number of consistent characteristics in schools where pupil premium funding was successfully used to improve achievement. Characteristics of success tended to be:

- An analytical approach to improving achievement
- Identification of the levers for improvement
- Taking a long term view
- Involving staff in making decisions about pupils' needs
- Tailoring interventions
- Focusing on attendance
- A fully involved governing body
- Effective use of tracking and monitoring.

4.2 Identifying the right projects in which to invest PPG money is critical to getting the highest measurable impact from the grant. The types of projects funded by the PPG in schools vary enormously, but it is important to remember the designated purpose of the grant is to narrow the attainment gap and that projects should be prioritised for funding for that purpose.

4.3 Sir John Dunford, the government's national PP champion, has written a 10 point plan on spending the PP effectively (*Ten-point plan for spending the pupil premium successfully, October 2014)*. In this he states that *'high quality teaching must be at the core of all PP work*'. Headteachers can use sources such as the Education Endowment Foundation (EEF)-Sutton Trust Teaching and Learning Toolkit to inform their decisions and the EEF is accumulating further evidence of ‘what works’. Schools will need to determine their use of PP funding within the context of their existing forms of provision for tackling educational disadvantage, and the often complex funding streams through which that provision is supported.

4.4 The Panel invited chairs of governors and headteachers to some of their meetings to receive evidence about how schools are spending their PPG.

<u>Sandra Gibb, Headteacher, St George's Beneficial Church of England School</u>

4.5 Mrs Gibb advised that her school was allocated £162,500 in PPG for 2014/15. The number of pupils eligible for PPG fluctuates but for 2014/15 there are 51.1% of pupils. She advised that the majority of the funding was used to reduce class sizes and employing extra support staff to help in classes to help narrow the gap and accelerate progress in reading, writing and maths. Money was also spent on enrichment activities such as the sunrise breakfast club, sport and arts clubs and lunchtime activities. The school also subsidises educational visits for PPG pupils to allow them take part in these. In addition there were a number of initiatives introduced to improve the wellbeing of children. This included the employment of a speech and language therapist to deliver programmes to the youngest children, emotional first aid training and a subsidy for sun setters to ensure the school offers after school child care with food so parents can access employment or education. Ms Gibb gave further information on some of the enrichment activities the school offers. The Silent Movie Project and Film Noir Project produced high quality films. Following the project the school noted a significant improvement in the writing of children in years 5 and 6.

4.6 St George's Beneficial Church of England School had an Ofsted inspection in November 2014 and received an overall rating of 'Good.' In their report Ofsted stated that:
'The business manager keeps governors well informed of the state of the school's finances, including the pupil premium and how it is spent. The finance committee check it thoroughly. They know how well pupils in the school are doing because they understand the information about pupils' performance and have detailed reports from the headteacher'

<u>Deamonn Hewett-Dale, Headteacher the Flying Bull Academy</u>

4.7 Mr Hewett-Dale advised that his school was allocated £297,300 in PPG for 2014/15 and half termly pupil progress meetings are held to assess the outcomes and the strategic direction. Mr Hewett-Dale advised that he reports termly to the governing body and will present a final report to the December full governing board meeting. There was 51.6% of the school population who qualified for PP and when the census was reviewed this rose to 54.1%. In 2013/14 the school use the PPG in the following ways:

- Extra teacher working across year 5 and year 6.
- Extra teacher in year 2 with smaller groups in the morning and working with booster groups and reading recovery in the afternoon.
- Speech and language therapist for three days a week.
- Extra teaching assistant support in years 5 and 6.
- Full time attendance support worker.
- Continued Every Child a Reader (ECAR) accreditation and training.
- Fischer Family Trust intervention training and support.
- Better Reading Programme intervention training and support.
- Extra 0.6 teacher to allow PP conferencing.
- Catch up numeracy training and support.
- Lunchtime and after school booster groups with year 6 teachers.
- Extra member of learning and pastoral team working with children who have barriers to learning.

4.8 Mr Hewett-Dale advised that the school used the LA's toolkit which had been very helpful. The school inform parents on what they are spending the PPG on and some parents do respond to this. The school are innovative and responsive to new ways of helping children. One future initiative is to introduce a school radio station which will help children develop their listening and speaking skills.

4.9 Mr Hewett-Dale and Ms Gibb advised that in his school there was blanket targeting so the PPG was used to improve outcomes for all pupils who are underachieving and not just those who are PPG pupils. It was confirmed that in secondary schools PPG is tailored more towards individual PPG pupils, whereas in primary schools it is used to improve education for all pupils.

<u>Fiona Calderbank, Headteacher Miltoncross School</u>

4.10 Ms Calderbank advised that her school was allocated £327,800 in 2013/14. The gap was at 23% currently with 17% gap between PPG pupils and non PPG pupils in attainment. She circulated a diagram showing the four PPG intervention strands: literacy, attendance, behaviour and progress which were key to the vision and values of the school. The impact of these strands was monitored so that if they do not work, changes can be made and new initiatives put in place. Bespoke plans are in place for different pupils based on their needs. Attendance is one of the key areas where the money is being spent as this is often an issue for PPG pupils. An attendance officer currently employed part time and after Christmas this will increase to five days a week. With regard to progress, pedagogy in lessons ensures that teachers know who the PPG children are, teachers will mark their books first when they are most alert and give these pupils more attention and this has made a difference for the entire cohort.

5 To review the effectiveness of the reporting process by schools.

5.1 Schools have the autonomy to decide how best to use the additional resources and are held to account through Ofsted inspections on the impact of this spending and through the performance tables. The Panel received evidence from headteachers, chairs of governors and members of the governor services team in order to consider the reporting process by schools.

5.2 Under the Regulation 10 (9) of the School Information (England) (Amendment) Regulations 2012, specified information to be published on a school's website it states that the following information in relation to PPG should be published on the schools website.

'The amount of the school's allocation from the Pupil Premium grant in respect of the current academic year; details of how it is intended that the allocation will be spent; details of how the previous academic year's allocation was spent, and the effect of this expenditure on the educational attainment of those pupils at the school in respect of whom grant funding was allocated'.

5.3 The funding is allocated for each financial year but the information published online should refer to the academic year.

5.4 Delegates at the recent PPG conference were advised by Sir John Dunford that schools should create a good audit trail to show what the money is being spent on and its outcomes. It was suggested that an effective way of publishing this information is to use four headings: Strategy, Cost, Evaluation and Impact. It was also suggested that anonymous case studies are used to show how the interventions have helped to narrow the gap.

5.5 Sir John Dunford advised in his ten point plan that the school needs to put in a prominent place on their website an account of PPG spending. This will also fulfil the governing body's legal obligation to report to parents on how the PPG is being spent and the impact that is being made.

5.6 The Panel commented that after looking at some of the Portsmouth schools websites that the amount of information included varied from a basic paragraph containing no financial information to in depth reports with explanations of outcomes and financial breakdowns. On some websites it took a while to find this information and some school websites were not meeting the necessary reporting standards.

6 To review the Local Authority's role in supporting schools with pupil premium.

6.1 The Interim Head of Education advised that the LA in its statutory role must take steps to ensure that outcomes in the city are improved for children. The LA also has a role in oversight, advice, and sharing of best practice. Ofsted have a national interest in the effect PPG is having and review how a LA is influencing the spend of PPG. The local authority must allocate the PPG to each school that it maintains for the pupils in the eligible categories (except LAC). The Education Funding Agency will pay monies to academy schools. It is down to schools to choose how to spend the PPG and schools will be held accountable for this, however the LA has a role to play in supporting schools with this process.

6.2 The Interim Education Information Commissioning Manager advised that The LA has a team of Education Officers (EO's) who visit their allocated schools regularly. The EO's review data gaps in schools and raise concern if they need to. They are able to advise schools on areas to consider spending their PP funding but cannot direct them. During their visits the EO's will challenge school leaders on effective use of the PP grant and advise on best practice from other schools both locally and nationally. A toolkit is available on the DfE website which highlights research from the Sutton Trust and others into the effectiveness of different interventions and the relevant value for money aspect.

6.3 The LA has initiated a PP programme for secondary schools within the city where the GCSE gap was second to bottom in the national league table of 2013. This has involved a number of streams:

- Brokering additional resource from an external secondary education officer.
- Facilitating and chairing a network of headteachers to work on PP.
- Seconding a deputy head at a city secondary school funded by the LA and schools to work across all secondary phase provision in sharing good practice.
- Hosting a workshop for all secondary headteachers with sub-regional lead HMI running a seminar on the priority of PP in school inspections (summer term 2013/14).
- Hosting a workshop for secondary and primary head teachers with the national PP champion Sir John Dunford) on 17 November 2014.
- Having a lead headteacher, Fiona Calderbank, to work alongside the LA on this agenda as part of the seconded heads programme. This

initiative was working very well and the gap was narrowing in secondary schools. Further work was needed with Primary schools however.
- Re-focusing analyses from the Education Information Services Team on narrowing the PP gap.
- Attending regional/national conferences for example the South East regional Ofsted conference in March 2014 at which Sir Michael Wilshaw HMCI and other national speakers showed the gap for south east LA's and showcased those areas where gaps are being narrowed.
- Ensuring that there is a focus at the cluster level on narrowing the gap.
- The LA are writing a report which will be available shortly demonstrating impact.

Support for Governors with Pupil Premium

6.4 Mrs Kelsall, Governor Support Officer advised that Governor Services were very involved in assisting and supporting governors with using PPG to make an impact. The training courses offered are available to all maintained schools and those academy schools who have bought in to the Governor Services SLA. Many academy schools did still buy in to the SLA, however there were a handful who the LA had lost contact with following their move to academy, which was a slight concern. More could perhaps be done to help academies, for example pay as you use training sessions, however the governor services team was currently being reviewed and consideration was being made whether to commission the training or for this to remain in-house.

6.5 Mrs Kelsall said that the gap was narrowing well with primary schools however there was still work to be done with secondary schools. Many schools in the city had converted to academy and there were some academy schools that the Council now had limited contact with. Academy schools are included in the school cluster groups in the city and are represented on the Council's Schools Forum so engagement can still be made through these means. It was likely that by the end of the financial year half of the secondary schools in the city would be academies so it was important to ensure engagement with them is maintained. Mr Webb said that a more cohesive strategy in respect supporting schools to use PPG more effectively would be helpful.

6.6 The Governor Services team offers a service where individual queries are answered such as how to effectively challenge their headteacher on PPG use, or on how much information should be reported on their website on an individual basis. The team offers full governing body training where the school can choose the topics covered and often PPG is included as part of these sessions. The team also assist governors on how they can effectively challenge school leaders.

6.7 The Governor Services team keep abreast with the information released by the DfE and national governors association such as toolkits and will pass this information on to governors. The team also works closely with the education officers. Mrs Kelsall said that eventually she would like to see the team offer specific PP training rather than having this included in another session. She also thought that offering sessions for both the headteacher and chair of governors to attend would be useful and was looking to offer this in the future.

6.8 Mr Webb, Finance Manager advised that Finance Officers had identified a need to for training to support schools with evaluating the effect of the use of their pupil premium funding, particularly with the increasing level of funding that schools are now receiving. In June this year a general finance training session was held for governors which had a specific section on PPG. This was focused around 'school funding and assessing the impact' and included a session on the use of PPG and the governors' role in ensuring it is being used effectively. This had been well attended by 12-15 governors.

6.9 Financial Services have developed a training & development programme for schools is was available for both maintained schools and academy schools. Within this programme is an all-day session related to school funding and PP which took place in October, with a further event organised for June 2015. The recent PP conference on 17 November was also open to governors to attend and positive feedback had been received from those who had attended this with over 95% of delegates endorsing the session.

6.10 The governors who contributed to this review all considered that the support received from governor's services is important. It was felt by some that further training on PPG provided by the LA would be useful, as would more networking opportunities and outside support such as the recent conference on PPG with experts. It was felt that allowing both the head teacher and chair of governors to attend the same session would allow for a more joined up approach.

Written Evidence received from the Tackling Poverty Lead Officer on the Tackling Poverty Strategy and links with Pupil Premium

6.11 The LA is also able to support schools with its work around the PPG and narrowing the gap for FSM children, through its wider work co-ordinated within the Council's Tackling Poverty Strategy. This Strategy aims to alleviate poverty within the city, and has a clear focus on child poverty which by default will include children in the city on FSMs. In order to alleviate child poverty in the longer term the Strategy states its commitment to raising educational attainment for those children who live in deprived circumstances.

6.12 A recent report by the Social Mobility and Child Poverty Commission called 'Cracking the code: how schools can improve social mobility' [1] highlights how being poor too often leads to a lifetime of poverty; and that 'nearly six

[1] 'Cracking the code: how schools can improve social mobility' Social Mobility and Child Poverty Commission, London (Oct 2014).

out of ten disadvantaged[2] children in England do not achieve a basic set of qualifications[3] compared to only one in three children from more advantaged back grounds'. The report also confirms that

'There is nothing pre-ordained to make the UK a low social mobility society where children's starting point in life determines where they end up. International evidence has long suggested that the link between social background and outcomes is stronger in the UK than in many other countries. Now there is growing evidence from the English schools system that deprivation need not be destiny. There is an emerging wealth of data, stories and individual experiences demonstrating that some schools are bucking the trend, enabling their disadvantaged students to far exceed what would have been predicted for them based on experience nationally'.

6.13 The report says that schools should do more to learn from what they call 'code breakers', and it sets out 5 key steps to improve children's life chances as follows, which it will be important to reflect in any tackling poverty strategy and wider schools strategy going forward:

- Using the PPG strategically to improve social mobility
- Building a high expectations, inclusive culture
- Incessant focus on the quality of teaching
- Tailored strategies to engage parents
- Preparing students for all aspects of life, not just exams

In particular the Council's new Tackling Poverty Strategy going forward will explore: a) using the pupil premium strategically to improve social mobility and b) building a high expectations, inclusive culture.

6.14 Support can be therefore offered by the local authority, via the tackling poverty strategy work, as follows:

Specific work around raising expectations and aspirations, which in turn can raise educational standards (as cited by the Social Mobility Report earlier).

6.15 PCC and the University of Portsmouth are currently running and evaluating a project with over 30 schools across Portsmouth, Hampshire and Southampton where we are testing out well evaluated research from the US around moving children from a 'fixed mindset' to a 'growth mindset' (which can lead to raised educational attainment). This pilot, called the Changing Mindsets Project, is funded by the Education Endowment Foundation, a funding stream which is focused on raising educational attainment and narrowing the gap for some of the poorest children in the country.

6.16 The model has potential to be either used with children across a whole school, or to be used with children with specific needs e.g. FSM children, children who have low self-esteem, low belief in their abilities etc. There may be more value to schools clustering together to purchase teacher

[2] Free School Meal children

[3] Five a*-Cs including English and Maths at GCSE

training and materials from the University of Portsmouth, via the PPG, in order to roll this out more cost effectively across schools.

6.17 Work is also being conducted with schools in Portsmouth as part of the Personal, Social, Health and Education (PSHE) agenda, where there is a role for a more consistent/strategic use of pupil premium around raising expectations for children in Portsmouth. In addition to purchasing the Changing Mindsets interventions above, there is scope to build on the work of the Business Leaders Group and the annual Opportunities Fair to further develop and extend provision of school visits by the Roving Business Volunteers Team, which involve engaging young people in activities with successful business people around guessing their occupation and how they got to that position, and making children aware of all the opportunities that are available to them in Portsmouth (rather than being channelled into poorly paid professions which can sometimes occur within poor communities). This effectively builds a culture of high expectation and likelihood of increased educational attainment.

6.18 **Support to schools around the latest child poverty research and interventions as to what works:**
The Council's Tackling Poverty Co-ordinator can bring specialist knowledge and expertise, to advise and influence from both a research/evidence and strategic perspective as to how schools might think about spending their Pupil Premium in general to narrow the gap. As part of the city's Tackling Poverty approach we have strong evidence we can share with schools re what works for children living in poverty from government departments, such as the national Child Poverty Unit, with knowledge and expertise around well evaluated interventions.

<u>Portsmouth City Council's Public Health Strategy and links with Pupil Premium - Written Evidence</u>

6.19 The link between good health and improved educational attainment has been well made likewise between poor health and poor educational attainment. The 5–19 Healthy Child Programme (HCP) sets out the good practice framework for prevention and early intervention services for children and young people aged 5–19 and recommends how health, education and other partners working together across a range of settings can significantly enhance a child's or young person's life chances.

6.20 The Healthy Child Programme has been national policy for a number of years:
http://dera.ioe.ac.uk/11041/1/dh_108866.pdf

This link provides an updated summary:
https://www.gov.uk/government/policies/giving-all-children-a-healthy-start-in-life

6.21 Public Health is currently developing the programme in Portsmouth through Health Visitor and School Nurse commissioning and working closely with schools to get a whole school ownership of the agenda. The Council are working on incorporating both the PHSE and SRE programmes and are

looking to co-produce this with schools. The school premium could help ensure we are able to deliver this in schools targeting those most deprived and work in the areas of highest need in a more strategic way.
Children services across the city are working towards a multiagency approach focusing on a locality based model with the healthy child programme at the heart of the offer. Schools will play an essential role in ensuring the children of Portsmouth not only have access to but have a say in a robust healthy child offer locally.

7 **To establish the amount of pupil premium grant each school in Portsmouth receives.**

7.1 The Panel received evidence from Richard Webb, Finance Manager with regard to the amount of PPG schools in the city receive.

7.2 Mr Webb advised that PPG for maintained schools is allocated via the Council using data provided by the Department for Education. PPG for academies is allocated via the Education Funding Agency, except that relating to Looked after Children. Schools and Academies are accountable for how they spend this funding. For Looked after Children (LAC) the virtual school Head, Helen Thomson, determines through personal education plans (PEP) the value of funding that should be allocated to schools.

7.3 The PPG is allocated to the following groups of pupils:

(a) Pupils in Year Groups R to 6 recorded as Ever 6 Free School Meals
(b) Pupils in Year Groups 7 to 11 recorded as Ever 6 Free School Meals
(c) Looked After Children (LAC)
(d) Children adopted from care under the Adoption and Children Act 2002 and children who have left care under a Special Guardianship Residence Order.
(e)Pupils in Year Groups R to 11 recorded as Ever 4 Service Child or in receipt of a child pension from the Ministry of Defence (Service Children).

7.4 The amount allocated per pupil to Portsmouth for children in the above categories is shown in the table below: for 2014/15

Pupils attracting PPG	£ per pupil
Free School Meals Pupils – Primary	1,300
Free Schools Meals Pupils – Secondary	£935
Looked After Children (LAC)	£1,900
Post - LAC	£1,900
Service Children	£300

7.5 The total value of the PPG allocated to Portsmouth is shown in the table below:

Pupils attracting PPG	£m
Free School Meals Pupils – Primary	6.2
Free Schools Meals Pupils – Secondary	2.9
Looked After Children & Post LAC	0.4
Service Children	0.2
	9.7

A breakdown of PPG allocations by school for 2014/15 is included in appendix 3.

7.6 The Panel had some concerns raised that the introduction of UIFSM would have an effect on the amount of PPG a school receives. Ms Gibb and Mr Hewett-Dale advised that in their schools they have 'parent partners' and dedicated session to help parents fill in the form to register for FSM.
If children coming into the school have older siblings in the school who are PPG eligible the school will target these parents to register their other children for FSM and then go through the remainder of the new cohort to ensure that all those eligible register.

8 To establish the level of awareness among school governors on the use of the pupil premium grant in their schools.

8.1 Mrs Kelsall, Governor Support Officer said that school governors must be able to understand and articulate how PPG is spent and more importantly, its impact. The school governing body is accountable for overseeing strategic school improvement and school finances therefore they must know how the money coming into a school from PPG is spent and how it is contributing narrowing the gap.

8.2 In the September 2012 Ofsted report, recommendations included that school leaders, including governing bodies, should ensure that PPG funding is not simply absorbed into mainstream budgets but instead is carefully targeted at the designated children. They should be able to identify clearly how the money is being spent. Ofsted also advise that governing bodies should evaluate their pupil premium spending, avoid spending it on activities that have little impact on achievement for their disadvantaged pupils and spend it in ways known to be most effective.

8.3 The Panel heard from some governors to establish the level of awareness amongst school governors on the use of PPG in their schools.

<u>Claire Tomlinson, Governor Corpus Christi School</u>

8.4 Ms Tomlinson explained that in Corpus Christi there are 59 pupils eligible for PPG and the amount received for 2014-15 was £73,800. The school has found that boosting teaching in small groups and targeted interventions by experienced teachers have been the most effective use of their PPG. The school has part time teachers covering a class so that the senior teacher can be released to focus on smaller groups of pupils who need extra support. They also have a writing specialist to work with targeted pupils to deliver 1:1 support and work with a small group of pupils to accelerate progress and narrow the gap in attainment. The governing body monitors the progress of PPG pupils through both the finance committee and the curriculum committee and this is a standing agenda item on both. The headteacher presents the data to governors in various forms and the governors review this and drill down into cases where pupils are not making the expected amount of progress. With KS1 the gap was narrowing but with KS2 more work needed to be done. It was also interesting to note that EAL pupils also made more progress than other pupils.

<u>Patrick Hill, Vice Chair of Governors, Redwood Park School</u>

8.5 Mr Hill explained that Redwood Park School received £75,600 in PP in 2013-14 and other funding was added to this to ensure that the school could support all of their most disadvantaged pupils. 80% of pupils benefitted from this funding last year. The main focus for the money was on literacy, extra time and quality teaching. The Interventions Leader at the school was the lead for PPG and ensures that the PPG is spent and accurately tracked where the money is being spent. The school has found that those pupils receiving dedicated support from the PPG funded activities were outperforming other pupils who were not in receipt of the funding. Mr Hill said that his school had brought in a regime of agenda planning and PPG is likely to be scrutinised every term. Mr Hill said that Redwood Park School monitor their school against two other special schools one locally in Emsworth and one nationally in Bath.

<u>Loreley Lawrence, Governor at Highbury Primary School</u>

8.6 Ms Lawrence advised that that her school has closed the gap in reading and writing by 2.4%. In their action research project on maths 100% of their PP children made expected progress and of those, 30% made more than expected progress. The school has two ladies at school who help the PPG children and their parents. Interventions include providing a mini bus to help children get to and from school, advising parents with money matters, debt advice, food bank information, and involving the parents by asking them to help the PPG children with their reading. She advised that there was a HMI report on their school website and that she found RAISE on line helpful. The governing body discuss PP at their teaching and learning meetings. Ms Lawrence said she felt more time should be spent on PPG training and that governors must be prepared to dedicate more time to monitor PPG spend.

8.7 At the recent conference the HMI said that PPG strategies should be 'nested' within the School Improvement Plan and not stand alone and every member of staff should have a target for PPG. All three governors were uncertain whether PPG was part of their schools improvement plan.

8.8 In order to assist the Panel, the Governor Support Officer asked all chairs of governors some further questions. There are 55 chairs of governors and responses were received from 18 chairs of governors (two schools have two chairs) the following schools responded:

Arundel Court Primary	Penhale Infant
Brambles and Goldsmith	Southsea Infant
Corpus Christi	Southsea Junior
Court Lane Junior	Springfield
Cumberland Infant	St Jude's
Fernhurst Junior	St Swithun's
Mary Rose Academy	The Harbour School
Mayfield	Westover Primary
Milton Park Primary	Wimborne Infant
Moorings Way Infant	Wimborne Junior

Is Pupil Premium a standing agenda item at your FGB or on your Finance Committee?

8.9 The main message arising from the governing bodies in response to this question is that the discussions about PPG are included at FGB or committee level however there is less focus on monitoring the impact of PPG. Of the schools who responded there is only one school that has PPG as a standing item on its Finance committee. Nine other schools discuss PPG as a standing item or regularly at their Finance Committee. Fifteen schools discuss PPG at their FGB with four having it as a standing item, another seven discuss 'regularly'. Eleven schools indicated that PPG is discussed at curriculum/standards or other committee. Six of these schools have PPG as a standing item on this committee.

Specific examples of good practice included:

- Arundel Court Primary School has reports on PPG and how it is being used written into the governing body two year plan.
- Moorings Way has PPG as a standing agenda item on all committees and FGB meetings.
- Wimborne Junior School reports that the inspection of PPG is embedded in the ongoing data analysis discussed at their full governing board meetings. Spend is discussed at Finance Committee and the impact is discussed at their Teaching and Learning Committee.
- St Swithun's looks at PPG at Curriculum Standards in order to monitor impact in line with pupil data.
- Brambles Nursery and Goldsmith Infant School have an annual plan with key points in the year to plan the use of PPG and review use at FGB, Leadership and Management Committee and Pupil Development Committee.

Do you have a specific governor who takes responsibility for overseeing Pupil Premium?

8.10 Twelve GB's indicated that they do have a named governor who oversees PPG. Six governing bodies do not. Of those governing bodies who did not some indicated reasons for this, for example Fernhurst Junior stated that they have a PPG policy in place of which all the school community is aware and Solent Junior indicated that the full governing body has a good understanding of PPG.

8.11 The role is sometimes combined with another, for example at Court Lane School the PPG governor is also the inclusion governor and at St Swithun's and St Jude's it is a role covered by the SEN governor. The governing bodies of Southsea Infant School, Arundel Court Primary and Wimborne Junior School describe their PPG governor as a 'PPG champion'.

<u>Is Pupil Premium an area that is well understood by all governors?</u>

8.12 Fifteen governing bodies replied yes, two replied no and one gave no indication. Of those who replied no, there was honesty and acknowledgement of the need for improvement. Answers included:

'PP is not as well understood as it ought to be, it needs constant reinforcement to make its importance clear to all in the GB.'

'Not certain that <u>all</u> governors understand the subject but certainly a good number appear to judging from their contribution to discussion etc.'

8.13 Some of those governors who answered yes elaborated on this and answers included:

'I believe that most governors understand the PPG finance side - this part is straightforward. It is the measuring the impact that is hazy.'

'It is a very important issue involving a great deal of money for a school in a deprived area. We need to ensure that money is being used to good effect. All the governors are aware of its significance.'

'Our GB has a clear understanding of PPG - we as a school have a 3 wave approach; wave 1 - quality first teaching, wave 2 - interventions, wave 3 specific target for individual need. The governing body understand the use of PPG needing to demonstrate narrowing the gap in attainment and progress and PPG is specific in our school development plan'

<u>Do you think more specific training on Pupil Premium would be useful? (It is currently covered in wider finance training)</u>

8.14 Ten governing bodies said yes, seven said no and one did not respond. Some governing bodies felt they are already fully informed and do not require any further training. Some chairs said that the recent conference attended by Sir John Dunford was excellent and felt that those who did not attend might require more training based on his presentation. Responses from those who governors who elaborated were:

'Specific training on PPG could be a useful addition to available courses. The sharing of good practice might be a useful part of this.'

'More specific training on how to measure the impact would be useful as this is what Ofsted are looking for'

'It might be useful because narrowing the gap is very important for all schools in Portsmouth.'

8.15 The Panel felt that it is important that school governors are able to take a strategic overview of the PPG programme and to take an active role in the identification of the most effective PPG projects to raise attainment for the most challenged or deprived pupils.

9 To identify and share best practice.

9.1 During their review, the Panel were made aware of a number of instances of best practice occurring in schools in the city, which have been mentioned earlier in the report. The Panel noted from their conversations with headteachers and governors that different interventions worked for different schools and there is no 'one size fits all' with regard to PPG programmes.

9.2 Interventions can sometimes be less obvious when individual cases are drilled down into. Councillor Purvis shared with the Panel the 'washing machine analogy' which was shared at the PPG conference. He explained that a school elsewhere in the county had a number of pupils absent on a particular day of the week, when this was looked at more closely it was found that this coincided with PE on the same day and pupils did not want to attend school as they did not have a clean PE kit. If they did attend they would be required to wear one of the school kits which were not washed regularly. The school responded by purchasing a washing machine to make sure the spare kits are always clean and this made attendance levels improve. Other interventions is buying children alarm clocks to ensure they wake up in good time to get to schools and this has been found to make a big difference. Interventions such as this can have a significant impact although it was difficult to record the progress of non-direct interventions such as this.

9.3 Councillor Stagg who attended the recent PPG conference advised of several strategies of using PPG that are known to effectively narrow the gap.

- Reducing class sizes
- 1 : 1 tuition/small group work
- Improving the quality of teaching
- Extra attendance support to reduce absenteeism
- Imaginative teaching
- Concentrating on transition from one Key Stage to the next
- Pupil Premium planning MUST be part of the school`s Development Plan, not isolated
- Drill down into school`s data to find individual pupils' needs and address them

9.4 The headteachers who provided evidence to the Panel all advised that they share best practice on PPG spending with other schools and felt that this was vital for improvement. The head of Miltoncross school said she had seconded her Assistant headteacher to work with other secondary schools to monitor the impact of PPG and visits schools for half a day a week to see how they are using their PPG. This is a good way of finding new ideas and interventions that have worked for them that could be introduced in their school. At the recent PPG conference those who attended witnessed many interesting discussions between delegates which was a great opportunity for networking and sharing best practice. Mrs Kelsall said that governor services encourage governors to use the data dashboard to compare nationally and also against other schools in the city.

9.5 With regard to how PPG practice is shared in the city, Mrs Kelsall advised that the HMI at the recent conference had suggested establishing a PPG co-coordinators network for the city to share best practice. Governor Services were also considering ways of sharing information that would not take up too much time for governors bearing in mind that they volunteer for the role. Social media is not being utilised enough and ways to improve this were being considered. One of the city's clerks had set up a Facebook group for all clerks in the city to share ideas and best practice without having to take time to meet in person. This had been well received and it was hoped to roll this out for chairs of governors as well.

9.6 The Interim Head of Education advised the Panel of the pupil premium awards run by the Department for Education in conjunction with the Times Educational Supplement. This offers significant prizes to the most improved schools in England. Schools can put themselves forward for the chance to win some additional funding. In 2015 and 2016, there will be a top prize of £250,000 for secondary schools and £100,000 for primary and special schools. Large regional prizes of up to £100,000 will also be awarded to schools across the country, alongside hundreds of smaller qualifier awards so schools will have a better chance of being recognised with a prize.

9.7 The aim is to reward sustained improvement over time in raising attainment of disadvantaged pupils. To win the larger prizes, schools will need to provide evidence of implementing effective strategies to improve achievement. The DfE want to make sure schools encourage high aspirations for all their pupils, so schools will also be judged on how they successfully support high attainers to fulfil their potential.

9.8 Case studies of the schools who have won an award are posted onto the pupil premium awards website to share with other schools.

10 Equalities Impact Assessment.

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

11 Legal Comments

11.1 Pupil Premium Grants are paid by the Secretary of State in accordance with sections 14 -16 of the Education Act 2002.

11.2 The School Information (England) Regulations 2008, as amended by the School Information (England) (Amendments) Regulations 2012, place a statutory requirement on the governing body of a school to publish on its website specific information about the amount of the Grant, how this has been and will be used and the effects of the expenditure on the educational attainment for those pupils.

11.3 There are no specific legal implications arising from the recommendations in this report.

12 Finance Comments.

The Budgetary and Policy implications of the recommendations presented by the Panel are set out within Section 13 of the report.

It has been proposed that all 16 recommendations presented by the Panel will be delivered within the existing available financial resources. It should be noted that the majority of the recommendations are to be implemented by the Local Authority and be funded from within the Council's Education budget. With further savings anticipated to be required from all Council budgets in future years, it may be necessary for resources to be redirected from other activities to implement these proposals.

13 BUDGETARY AND POLICY IMPLICATIONS.

The following table highlights the budgetary and policy implications of the recommendations being presented by the Panel:

Recommendation	Action by	Policy Framework	Resource Implications
1. That the LA continues to share the good practice of pupil premium taking place in the city and this should be shared in the context of the healthy child programme and tackling poverty strategies.	The Head of Education, education officers	On-going work, within Budget and Policy Framework.	With existing resources.
2. That schools are encouraged to share best practice, be outward looking and encouraged to engage with their clusters.	The Head of Education, link officers, headteachers	On-going work, within Budget and Policy Framework.	With existing resources
3. That the LA should continually review the impact of the pupil premium work locally and consider an audit of PPG activity in the city to identify what interventions are known to work in the different parts of the city.	The Head of Education, Portsmouth Teaching Schools Alliance.	On-going work, within Budget and Policy Framework.	With existing resources
4. That the LA and schools consider an ongoing joint program of work specifically focussed on PPG impact within clusters.	Link officers, chairs of clusters.	On-going work, within Budget and Policy Framework.	With existing resources
5. That the LA include pupil premium as a key theme for the annual governors' conference in Spring 2015. The LA should also seek to organise an annual pupil premium conference for the city which Sir John Dunford should be invited to contribute.	The Head of Education, Governor Services Team.	On-going work, within Budget and Policy Framework.	With existing resources

Recommendation	Action by	Policy Framework	Resource Implications
6. That a primary headteacher be seconded to drive the pupil premium programme across primary schools alongside a pupil premium co-ordinators network for the city to share best practice.	The Head of Education	On-going work, within Budget and Policy Framework.	With existing resources
7. It is important that there are strong links with academy schools and the LA should continue to work with academies to provide support with pupil premium. The LA should strongly encourage academy schools to join the LA programs of work.	The Head of Education, Link officers, Education officers	On-going work, within Budget and Policy Framework.	With existing resources
8. That the LA continue to provide a facilitative role to governors and that pupil premium programmes should be led by governors and headteachers. The governor services team should investigate holding dedicated sessions for chairs of governors and headteachers to attend together.	The Governor Services Team	On-going work, within Budget and Policy Framework.	With existing resources
9. That the LA investigates whether social media could be used further for governors to network and share best practice on the usage of PPG.	The Governor Services Team	On-going work, within Budget and Policy Framework.	With existing resources
10. That all governing bodies monitor the impact of pupil premium through their standards/curriculum sub-committees as well as their finance committee, due to the importance of pupil premium. In addition all governing bodies should consider designating a dedicated PP governor.	The Governor Services Team, Education officers, Governors Forum	On-going work, within Budget and Policy Framework.	With existing resources
11. That the LA identify and appoint a pupil premium governor champion for the city to visit all governing bodies within the year to share best practice on pupil premium. The governor services team should also systematically share best	Governor Services Team, Head of Education, Education officers, Governors Forum	On-going work, within Budget and Policy Framework.	With existing resources

Recommendation	Action by	Policy Framework	Resource Implications
practice with governing bodies.			
12. That Governor Services follow up on those schools who did not respond to the questionnaire and to provide them with support to ensure that their governing bodies are fully engaged with pupil premium.	The Head of Education, Governor Services Team	On-going work, within Budget and Policy Framework.	With existing resources
13. That the LA produces a manual of good practice to share with schools.	The Head of Education, Education officers	On-going work, within Budget and Policy Framework.	With existing resources
14. That headteachers ensure that pupil premium is embedded in the School Improvement Plan for their school.	Headteachers and monitored by Education officers	On-going work, within Budget and Policy Framework.	With existing resources
15. That schools be encouraged to aspire to achieve excellent pupil premium practice so that they can enter the pupil premium awards for the opportunity to win some additional money for their school. Schools should also be encouraged, where possible, to use PPG to maximise achievement for all pupils in their school who are not making the expected level of progress.	The Head of Education, The Seconded Head	On-going work, within Budget and Policy Framework.	With existing resources
16. That the Head of Education circulate a copy of this report with a covering letter to all schools to advise of the Panel's findings and to highlight the importance of PPG.	The Head of Education	On-going work, within Budget and Policy Framework.	With existing resources

APPENDIX ONE

Meeting Date	Witnesses	Documents Received.
22 September 2014	Richard Webb, Finance Manager Kelly Nash, Corporate Performance Manager	Scoping document. Briefing paper: pupil premium: an overview
20 October 2014	Julien Kramer, Interim Head of Education Marc Harder, (interim) Education Information Commissioning Manager Deamonn Hewett-Dale, headteacher Flying Bull Academy Sandra Gibb, headteacher St George's Beneficial School Fiona Calderbank, headteacher Miltoncross School.	Briefing paper pupil premium - the role of the local authority Briefing note Pupil Premium in Flying Bull Academy Briefing note Pupil Premium in St George's Beneficial School Briefing note - Pupil Premium in Milton Cross Academy
24 November 2014	Emma Kelsall, Governor Support Officer Claire Tomlinson, Governor Corpus Christi School Patrick Hill, Governor Redwood Park School Loreley Lawrence, Governor Highbury Primary School	Briefing paper - Support provided to governors on pupil premium Presentation - school funding assessing the impact Briefing paper: Pupil Premium in Corpus Christi School Redwood Park School Pupil Premium activities for 2013/14 Notes from pupil premium conference from Cllr Stagg. Hand-outs from pupil premium conference. Written evidence - links with the Tackling Poverty Strategy, Public Health and PP.
2 February 2015	Sign off meeting	

APPENDIX TWO

GLOSSARY

EO	Education Officers
FSM	Free School Meals
LAC	Looked After Children
LA	Local Authority
Ofsted	Office for Standards in Education, Children's Services and Skills
PPG	Pupil Premium Grant
SEN	Special Education Needs
SLA	Service Level Agreement

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School Name	School Type	Total Pupil Premium allocation
Priory School (Specialist Sports College)	Maintained Secondary	£470,585
Arundel Court Schools	Maintained Primary	£407,200
King Richard School	Maintained Secondary	£358,530
Portsmouth Academy for Girls	Mainstream Academy	£353,380
Mayfield School	Maintained Secondary	£350,330
Charles Dickens Primary School	Maintained Primary	£340,600
St Edmund's Catholic School	Maintained Secondary	£301,465
Flying Bull Primary School	Maintained Primary	£297,300
Miltoncross School	Maintained Secondary	£286,220
The Victory Primary School	Mainstream Academy	£283,600
Charter Academy	Mainstream Academy	£263,795
Beacon View Primary Academy	Mainstream Academy	£258,300
Newbridge Junior School	Maintained Primary	£249,600
ARK Ayrton Primary Academy	Mainstream Academy	£236,900
Cottage Grove Primary School	Maintained Primary	£235,300
Portsdown Primary School	Maintained Primary	£213,900
Admiral Lord Nelson School	Maintained Secondary	£188,325
Fernhurst Junior School	Maintained Primary	£178,500
The City of Portsmouth Boys' School	Maintained Secondary	£173,615
St George's Beneficial Church of England (Voluntar	Maintained Primary	£162,500
St Paul's Catholic Primary School	Maintained Primary	£161,400
Isambard Brunel Junior School	Maintained Primary	£152,600
Langstone Junior School	Maintained Primary	£145,500
Milton Park Federated Primary School	Maintained Primary	£145,200
Northern Parade Junior School	Maintained Primary	£143,500
Manor Infant School	Maintained Primary	£136,500
Lyndhurst Junior School	Mainstream Academy	£136,300
Stamshaw Junior School	Maintained Primary	£135,500
Wimborne Junior School	Maintained Primary	£131,600
Craneswater Junior School	Maintained Primary	£130,500
St Jude's CofE Primary School	Maintained Primary	£130,000
Meredith Infant School	Maintained Primary	£125,700
Copnor Junior School	Maintained Primary	£124,100
Stamshaw Infant School	Maintained Primary	£117,900
Penhale Infant School,Nursery & Hearing Impaired	Maintained Primary	£115,000
Meon Junior School	Maintained Primary	£113,300
Highbury Primary School	Maintained Primary	£109,700
Cliffdale Primary School	Special Academy	£103,900
Springfield School	Maintained Secondary	£101,750
Northern Parade Infant School	Maintained Primary	£97,400
St John's Cathedral Catholic Primary School	Maintained Primary	£89,000
Medina Primary School	Maintained Primary	£88,600
Copnor Infant School	Maintained Primary	£86,800
Court Lane Junior School	Maintained Primary	£84,300
Milton Park Infant School	Maintained Primary	£80,500
Langstone Infant School	Maintained Primary	£78,700
Redwood Park School	Maintained Special	£77,965
Devonshire Infant School	Maintained Primary	£74,200
Corpus Christi Catholic Primary School	Maintained Primary	£73,800

College Park Infant School	Maintained Primary	£68,200
The Harbour School	Maintained Special	£67,115
Gatcombe Park Primary School	Maintained Primary	£65,600
Goldsmith Infant School	Maintained Primary	£61,000
Westover Primary School	Maintained Primary	£57,000
Mary Rose School	Special Academy	£55,140
Solent Junior School	Maintained Primary	£54,400
St Swithun's Catholic Primary School	Maintained Primary	£49,700
Cumberland Infant School	Maintained Primary	£48,600
Southsea Infant School	Maintained Primary	£44,400
Wimborne Infant School	Maintained Primary	£44,400
Court Lane Infant School	Maintained Primary	£41,000
Moorings Way Infant School	Maintained Primary	£37,200
Meon Infant School	Maintained Primary	£33,900
Solent Infant School	Maintained Primary	£31,500
Willows Centre for Children	Maintained Special	£0

Portsmouth
CITY COUNCIL

Title of meeting: Cabinet

Date of meeting: 5 March 2015

Subject: Response to the Health and Social Care Scrutiny Panel - Hospital Discharges

Report by: Julian Wooster - Director of Children's and Adult Services
Kathy Wadsworth - Director of Regeneration

Wards affected: ALL

Key decision: No

Full Council decision: No

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1. Purpose of report

The purpose of this report is to respond to the Housing & Social Care Scrutiny Panel's review of Hospital Discharges.

2. Recommendations

2.1 That Cabinet notes the comments in relation to the Scrutiny Panel Recommendations at Point 3.1 below.

2.2 That Cabinet notes the points of clarification in Point 5 of the report

3 Background

This review was undertaken by the Housing and Social Care Scrutiny Panel to:

- To gather evidence on the current processes for discharge care arrangements for adults leaving hospital.
- To consider what leads to delays in transfers of care and the implications.
- To investigate what arrangements are put in place for patients' return to home or suitable accommodation to ensure continuation of appropriate care.
- To identify ways of developing improved, well-co-ordinated and timely discharge arrangements between agencies.

3.1 Recommendations made within Scrutiny Panel Report and our responses to those recommendations*:*

1a "***Communication between professionals needs to continue to improve to enable delivery of a smoother process. In particular; the incompatibility of council and health IT systems needs to be resolved, or at least work so that there is mutual access.***

This recommendation is supported taking into account the following:-

A great deal of work has taken place since this report was commissioned. There has been a system wide (CCGs, PHT, PCC, HCC, Solent, Southern Health) agreement to have a single reporting data base for hospital discharges.

Alamac - KITBAG have been commissioned by the CCGs whereby each part of the Health and Social Care system reports on their key performance indicators (KPIs) on a daily basis providing whole system visibility. In addition, the Patient Transfer List (PTL) has been designed to enable all system partners to provide updates on details of a patients discharge requirements enabling a more person centred and action focused approach to discharging patients in a safe and timely way across organisations.

1 b "Relevant professionals should be given 'next of kin' status to allow them to access appropriate information that will smooth the process"

This recommendation is not supported.

Next of kin status has not been requested for Sheltered Housing Managers by Housing Services, nor it is appropriate given their professional status. The Data Protection Act, 1998 which superseded the Data Protection Act, 1984 protects the rights and privacy of individuals, to ensure that data about them is not processed without their knowledge and only processed with their consent wherever possible.

The Authority must also be mindful that we do not appear to make assumptions about capacity due to a person's age. The residents in these schemes are 'tenants' and although they may appear frail we do not have any automatic right to access personal information in or outside of hospital.

The Data Protection Act and the Caldicott Guardian principles require the council to ensure they can justify the purpose of every single proposed use or transfer of service user identifiable information, and that access to such information should be on a strict need-to-know basis.

1c "Where appropriate, relevant sheltered housing professionals should attend discharge planning meetings to advise on suitable ways forward for their service users"

This recommendation is supported taking into account the following:-

When the Adult Social Care hospital discharge team receive a referral from the wards, social workers will review the involvement of relevant professionals and would always consider SHM's as a vital part of a service users discharge planning pathway even though there is no automatic right to be part of the discharge process.

The social work team on site at Queen Alexandra Hospital (QH) actively encourages involvement from SHMs when it is appropriate to do so and when they have the consent of the service user or their family/carer/representative (when the service user lacks capacity). This may include attendance at Multi-Disciplinary Team meetings (MDT) on the ward as part of a discharge planning process. However, due to the nature of the SHM job role this is sometimes not possible as they will usually need to remain on site within the sheltered housing unit they manage and some SHMs do not work weekends. Buddy Scheme Managers are able to provide cover if SHMs need to attend. Notice of attendance can be from as little as a few hours' notice and always within the 2 days discharge target timeframe under the Delayed Discharge Act. Failure to adhere to these timescales results in fines of £100 per patient per day when the 2 day discharge target is exceeded.

1d "It should be a requirement for care agencies to feedback any relevant information to the discharge planning team"

This recommendation is supported taking into account the following:-

ASC seek information from care agencies as part of the discharge planning process and the agencies regularly provide verbal feedback to the social worker. When there is a particularly complex case, the hospital discharge planning team will invite the agency in to the hospital MDT planning meeting as appropriate

2 "Patients and families continue to be involved in the discharge planning process as early as possible to minimise the potential for disagreement"

This recommendation is supported taking into account the following:-

Patients are involved in the process, as are families where appropriate, particularly when mental capacity is called into question.

3 "There needs to be one care plan for each patient being discharged, accessible to everyone and with clear explanation of each step taken. It should also include named individuals and realistic dates by which actions are expected to be taken. This plan should be available to patients and families

and they should be involved, as much as medically appropriate, in the devising of it".

This recommendation is supported taking into account the following:-

Care and support plans are produced with service user input. In the case of social work involvement a named worker is allocated for ongoing review of care needs. Timescales for any action are listed. The new Care Act, together with our ambitions for the Better Care Fund will bring together Health and Social Care plans, through development of Trusted Assessors. Ongoing work to develop interoperability of IS systems should also facilitate integrated care planning.

4 "The council explore the possibilities to keep a whole housing market register of people that need adapted property. It is appreciated that this may need to be regularly updated, by may help towards increasing the supply of accommodation".

This recommendation is supported as it will broaden the information available in the wider housing market to help provide appropriate accommodation for disabled residents rather than stripping out any adaptations which may have been installed for a previous occupier.

5 "The improving relationship between PHT and the council's ASC team should continue".

This recommendation is supported.

6 "Continuing effort should be made to encourage weekend and evening discharges as 60% of discharges occur after 3.00pm. The employment of a registrar to oversee discharges at the weekend will assist. Yet staff who work in the lower support schemes of sheltered housing do not cover these periods. Employing a weekend team, perhaps working alongside the council's out of hours unit to oversee discharges".

There is a weekend social work team from 10am to 8pm based within the QA hospital who work alongside PHT discharge planners and Solent NHS Trust in-reach staff to facilitate weekend discharge; this ensures that we continue to support evening discharges from the acute trust. The Housing Out of Hours Service is happy to be contacted for weekend hospital discharges to Category 1 and 2 sheltered housing schemes, ensuring residents have essential food supplies and other supports as required..

7 "Continued effort be made to develop accommodation for people with physical disabilities as part of the council's house building programme and in any affordable part of private housing developments".

This recommendation is supported and will involve a continuation of the existing work with providers of affordable housing. As the Council's own new building programme develops then the requirements for adapted homes will be incorporated into the usual discussions that will take place between the authority and housing developers.

5. Points of Clarification in relation to the Scrutiny Panel Report

- Since the report was commissioned some of the data in relation to staff numbers may have changed.

- *Page 9, Point 3.5, Paragraph 3, Line 6, "It is at the IDB that the patient's other needs are often identified e.g. whilst admitted a patient could become homeless."*

  Clients 'other' non-clinical issues are discussed at the Social Work Assessment not at the IDB.

- *Page 10, Point 3.5, Paragraph 11, final sentences, "The question has been raised as to why PHT cannot make assessments, particularly when the patient has been agreed ready for discharge. However, the Care Quality Commission must undertake the assessment of care"*

  The Care Quality Commission (CQC) do not undertake assessments of care. The Registered Manager must ensure this has been completed before admission.

- *Page 11, Point 3.6, Paragraph 4, "Families do not have to pay for interim care and no financial process causes any delay"*

  This should refer to intermediate care **not** interim care

- *Page 22, Point 5.3, Paragraph 3*

  Discharge Duty - To clarify - prior to discharge, notification must be given to Adult Social Care 3 days prior to actual date of discharge.

6. Reasons for recommendations

To provide an update on actions in relation to hospital discharges

7. Legal Implications

Legal comments are incorporated in the body of the Scrutiny report

………………………………………………

Signed by: Robert Watt, on behalf of
Julian Wooster - Director of Children's and Adult's Services

………………………………………………
Signed by: Alan Cufley, on behalf of
Kathy Wadsworth - Director of Regeneration

Appendices:

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

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

Title of document	Location

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

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Signed by:

Portsmouth
CITY COUNCIL

HOUSING AND SOCIAL CARE SCRUTINY PANEL

AN ASSESSMENT OF THE PROGRESS MADE FOLLOWING THE REVIEW OF HOSPITAL DISCHARGE ARRANGEMENTS IN PORTSMOUTH

Date published: 12 December 2014

Under the terms of the Council's Constitution, reports prepared by a Scrutiny Panel should be considered formally by the Cabinet or the relevant Cabinet Member within a period of eight weeks, as required by Rule 11(a) of the Policy & Review Procedure Rules.

PREFACE

When a loved one is discharged from hospital, it can put great strain on families and care services. This report looks into whether the discharge process in Portsmouth reduces or increases that strain.

It comes amid the real prospect of Portsmouth City Council being overwhelmed by the need to provide social care in the next few years. The Local Government Association says that, if nothing is done about that, spending on services like libraries and road maintenance in councils like ours may have to be cut by between 66% and 90%. That must not happen.

The service we found was a mixture. We were told that few Portsmouth people faced delays in discharge for an authority in our position. We saw improvements in co-ordination and delivery before and after we started work. These are to be welcomed.

We were told that barriers remain. Different IT systems stopping health and social care professionals accessing the same record. Care professionals not getting vital information about their patient because they are not next of kin. Patients not being told why they cannot go to the home they want. A lack of accommodation suitable for those being discharged. These have to change.

Our approach is simple: how do we get a smooth, simple, easily-understood process that involves those being discharged, their loved ones and all suitable care professionals while minimising the pain and impact on each of them?
Achieving that helps the people involved and cuts the care bill that could strangle councils like this one.

This report offers some answers. Some like a single budget and strategy covering all aspects of the discharge process, may be unpopular. Some will require short-term investment. All will, we feel, benefit those being discharged in years to come.

On behalf of panel members past and present, I would like to thank everyone who has given up their time and provided their thoughts on this matter. Without them, this report would not be here. I would also like to extend my thanks to Lucy Wingham, who has helped us navigate the many comments made.

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Councillor Darren Sanders
Chair, Housing and Social Care Scrutiny Panel.

Date: 12 December 2014

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EXECUTIVE SUMMARY.

1. To gather evidence on the current processes for discharge care arrangements for adults leaving hospital.

The panel heard from a number of partners, who are involved in the discharge process, from the initial assessment in an 'acute bed' in hospital to assisting with the patient care and reablement to improve their confidence and independence, mood and ability in their own home.

2. To consider what leads to delays in transfers of care and the implications of this.

It was noted that the number of people who experienced a delayed discharge from hospital in Portsmouth was the second lowest among comparable authorities. There have been some significant changes to the discharge process:

- The Integrated Discharge Bureau ("IDB"), chaired by the Managing Director of Medicine for the Clinical Services Centre and involving community partners, as of December 2013 now meets on a daily basis. The IDB discuss the discharge and care package of the more complex cases.
- A new initiative is the 'Day After Discharge' worker whose role is to follow patients who have come through the social care route to see if all has gone well with the discharge, ensuring that basics i.e. milk and support are in place.
- There have been improvements to the waiting time for adaptations since the new provider has been appointed.

It was also noted that a delayed discharge is often not health related i.e. whilst admitted a patient could become homeless or if a particular nursing home cannot accommodate a discharged patient it is often the case that the family will insist on waiting on the home of their choice to become available.

3. To investigate what arrangements are put in place for patients' return to home or suitable accommodation to ensure continuation of appropriate care.

Adult Social Care ("ASC") has a vital role in working with health colleagues to ensure that as well as being medically fit, clients have the support they need to return home safely or where necessary to be accommodated in a care home or with carers. Priority is given to give domiciliary care in their own home if possible.

There are six rehabilitation flats in the city which are supposed to be used for a maximum of 12 weeks to continue the continuity of rehabilitation whilst confirming their housing requirements following discharge. An obstacle to their effective use is the lack of wheelchair accessible accommodation for the client to move on to. Due to the economic climate the panel noted that there had been a lull in the number of new builds. However the panel were pleased to note that some were due for completion in 2014.

The panel heard that the majority of hospital discharges to sheltered accommodation do go well, but problems seem to occur with patients who had been in hospital longer. Staff could be hampered due to confidential and data protection issues if the next of kin were involved. The panel felt that good communication with sheltered housing managers was essential and hoped that this would continue.

Disabled facility grants are available to residents in any tenancy. Timescales from assessment to completion seem to vary depending on the complexity of the works required, the financial contribution and who the owner of the property is.

4. To identify ways of developing improved, well-co-ordinated and timely discharge arrangements between agencies.

During the course of this report matters have changed and various ways of improving the hospital discharge experience have been implemented. Working relationships between ASC and the hospital, and partners, are much improved.

The IDB at Queen Alexandra Hospital ("QAH") continues to meet on a daily basis to discuss the discharge and care package of the more complex cases. This has improved the flow of patients through the hospital. There is room for improvement but the healthy relationship means there is an appetite to strive for perfection.

More adapted disabled properties, preferably on the ground floor, are needed.

Conclusions.

Based on the evidence and views it received, during the review process the panel has come to the following conclusions:

1. The number of people delayed discharge affects is low. The council's Adult Social Care department told the panel that Portsmouth's discharges (84 in 2013/14) were the second lowest of our comparator authorities. The figures were less than 30% of the average for the authorities and compares to 229 in Brighton and Hove and 414 in Southampton. (Paragraph 5.3 refers)
2. Working relationships between Portsmouth Hospitals' NHS Trust and its partners are key and its relationship with Portsmouth adult social care is very positive. (Paragraph 3.5 refers)
3. There have been improvements to the process, especially since this report was started. For instance:
   - A new provider of equipment patients would need in their new home has brought down the time taken to install equipment. (Paragraph 4.7 refers)
   - The IDB, which discusses the needs of more complex cases, has, since Christmas 2013, met daily, rather than twice-weekly. This has improved the flow of patients through the hospital. (Paragraph 3.5 refers)
   - QA hospital has improved its internal processes:
   - A Day After Discharge ("DAD") worker now checks if all has gone well with the discharge, looking after 4-5 patients a day who have come through the social care route. (Paragraph 6.6 refers)
   - Social care workers are now based in the hospital until 8pm daily. (Paragraph 6.6 refers)
   - A registrar can discharge patients for three hours on both Saturday and Sunday, the days when families can often offer support. (Paragraph 6.6 refers)

4. There remain, however, barriers to a smooth process. For example, some residents have been discharged even though they were not ready to make their own drinks. (Anonymised accounts refer)
5. Some professionals do not appear to have the access they need to conduct a smooth transition from hospital to home. For instance:
6. the council and the NHS use different IT systems, which leads to problems reading case notes. (Paragraph 6.1 refers)
7. Confidentiality and data protection issues are used to stop professionals accessing important information. The council's Sheltered Housing Manager told the panel that their staff could not have information on progress as they were not next of kin. This was despite residents being happy for them to be involved. (Paragraph 4.4 refers).
8. There are often disputes between professionals and families on the best way forward for the patient. The council's Housing Options Manager said people think there are many suitable properties lying empty and available when that is not the case. (Paragraph 4.3 refers).
9. Although the focus on the patient experience has improved, there are still occasions when the patient does not get the information they need. The Managing Director for the Clinical Services Centre at QA said nursing home staff will "often visit a patient in hospital, but not give reasons why (s)he has not been accepted at the home of their choice." (Paragraph 3.5 refers).
10. Sheltered housing want to feel more involved in the process. The manager there wanted staff to be involved in discharge planning meetings to reduce stress as they better understand the problems facing people in the aftermath of discharge. (Paragraph 4.4 refers).
11. More disabled accommodation, especially for wheelchair users, is needed to relieve 'blocking'. This means those rehabilitation flats that are available are in constant use for the maximum period. Other temporary accommodation often had non-accessible bathrooms, which limited their ability to be used. One potential way of overcoming this problem is if the council explores the possibility of keeping a whole housing market register of people that need adapted property. It is appreciated that this may need to be regularly updated, but may help towards increasing the supply of accommodation. Housing Association and private properties adaptations are often delayed as Housing Associations (HAs) and private landlords need to give permission for adaptations to occur. Sometimes HAs needed to ask the council for a disabled facilities grant to adapt the property. (Paragraph 4.7 refers)
12. The panel noted that the professional lead officer for Occupational Therapy had informed the panel that most disabled persons units were two-bedroom units and single people are no longer able to afford the tenancy. However, the council is working on building larger one-bedroom properties rather than having a spare bedroom. This will allow extra equipment to be stored and also overcome this problem. The panel also noted that Housing Benefit regulations allow for an additional bedroom within the calculation for Local Housing Allowance and Spare Room Subsidy (Paragraphs 4.7 and 4.10 refer).

Recommendations.

The panel made the following recommendations:

1. Communication between professionals be improved to deliver a smoother process. In particular:
   - The incompatibility of council and health IT systems needs to be resolved, or at least work so that there is mutual access.
   - Relevant professionals should be given 'next of kin' status to allow them to access appropriate information that will smooth the process.
   - Where appropriate, relevant sheltered housing professionals should attend discharge planning meetings to advise on suitable ways forward.
   - It should be a requirement for care agencies to feed back any relevant information to the discharge planning team.
2. Patients and families continue to be involved in the discharge planning process as early as possible to minimise the potential for disagreement.
3. There needs to be one care plan for each patient being discharged, accessible to everyone involved and with clear explanation of each step taken. It should also include named individuals and realistic dates by which actions are expected to be taken. This plan should be available to patients and families and they should be involved, as much as medically appropriate, in the devising of it.
4. The council explore the possibilities to keep a whole housing market register of people that need adapted property. It is appreciated that this may need to be regularly updated, but may help towards increasing the supply of accommodation.
5. The improving relationship between PHT and the council's ASC team should continue.
6. Continuing effort should be made to encourage weekend and evening discharges as 60% of discharges occur after 3pm. The employment of a registrar to oversee discharges at the weekend will assist. Yet staff who work in the lower support schemes of sheltered housing do not cover these periods. Employing a weekend team, perhaps working alongside the council's out of hours unit to oversee these discharges.
7. Continued effort be made to develop accommodation for people with physical disabilities as part of the council's house building programme and in any affordable part of private housing developments.

1. **<u>Purpose.</u>**

The purpose of this report is to present the Cabinet with the recommendations of the Housing and Social Care Scrutiny Panel's assessment of hospital discharge arrangements for adults in Portsmouth.

2. **Background.**

2.1 This review was started by the Housing and Social Care Scrutiny Panel, which comprised:

Councillors Phil Smith (Chair)
Steven Wylie
Mike Park
Lee Mason
Michael Andrewes
Margaret Adair

Standing Deputies were: Councillors Caroline Scott, Steve Wemyss, April Windebank and Matthew Winnington.

2.2 At the Council Meeting on 11 February 2014, Councillor Phil Smith replaced Councillor Sandra Stockdale, as chair on the panel.

2.3 Following the annual Council Meeting on 3 June 2014, Councillor Darren Sanders was appointed chair and the panel comprised:

Councillors Alicia Denny
Hannah Hockaday
Phil Smith
Sandra Stockdale
Alistair Thompson

Standing deputies are: Councillors Michael Andrewes, Simon Bosher, Margaret Foster, Stuart Potter and Gerald Vernon-Jackson.

2.4 At its meeting on 12 September 2013, the Housing and Social Care Scrutiny Panel (henceforth referred to in this report as the panel) agreed the following objectives for the review:

- To gather evidence on the current processes for discharge care arrangements for adults leaving hospital.
- To consider what leads to delays in transfers of care and the implications.
- To investigate what arrangements are put in place for patients' return to home or suitable accommodation to ensure continuation of appropriate care.
- To identify ways of developing improved, well-co-ordinated and timely discharge arrangements between agencies.

2.5 The panel met on 10 occasions between 12 September 2013 and 12 December 2014. A list of meetings held by the panel and details of the written evidence received can be found in *appendix one*. A glossary of terms used in this report can be found in *appendix two.* The minutes of the panel's meetings and the documentation reviewed by the panel are published on the council's website and paper copies are available from Democratic Services upon request to <u>scrutiny@portsmouthcc.gov.uk</u>.

3. To gather evidence on the current processes for discharge care arrangements for adults leaving hospital.

3.1 The Senior Programme Manager for the Integrated Commissioning Unit explained that the ASC team works on 50-80 referrals at the hospital a week, with eight front line key staff working over seven days giving cover on an 8am to 8pm basis and there was liaison with a similar team for Hampshire County Council. The success of the team was due to close work with partner organisations such as the Clinical Commissioning Groups (CCG) where there was a well-developed relationship.

3.2 The Sheltered Housing Manager had asked the scheme managers to provide examples of what happened at discharge for their residents, where there had been longer stays in hospital over the last year. There were 16 examples of where the process could have been better and 3 cases where there had been good practice, had been received. Some residents had been discharged when they were not yet ready to make their own drinks or when it was outside of office hours so they could not receive support.

3.3 There are currently 12.5 full time equivalent Occupational Therapists (OT) in the ASC community fieldwork teams. There is an open referral system for Portsmouth residents and referrals come from both social care help desk and Single Point access (Health). There has been no increase or decrease in staffing but processes have been reviewed and are now more streamlined. There continues to be a large demand on the services and waiting list of approximately 193 people, the length of time people are waiting for the service has reduced and at present stands at between 12 and 16 weeks for non-critical cases (figures as at August 2014).

3.4 <u>Equipment Provision</u>
The Professional Lead Officer for Occupational Therapy explained that standard equipment is provided by the new provider Millbrook and can be ordered by a variety of users including OTs, physiotherapists, nursing staff and trusted assessors.

http://www.millbrookhealthcare.co.uk/

CASE STUDY (2013)

A client under 40 admitted to Queen Alexandra Hospital with a stroke.

10 June - Hospital OT completed rehousing report - Unable to return home as living in an upper floor flat with no lift

24 June - hospital planning meeting on ward took place. Those involved with the planning of the hospital discharge: Consultant, ward nurse, OT, Physiotherapist, S&LT, Clinical Psychologist, Social Worker, Housing Options officer, Housing OT, Relatives, PRRT, Stroke Association, Sheltered Housing Scheme manager, CSRT and Tenancy support.

8 July - Client was discharged to a rehabilitation flat where they were given an opportunity for further rehabilitation and was able to demonstrate that they could return to independent living and hold a tenancy again.

25 July - A flat was subsequently offered to the client via the housing register. OT ensured that adaptation and equipment needs were met., and support continued by

other members of the multi-disciplinary team.

2 September - The client moved into their new property.

3.5 The Managing Director of Medicine for the Clinical Services Centre (MD of MCSC) at QAH informed the panel:

- There are 105,000 discharges a year which are managed through the hospital; 80% of these discharges are classed as 'simple' and the remainder as 'complex'. There is a cohort in the middle which requires more focus and attention. An example of a simple discharge would be a patient who has an arranged procedure and is in hospital for a few hours for that procedure. An example of a complex discharge is when a patient is admitted following an event and has more than likely come through the emergency department.

- Prior to Christmas 2013 the IDB met twice a week; since then it has continued to meet on a daily basis. These meetings are chaired by the MD of MCSC and community partners from Hampshire and Portsmouth also attend. The IDB discusses the discharge and care package of the more complex cases which tend to have a complicated discharge planner. Often social services recommend a referral whilst on the ward. It is at the IDB that the patients other needs are often identified e.g. whilst admitted a patient could become homeless. A delayed discharge is often not health-related and these cases are discussed daily at the IDB meetings. The bed stock needs to be utilised for acute care. The hospital looks to discharge a patient once the healthcare plan is complete and it can ensure a safe discharge. The hospital does not want to leave any patient feeling vulnerable. Working with its partners is key and its relationship with Portsmouth is very positive.

The following additional information has been provided by the Service Manager for Hospital and Health Services, ASC at the request of the panel in September 2014.

- ASC meets with the PHT senior nurses. These are often very positive meetings with good outcomes. For example, the issues log information is sent to the matron of the ward and they investigate these issues and look at ways to minimise the risk of it happening again. There continues to be issues which are logged and flagged to PHT. There is a lot of work going on in PHT to resolve some of the main issues/themes and matrons put actions into place to address the issues/themes. The introduction of the 'Safer Discharge Bundles' has recently been introduced and will help to improve and standardise discharges across the trust and resolve the issues.

- When a patient is in hospital, this offers a period of respite and it is often at this point that the carer feels they cannot cope. This is not recognised prior to the patient admission and so is not planned for. Families/ carers feel that they cannot cope when the patient is discharged. The hospital would identify this as 'potentially complex' and would involve social services.

- It is important that all of the clinical groups are working towards one document plan within the patients' notes. This is managed by the Managing Discharge Team on their white board rounds, at ward level, who look at the whole care package. All patients have a named consultant and any decision made by that consultant can be challenged as to its reasonableness.

- With regards to the times of the day or evening that patients are discharged, PHT would be very concerned if patients have been discharged unsafely. Hospital transport is available up to 9pm and the teams work with the family regarding the most appropriate time of the day for a patient discharge. 60% of discharges occur after 3pm and this is mainly due to family need.

- Some care agencies do not know how to feedback information to the hospital. Patient care providers should know how to feed information back. If agencies have a wasted visit or an agency goes out to see a patient recently discharged, the team needs to know. The Managing Director met with PHT to look at aligning these processes. There is now a much more co-ordinated approach for all.

- There is currently a big focus on patient experience and PHT has appointed a role of Corporate Nurse (CN) who will lead on this issue. Friends, family and patients are encouraged to provide feedback on the website, through the Patient Advisory Liaison Service (PALS) and PHT meets with nursing home managers on a regular basis, where patient experience feedback is encouraged. It was mentioned that the Service Manager for Hospital and Health Services, ASC at the council had met, and will continue to meet with the CN to look at sharing the issues logs and to look at any recurring themes. It was felt that there is now a real sense that things are moving forward.

- If a particular nursing home cannot accommodate a discharged patient, it was explained that options would be provided for a suitable alternative vacancy but it is often the case that the family will insist on waiting for the home of their choice to become available. The family are then encouraged to accept an interim move but again this often takes a lot of persuasion. It is appreciated that this is often a difficult decision for the family to make but there is an expectation from families, which needs to be managed. Often homes will not accept patients if they cannot accommodate their particular needs even if there is room available. Nursing Home staff will come to assess the patient whilst in hospital but quite often the patient does not receive the reasons as to why they have not been accepted at the particular home of their choice. The Managing Director of Medicine for the Clinical Services Centre at QAH added that if there are staff shortages at the nursing homes, then they are unable to attend to assess a patient. This non-assessment has a knock-on effect and means they have to stay another night in hospital when it is not necessary and the patient is ready for discharge. There are arrangements in place where groups of home care staff come out to make an assessment. The question has been raised as to why PHT cannot make assessments, particularly when the patient has been agreed ready for discharge. However the Care Quality Commission must undertake the assessment of care.

  It was noted that dementia was an increasing pressure for the city and a CCG priority.

3.6 The Service Manager for Hospital and Health Services, ASC at the council asked the panel to note the following points:

- On one occasion, social services had recommended that a patient be discharged to the Grove Unit as an interim arrangement but the family were adamant that the best place for the patient was in hospital. A whole care package was available for the patient at the Grove Unit but the family was blocking the discharge. The acute care had finished and the family wanted the patient to go home but not via another route. The family were advised that this is a step down opportunity to give the family more time to look at the next care step.

- In these situations, families do not see that they are 'bed blocking' and feel that it is their right to say no to a discharge. Managing expectation is essential, firstly at ward level by nurses and doctors, and then this being reinforced by other partners of the MDT.

The following additional information was provided by the Service Manager for Hospital and Health Services, ASC at the request of the panel in September 2014:

- Families do not have to pay for interim care and no financial process causes any delay. If someone needs interim care for a period of assessment and/or rehabilitation then the patient does not have to pay as this is normally termed as 'intermediate care'. Should someone have on-going care needs, they will be discharged before financial assessment, but made fully aware prior to discharge that they will be subject to a financial assessment and likely client contribution.
- The patient does have the right to say no to an interim discharge if they have the capacity to do so. If the patient does not have the capacity then a 'best interest' multi-disciplinary decision is made on the patient's behalf. If they have a Power of Attorney they make the best interest decisions but should someone not have a Power of Attorney, ASC would seek Court of Protection in these cases.

3.7 The Senior Programme Manager for the Integrated Commissioning Unit explained that there are virtual ward meetings close to the discharge dates and there are community reviews within three months to ensure ongoing monitoring.

4.0 To consider what leads to delays in transfers of care and the implications of this.

4.1 The Senior Programme Manager for the Integrated Commissioning Unit explained that there was use of transitional beds at units such as Longdean Lodge and The Grove where assessment of needs could take place between hospital and this placement. The "step down" units were not seen as part of the hospital treatment but are an option for discharge. These units do not have the fixed timeframes for placements as the focus needs to be on each individual's progress; block timeframes have been used in the past but have proved unhelpful at times.

4.2 The Sheltered Housing Manager informed the panel that the city council's housing department is responsible for 1,174 residents within sheltered accommodation. The breakdown of this was as follows: 698 in Category 1, 115 in Category 2 (schemes in Leigh Park, Wecock Farm and Crookhorn) and 281 in Category 2.5 which had higher housing and care needs with 24 hour support. (Category 1 - unfurnished accommodation often in blocks ranging from 2-25 floors high. Close to shops, bus stops etc. Some but not all residents will have support needs. Some properties have a communal lounge and there is one manager per block on site Monday-Friday 9-5. Category 2 - unfurnished accommodation for older persons with support needs. Pull cord alarm is in place, all have communal lounge, there is one manager on site Monday-Friday 9-5 supported by one or more assistants and not all properties have private bath and shower. Category 2.5 - specifically for older persons with higher support needs. All have communal facilities and private bathrooms and there is a manager and support staff on site 24hours daily.)

4.3 The Housing Options Manager informed the panel that the allocations team look at all demands throughout the city and that hospital discharges is just one element in the allocations scheme. The team would usually be a part of the hospital discharge discussions for elderly and disabled persons. Homeless persons are looked at through the Homeless Persons legislation. The council would usually find them accommodation. Street drinkers are a major concern but they will usually go back to a hostel.

- One big problem is the commonly held view that there are housing properties lying empty and available. This is not the case. In the interim, it is often difficult to provide suitable accommodation. The OTs work with the housing options team who would draw up a care package, which is best for that person at that time.

- There are rehabilitation flats which can be reviewed at any time but there is a lack of accessible properties in the city. The benefits issue for a single person living in a two-bedroomed property is a challenge because of the 'under occupying' implications. This is something which needs to be resolved.

- The council's Housing Department is building and whenever a new development is proposed housing options request an 'adapted' unit in all council builds, and specify ground floor level access. There is a housing OT, which is a jointly funded role, which sits with housing and social care. Housing options are also involved in extra care housing for elderly persons which is working well. There are no major problems with allocations. Housing options do try to get an officer to attend all discharge meetings although the timings of these meetings can sometimes be an issue.

- The council has temporary accommodation for homeless persons which is used in a crisis. However it is usually high in a tower block but it would still be suitable for a wheelchair.

4.4 The Sheltered Housing Manager informed the panel that the sheltered housing scheme staff get involved where residents require hospital care either in emergencies, after an accident, or if they were just unwell, and in the discharge process. The involvement of the staff should be seen to be crucial as many residents do not have the support of family or friends, a social worker or other advocate and may not have the ability or capacity to advise hospital staff of their home circumstances. The sheltered housing staff are aware of individual's lifestyle and personal circumstances and could liaise with the hospital staff where able to do so. Their staff build up a relationship with residents and there is a level of trust. However the lower support schemes (Category 1 and 2) are not staffed after 5pm on a Friday until the Monday morning so it would be unsuitable for more vulnerable residents to be discharged at this time. The Sheltered Housing Manager would like the hospital discharge team to rely more on the knowledge of the scheme managers who were helpful in making arrangements for their residents such as the need to get emergency food in, charging up the key meters for their return.

The Senior Manager for Hospital and Health Services, ASC clarified that the hospital social work team are not made aware of all service users whom are admitted from sheltered accommodation into hospital and consequently discharged without any involvement from the social care team. When the ASC team do receive referrals from the wards the social workers see Sheltered Housing Managers (SHM) as a vital part of a service users discharge planning pathway. However this does not afford them automatic rights to be part of the discharge process just because someone lives in a sheltered accommodation block. The ASC work team on site at QAH actively encourage involvement from SHMs when it's appropriate to do so and when they have the consent of the service user or their family/carer/representative (when the SU doesn't have capacity) to involve their SHM in discharge planning. If the SHM is able to attend MDT meetings on the ward as part of a discharge planning process and it is appropriate for them to do so, this will happen. Due to the nature of the SHM job role they need to remain on site most of the time and some SHMs do not work weekends and therefore it is often difficult for them to come to the hospital at very short notice, which could be from as little as a few hours or within the two days discharge target timeframe under the Delayed Discharge Act, which ASC have to adhere to otherwise the council could be charged a reimbursement fine of a £100 per patient per day past the two day discharge target. The Senior Manager for Hospital and Health Services would value the SHM involvement in providing examples when they feel they have not been appropriately involved as it is believed that this is minimal.

4.5 The Sheltered Housing Manager (SHM) presented the anonymised accounts provided by sheltered housing residents and explained that some hospital discharges go really well but the accounts provide a fair snapshot of cases. Problems are more likely to occur with patients who had been in hospital longer. Staff can be hampered due to confidentiality and data protection issues if the next of kin are not involved.

- It is vital for there to be good communication with the sheltered housing scheme managers to ensure their involvement. The SHM felt that it was disappointing to see that there was a lack of knowledge of their service, as their involvement would help reduce the need for readmissions. The SHM would ideally like their staff to be involved in the discharge planning meetings with ASC and the PHT. Their involvement would allow for safer transition, reduce a stress to the residents and their families and reduce the need for re-admittance in the early days of recovery. It may also help reduce the fear of going into hospital and ultimately reduce costs to all partner organisations including health and social care.

- Perhaps the wrong areas were being measured regarding the hospital discharge process as the measures appear to stop upon discharge. In their opinion, there appears to be few measures in place to establish whether the hospital discharge has actually been successful i.e. establishing with the person/their advocate what actually happened when they returned home and the few days after being discharged and how they feel they are managing with the services/support put in place by the hospital discharge team.

- A barrier to the involvement by the sheltered housing staff was evident when they phoned the hospital but were told that they could not be given information on progress as they were not next of kin residents despite usually being happy for them to be involved as arrangements could be put in place for them.

4.6 Out of City Hospital Discharges
The Professional Lead Officer for Occupational Therapy informed the panel that patients are also discharged from hospitals outside Portsmouth. Salisbury and Stoke Mandeville hospitals deal with very traumatic injuries, the latter being specialists for spinal injury, requiring long stays in hospital for life-changing conditions, which may further require changes to the home accommodation. Comprehensive multi-agency working is needed to facilitate safe and timely hospital discharge.

- There are variations of OT input; medical discharges should be referred through the PRRT who have a number of resources available to support discharges and provide ongoing rehabilitation such as the Grove Unit and Victory Unit.

- The surgical and orthopaedic ward based staff should refer to Hampshire Partnership Trust OTs to plan discharge, Spinnaker ward should refer to Solent NHS OTs. The key to all discharges is timely referrals and good communication.

4.7 Accommodation Resources Available

The Professional Lead Officer for Occupational Therapy explained that:

- some discharges will require major adaptations and it was reported that there is limited wheelchair specific accommodation in the city. The council has six rehabilitation flats in the city, only one of which, Arundel Street is fully adapted for a full time wheelchair user. Clients are supposed to use the flats for a maximum of 12 weeks to continue their rehabilitation and confirm their housing requirements following discharge from hospital. All are continually used for the maximum 12 week period. A major obstacle to their effective use is the lack of suitable wheelchair accommodation for the client to move on to, leading to "blocking". Due to the economic climate there has been a lull in the number of new builds and this has impacted on the building of disabled persons units. There has been no new one bed Disabled Persons' Units (DPUs) completed in 2013 although some are due for completion in 2014. One of the occupational therapists is involved in the designing of wheelchair adaptations on new build sites, such as the Dame Judith site in Cosham.

- An impact from the welfare reforms ("under occupancy penalty") has been the increased difficulty in the council's ability to house single people. Most of the DPUs have previously been two bed units and single people are no longer able to afford the tenancy. The need for more single bedroom adapted accommodation has been reviewed. There is temporary accommodation in the council's tower blocks but these have non-accessible bathrooms, which will impact on care and equipment requirements, and this restricts the clients who can be accommodated in them.

- The council's Housing Management Team is working on building one bedroom properties with extra space rather than a spare bedroom to help address the problems caused by welfare reform for residents requiring extra equipment storage. There was also close liaison with the HA to discuss their developments at a planning stage to make best use of the space, and for the council to demonstrate the need for this type of accommodation. Lifetime homes' standards are now required on new builds, whereas a lot of older Portsmouth properties were hard to adapt for accessibility. There is a significant waiting list for mobility units and it can be the children of the family who are disabled requiring such a property. A national consultation exercise is taking place on housing standards.

- The council request that HAs accept direct referrals and undertake minor adaptations themselves. It was reported that First Wessex HA, which is one of the largest locally usually undertakes major adaptations but this depends on the timing within the financial year and they may need the council to pursue a Disabled Facilities Grant.

Disabled Facilities Grants (DFG)

- DFGs are available to residents in any tenancy or owner occupier accommodation and the most common examples are for stair-lifts and ramps. Timescales from assessment to completion can vary enormously depending on the complexity of the work required, financial contributions and who the owner of the property is, varying from three months to 12 months.

- If a client is in hospital the case is open to an ASC OT, then the DFG application can be made as soon as the client's needs are known. If the client is unknown or on the waiting list they are not open to an ASC OT, the request for an assessment will be prioritised and if non critical will be placed on the OT waiting list.

- Waiting times vary and have been as long as six months. Safe discharges will be the responsibility of the hospital OTs, including PRRT and this may require arrangements being made for downstairs living or temporarily living with a relative whilst waiting for adaptations to be completed. The Professional Lead Officer for OT explained that providing equipment is in stock, it should be available for same hour or same day delivery if urgently required. As costs greatly increase as delivery times are shortened, seven day delivery is the usual option. Examples of equipment required for discharge are raised toilet seats, kitchen trolleys, profiling beds, hoists etc.

- OTs recommend minor adaptations which could include stair rails, grab rails, door entry intercom systems, chair and bed raises. These cost under £1,000 and are non-chargeable to the client. Millbrook provides them for clients living in their own or privately rented properties. HAs and the council provide them for their own tenants. HAs vary in their response times and a request for a stair rail takes on average four weeks.

- Millbrook technicians inherited a historical backlog when they took over the service from the council in July 2013. At one time clients were waiting up to six months for minor adaptations. This has now been largely cleared and in theory timescales are supposed to be the same as for equipment. Council minor adaptations are provided more quickly and urgent requests can be done within a week. Minor adaptations are not achieved the same day.

Special Equipment

- Clients need to be stabilised in hospital before special equipment can be measured for and quotes obtained. If the client is in an out of area hospital, the hospital OT will be asked to arrange quotes on the ward. These are then forwarded to the council community OT who is allocated the case. Examples are bespoke shower/commode chairs which cost up to £1,200 and specialist seating which costs up to £2,000 or more.

- If the client is dependent on this equipment for discharge, non-provision can cause delays in the discharge process. If equipment is in store, provision can be within seven days, bespoke equipment can take up to ten weeks, which can be common for spinal injuries.

4.8 The Service Manager for ASC explained that there are often pressures from discharge from PHT, when the patient is deemed medically fit for discharge by the consultant. It is at this point ASC become involved. The OT then visits the patient on the ward and agrees what equipment is required. Often this means that the patient cannot go home to their own property (if for example the equipment cannot fit in the property). This then becomes ASC's responsibility and at this stage the housing allocations team is called in.

4.9 The council's Housing Options Manager explained that the allocations team has much involvement with Portsmouth HA. It was noted that council flats are managed by the Roberts Centre, with daily visits etc. The Housing Options Team needs to be involved at the first stage, to ensure this works. For others who have more complex needs, rather than move them from a two-bedroom to a one-bedroom property, there are means to 'top up' their benefits.

4.10 The following additional information has been provided by the Head of Revenues and Benefits at the request of the panel;
Housing Benefit regulations already allow for an additional bedroom within the calculation for Local Housing Allowance (private sector rents) and Spare Room subsidy (Social Sector rents) if the customer has a need for:

- A carer (or team of carers) who do not live with the customer but provides them or their partner with overnight care (if an extra bedroom is available).

The Spare Room subsidy rules would not be applied in the following circumstances:

- Temporary accommodation - if the customer has been accepted as homeless under homelessness legislation of the Housing Act 1996 and placed in temporary accommodation by the local authority.
- Supported exempt accommodation - if the customer is placed in a property provided by a housing association or a registered charity where the landlord or a third party on their behalf provide care/support or supervision.
- State pension credit age - if the customer is over state pension credit age or they have a partner over state pension credit age.

For those who are entitled to Housing Benefit and cannot have the additional bedroom under the legislation, there may be additional help available via a Discretionary Housing Payment.
The policy does allow for medical needs, however there is also an income/expenditure assessment to establish whether or not the customer could afford the 'top up of rent'.

4.11 The Housing Options Manager explained that there is a waiting list for all council properties. There is often a delay but not in the interim, it is much more of a long term delay. Not so much from the hospital but in terms of their rehabilitation. The rehabilitation flats are very busy (one in one out). The flat is cleaned after the departure and the next person is in the next day with continuous occupancy. The rehabilitation flats are within sheltered accommodation so patients come out with a support package. There is a wealth of retirement homes in the city.

- The wait for an OT depends on the level of need, which team picks it up and the risk to the patient waiting for assessment. There could be a wait for equipment and adaptations, depending on the cost and work needing to be undertaken. Communication is the key, as long as housing options are kept informed and all departments are sharing information then discharges are fairly smooth. It is not uncommon for homeless persons to be in and out of hospital with injuries due to their drink problems.

4.12 Joint Accommodation Strategy

- The Senior Programme Manager for the Integrated Commissioning Unit explained that: the Joint Accommodation Strategy set out the availability of accommodation for older people published in 2007 for a ten year period. The aim was to ensure that the right amount and quality of accommodation is available for older people which support their rights to independence and choice irrespective of who is funding their care. During the first five years of the strategy the number of residential beds the council needs has reduced over time as reflected in the closures of council residential homes and the development of extra care accommodation. (Table 1 on page 3 of the strategy outlined the bed usage according to the type of provision split between dementia and non-dementia.) Officers were continuing to engage with all housing providers regarding the need for enough provision to meet demand and to be of the highest quality. The Integrated Commissioning Unit and ASC staff take a proactive approach in working to ensure that any future developments link to the city and population needs. Council officers also work to provide free dementia training to care home staff even where dementia is not the specialism of the homes.

- Paragraph 6 of the strategy outlined how the council and Portsmouth CCG are pooling their residential nursing and domiciliary care budgets with the council leading the commissioning and procurement of all residential and nursing care. A long term plan would be developed to facilitate choice and control for individuals needing care and support. One of the aims was to have no delayed transfers of care from acute hospital: this will mean using residential and nursing beds in a much more flexible way, for assessment, and as step up or step down beds to prevent or facilitate discharge from hospital. Updates on progress with this work are regularly reported through the Joint Integrated Commissioning Board which is a joint structure between PCC and the CCG.

Hospital Discharge Team

- Section 7 of the Joint Accommodation Strategy report outlines the initial review of the hospital discharge team in early 2013 which had considered the role of the council's ASC team in facilitating the time of discharge of patients from hospital where there is a need for social care input. A more detailed review was ongoing. The team has a vital role in working with health colleagues to ensure that as well as being medically fit, clients have the support they need to return home safely or where necessary to be accommodated elsewhere such as with carers or in a care home. The hospital team is managed by a team manager with two assistant team managers, one higher grade social worker, six main grade social workers, four independent support assistants, three administration staff and a referral co-ordinator.

- Regarding the involvement of families there was much liaison with them in the majority of cases, if the client gives their consent to this, or if they do not have the capacity to deal with matters themselves. There is a need to discuss the options with the patient and the family to find solutions.

- The high number of external placements to nursing and residential care could reflect specialist conditions where there may not be a suitable home in the city and there is an element of choice with some people wanting to move to be near their families. The priority would be to give domiciliary support in their own home if possible rather than in a nursing home where appropriate. The contracts Team Manager for ASC is involved in dealing with the payments for these arrangements. It was noted that the provision of Telecare was incorporated within the assessment forms used by ASC at the hospitals.

4.13 The Lead Professional Officer for Occupational Therapy reported that the DFG budget had not been fully spent the previous year, which was unusual, but this could be partly due to the waiting list. With regard to patients waiting for adaptations to property leading to delays, it was reported that minor adaptations are essential for safety and can delay discharge. Some major adaptations not being in place would not necessarily prevent discharge e.g. installations of showers.

- Reference was made to a case in Arundel Street rehabilitation flats where a move out had taken six months rather than the target of six weeks. In this instance there was no appropriate adapted housing available that would meet the client's needs. Rehabilitation flats are sometimes blocked for this reason as are the temporary accommodation flats. There is a long list of people on the re-housing list waiting for specialist or adapted properties. This is obviously dependent on people moving or vacating properties and limited construction of new builds. In another case a patient had stayed at Salisbury hospital for four months whilst proof of finances was obtained. This is out of the control of the local authority.

- With regard to resources and issues beyond the council's control it was reported that the council and health use different IT systems, which leads to problems with reading case notes.

4.14 The Senior Programme Manager for ICU explained that work was taking place on virtual wards as a Health and Social Care partnership to support people in their own homes, with three teams working in the city. There are weekly multi-disciplinary team meetings. The patients are living at home but being supported and this is proving to be an efficient way of dealing with those who are frequently in and out of hospital. There is also a link here to Telecare facilities. An element of self-assessment and telephone call assessments where appropriate helped in addressing and prioritising, the waiting list for OT assessments. Short term equipment could be put in place where necessary, such as commodes before toilets could be adapted.

4.15 Telecare, the Housing Enabling Manager explained that:

- <u>The council's private sector housing involvement in the hospital discharge process.</u> There are various activities in private sector housing which assist people to settle back into their home in the longer term after hospital or prevent them being admitted in the first place. Whilst the most immediate activity in relation to hospital discharge is Telecare, other activities include:

- Improving the warmth of properties - Green Deal assessments can be carried out for insulation, efficient boilers, draught proofing and the temporary loan of heaters.
- Referral to the ASC financial assessment team to ensure full income entitlement is received and there is involvement in the DFG process.
- Homecheck safety checks for people over 60, those with children under 5 and some disabled people (this can include help to identify hazards to prevent tripping).
- Homecheck security checks for people over 60, those with children under 5 and some disabled people.
- Community based OTs refer clients for adaptations and changes (via the statutory DFGs) to properties to allow independent living.
- Individual clients can ask for an assessment via the Housing Health & Safety Rating System (HHSRS). If high level hazards are identified the individual will be assisted to

remove the hazard. The client will be assisted to do everything possible to remove the hazard in their home.

- If adaptations can be completed quickly then these may be completed to allow an individual to live in their home after hospital discharge if, for example they first go to live in a rehabilitation flat for a few weeks.
- In some circumstances hospital based OTs can request palliative adaptations. In these circumstances a reconditioned stair lift may be utilised for a short period of time and is given priority for installation.

Telecare & Hospital Discharge

- The previous review of this panel considered assistive technology and so in terms of the hospital discharge arrangements the Telecare equipment can provide means of raising an emergency response: This can provide reassurance to the individual and their wider support group and can increase the confidence of individuals following hospital discharge.

Referrals for Telecare Equipment

- A variable number of referrals from professionals tend to be received on a weekly basis and usually the telecare equipment can be installed within two - three days subject to a technician's availability. Some professionals mistakenly believe that installation will occur within 24 hours. It would be quite unusual for this to happen particularly at the weekend or on Bank Holidays. Delays can occur for some of the following reasons:
    - The need for responders has not been made clear to potential service users
    - Referrals not having the appropriate access information or the form not being fully completed.
    - Referrals being inappropriate where responders live too far way.
    - Referrals for people who do not live in Portsmouth.
    - The wider family for the individual may not share the same time scales as the hospital professional teams. The Telecare installation requires the co-operation of the wider family in most cases and an installation could not occur without someone appropriate being in attendance.

- There are also issues of communications with members of the wider family e.g. on knowledge about the Telecare provision; whether it is a short term or long term solution etc.

- There is an ongoing requirement for referring hospital professionals to become familiar with the technology so that they understand that this is long term support not just a short term solution for discharge purposes. Increasingly the Telecare team is contacted by individuals and their families who are interested in Telecare. They have often first heard about the technology from a hospital professional. The OTs also publicise and explain the role of Telecare to the health professionals, Telecare's promotional DVD is used.

- Referrals are received from a wide variety of sources; approximately 24% of referrals are the result of patients finding out about the service between January and September 2013.

- OT involvement - from autumn of 2013 the Private Sector Housing Telecare team has been joined by an OT on secondment, whose role is to promote Telecare particularly amongst social care clients and also to ensure that people`s personal circumstances are assessed in terms of Telecare.

- Delays could be caused if people do not have appropriate responders, or if forms are not completed properly. The council's Telecare service is for Portsmouth residents and 40 PCC tenants in the Borough of Havant who have a historical link to Portsmouth.

4.16 The Senior Programme Manager for Integrated Commissioning Unit informed the panel that:

- The sheltered housing scheme managers were also involved in the admissions process as they were well placed to know of this but found difficulties in getting information when they phoned the hospital to enquire of progress. They also liaised with social workers on behalf of residents in all three categories of sheltered housing. However it is often harder to resolve issues relating to residents in Category 2 schemes as the properties are in Havant Borough Council which comes under Hampshire County Council Social Services.

- The use of designated contractors by the council had led to improvements and the OTs worked with all the housing offices so there should be a uniform service provided to all council tenants.

4.17 The Chief Executive Officer and the Project Co-ordinator, from AgeUK Portsmouth circulated copies of a powerpoint presentation which had been presented to the Board of Trustees in September 2013 together with the latest Reablement Pilot Project report concerning outcomes of the first year's work recently completed. It was explained that the project was initially for one year but a second year's funding had been approved from the Portsmouth CCG for the End of Life Champions work which AgeUK Portsmouth is about to engage in. The project has meant AgeUK Portsmouth has been working alongside partners in the first year, all of whom have the same target to improve readmission rates into hospital acute care 30 and 91 days after discharge. The Red Cross is now based within QAH and look after the patient for the first month and any additional on-going care which is needed. AgeUK takes over the care after this period where the client is beyond being poorly but are often agoraphobic and feel they are 'not worthy'. AgeUK need to ensure they are loved and protected and help move them forward. AgeUK Portsmouth provides emotional and physical care, based around cleanliness, food and trying to encourage independence, not medical or personal care. It was also explained that clients are offered help but they are often in hospital at the time and taking medication, so will not necessarily realise or remember that help has been offered.

4.18 The Project Co-ordinator explained that the Red Cross assist people with their shopping. AgeUK Portsmouth works alongside them. The project can provide two hours of care a week, over eight weeks. There is a degree of flexibility in the hours provided as some clients may need a slightly longer period to support their independence.

4.19 The Senior Manager, Hospital & Health Services, Adult Social Care explained that:

- It was usual practice for a private care provider to be the care post hospital if the client has had a needs assessment and are eligible. AgeUK Portsmouth would come in alongside that package as a whole system approach. The Reablement provided by AgeUK Portsmouth is critical as part of the support and in building the patient back up in strength.

- If a person had a fall, with no serious injuries, but do not have a care or support package they can often end up in hospital. Therefore it is imperative that everyone knows what support is out there. GPs do not always know the full range of services social care and community services can provide to help avoid hospital admissions. Preventative projects are underway with the ambulance service and GPs to stop people from going into hospital.

4.20 The Hampshire Domiciliary Care Association (HDCA) is trying to stop the initial admission to hospital. If the client is not in need of critical care then they should not be sent to hospital; there are other options available. All HDCA clients have a documentation folder in their property which lists the care package they are receiving and there are forms within this folder for other care providers to complete their details so there is an awareness of who and what type of care is being provided.

5. To investigate what arrangements are put in place for patients' return to home or suitable accommodation to ensure continuation of appropriate care.

5.1 The Lead Professional Officer for Occupational Therapy informed the panel that some possible obstacles to timely discharge from outside of the city are listed below and it was noted most of these could also be applicable to discharges from Portsmouth hospitals:

- Distance between out of city hospital and residents home.
- Previous private rental accommodation that is not suitable for a wheelchair user or person with impaired mobility meaning that the client is essentially homeless.
- Poor communication between hospital and community team.
- Major adaptations are required to property.
- Bespoke specialist equipment is required for discharge.
- Delay in wheelchair provision.
- Changing financial circumstances.
- Limited suitable wheelchair accommodation available in the city.
- Appropriate psychological support being unavailable on discharge.

5.2 The Professional Lead Officer for OT explained that DFGs are dependent upon the patient's income. Some delays are exacerbated by the wait for evidence. Has and private landlords need to give permission for adaptations to their properties. The council's Housing Management department gives permission quickly and secures the contractor to do the work.

5.3 The Senior Programme Manager for the ICU for Adult Social Care informed the panel that:

- They had produced a report outlining hospital discharge arrangements in Portsmouth. The report set out statistics from the National ASC Intelligence Service illustrating measures from the ASC Outcomes Framework for Portsmouth in the context of both national statistics and the 15 comparable councils. The report showed that the local authority was the lowest of the comparative group with 2.8 delayed transfers of care from hospital per 100,000 population in 2012/13. For the comparator group the average was 10.2 and for England it was 9.5. It also showed the delayed transfers of care from hospital attributable to ASC in Portsmouth at 0.7, in England and the comparator group both at 3.3. It was noted that there was an impact caused by Hampshire County Council with bed blocking by Portsmouth residents.

- The weekly A&E situation report shows the total number of attendees at A&E, Minor Injuries Units and Walk-In Centres and the number discharged, admitted or transferred within four hours of arrival. The Community Care (Delayed Discharges) Act 2003 introduced responsibilities for the NHS to notify social services of the patient's likely need for community care service on discharge and to give 24 hours' notice of actual discharge. This act also requires local authorities to reimburse the NHS Trust for each day an acute patient's discharge is delayed due solely to social services. ASC attends the weekly situation report forum and feeds the completed data through the ASC information team which provides evidence for the ASC outcomes framework comparator report.

- The equipment service was provided by Solent NHS but it had not been flexible around change, so the service was retendered. As with any major change in service provision there has been some initial disruption. Previously the adaptations service was run in-house but this has now been combined with the equipment service. There have been improvements to prevent the backlog with the two services now linking up which has been more effective.

6. To identify ways of developing improved, well-co-ordinated and timely discharge arrangements between agencies

6.1 <u>Portsmouth City Council's equipment and adaptations service.</u>

The Senior Programme Manager for the Integrated Commissioning Unit explained that:

- A new service had come into effect in July 2013 to help facilitate a smooth discharge process. The few initial problems with orders had now been resolved and the service was doing well. There was flexibility for prescribers in the service and high risk patients could have equipment ordered as a priority and the service was receiving good feedback from QA.

- The ASC team placed at QA also works on hospital admissions and could pre-empt and challenge predicted discharge dates and work on admission avoidance where care could be delivered at home.

- With regard to demographic data there was close work with colleagues at Public Health and reliance on the Joint Strategic Needs Assessment documentation and monitoring of data and it was noted that two thirds of patients at the Portsmouth hospitals were from Hampshire which would affect statistics.

- Quarterly meetings for staff involved in discharge arrangements could be useful and it was suggested that a consent form be considered to allow the hospital team to contact the sheltered scheme housing staff without breaching Data Protection rules.

- The discharge planner used to have the responsibility for liaising with everyone. The OTs like to be invited to the discharge planning meetings, but sometimes the hospital based OT attends, depending on whether the patient is returning to their own home. If they are not, the OT may not be involved. Hospital OTs are employed by an NHS Trust and work predominantly in hospitals as opposed to community OTs who are employed either by the NHS or social care. There are no social care OTs working in

Portsmouth local hospitals. Given the lack of access to client record systems due to the different IT systems, information is not commonly shared. If a community OT is working with a client who is admitted to hospital and may require a complex discharge it is helpful if the community OT is invited to the discharge planning meeting.

6.2 The Managing Director of Medicine for the Clinical Services Centre at QA explained that:

- The weekly IDB meetings, has improved the flow of patients through the hospital and the relationship between Portsmouth ASC and PHT has hugely improved. There is room for improvement but the healthy relationship means there is an appetite for improving, to iron out the niggles and to strive for perfection.

- An example was given of a patient who lived in a raised apartment, was admitted to hospital and following treatment needed a wheelchair. He was assessed as physically fit to leave the hospital but needed ground floor accommodation. During the patient's stay in hospital, his accommodation had been let out by his father and he was therefore was deemed to be homeless. Eventually the patient took himself to Portsmouth housing office.

6.3 The Service Manager for Hospital and Health Services, ASC explained that:

- The council needs to have a couple of adapted disabled properties, preferably on the ground floor, available. Portsmouth does have Grove House and Longdean Lodge for interim care but more independent interim accommodation is required.

- PHT can discharge or transfer patients to St James' Hospital directly or to a rehabilitation clinic. However, there are often patients at QA with mental health issues who need to be assessed. The hospital often has to provide security as they are unpredictable. Medically they have been addressed but mentally they are not fit to be discharged.

6.4 The Service Manager for Hospital and Health Service, ASC explained that

- A patient is discharged to a Portsmouth owned home when PHT is satisfied that the appropriate care package is in place.

- The PRRT works well and that the community nurses do attend the daily meetings.

- The CN team then assess the number of visits required.

6.5 The Managing Director of MCSC at QA explained that:

- Patient needs are identified as early as possible and consideration is given to what equipment would be of benefit to the patient on discharge. PHT discharges patients to Longdean House and the Grove if they are waiting for equipment or adaptations.

- When patients are discharged to a local authority sheltered home at the weekend it is never assumed that they will have support.

- PHT tries to manage quality and successful discharges to ensure that the patient receives on-going support and care. PHT is deemed to have failed if the patient is re-admitted within 28 days and does not receive any payment for a re-admittance.

- The Red Cross is situated within the hospital and supplis equipment.

6.6 The Service Manager for Hospital and Health Services, Adult Social Care explained that:

- A Day after Discharge Worker follows patients who have come through the social care route to see if all has gone well with the discharge, checking milk and that support is in place. They support between four and five patients a day.

- Social care workers are now based in the hospital until 8pm each day. The hospital now has a supply of tracksuits for patients admitted during the night in their nightwear and who are then ready for discharge the following day. PHT is working towards 24-7, seven day working.

- The hospital employs a registrar for three hours on a Saturday and Sunday who is able to discharge patients. Weekends are often the ideal time for patient discharge as the family are more likely to be able to offer support.

- The day after discharge workers have had some success by ensuring that all is well with patients after discharge. There are still some patients who are readmitted, but this is understandable given that patients are now discharged much sooner than ever due to pressures for acute beds and much better community services such as virtual wards, intermediate services, PRRT and having named social workers to ensure that everyone has sight of the patient when returned to the community to support the transition from hospital to home. Due to the ever increasing pressure from PHT, ASC has to use the home from hospital worker to actively pull people out of the acute trust so this can often impact on the role to solely concentrate on day after discharge work.

- The day after discharge scheme is being evaluated as it would be better to use a voluntary agency such as Red Cross to do this role.

7.0 Equalities Impact Assessment

7.1 A preliminary equalities impact assessment has been completed.

8.0 Legal Comments

8.1 There are no legal implications arising at this time.

9.0 Finance Comments

9.1 As local health and care budgets come under increased pressure as a result of savings requirements, the need for closer integration between organisations becomes even stronger.

9.2 The Better Care Fund (BCF), a national programme was announced by the Government in June 2013. Its aim is to transform local services so that people are provided with better integrated care and support.

9.3 Building on the integrated approach that already exists within Portsmouth, the local BCF plan was jointly agreed by Portsmouth City Council and the CCG during 2014. It has been signed off by the Health and Wellbeing Board and has been approved by the Department of Health. Work is currently ongoing with the key stakeholders (Hospitals, GP's and the voluntary sector) on delivering Portsmouth's 15/16 BCF implementation plan.

9.4 The Government's intention for the BCF is that health and care services will change from a 'sickness service' which treats people as a one-off and then sends them away to another part of the system to a joined-up health and care service which helps people to manage their own health and wellbeing and live independently for as long as possible. The ambition is that people will need to go to hospital as little as possible; and that when they do, they are admitted quickly, treated well, and discharged as quickly and safely as possible to enable them to get on with their lives.

9.5 Additionally via the BCF, the Government expects to reduce the total number of emergency admissions to hospital by 3.5%. A Payment for Performance element linked to emergency admissions has therefore been included within the BCF procedures and plans. The BCF also has national conditions around 7-day services to support patients being discharged and better data sharing between health and social care. Consequently IT solutions are being considered on how to achieve this data sharing aim.

9.6 Nationally, the BCF also includes the funding for the Disabled Facilities Grant (DFG). It has been included so that the provision of adaptions can be incorporated in the strategic consideration and planning of investment to improve outcomes for service users.

9.7 However, the BCF is not a source of new, uncommitted funding. The majority of the BCF money is already being spent locally on existing health and social care activities.

10.0 Budget and policy implications of the recommendations

The following table highlights the budgetary and policy implications of the recommendations being presented by the panel:

Recommendation	**Action By**	**Budget & Policy Framework**	**Resource Implications**
Communication between professionals needs to continue to improve to enable delivery of a smoother process. In particular; a. the incompatibility of council and health IT systems needs to be resolved, or at least work so that there is mutual access. (Pt 6 refers)	Relevant teams from the council and the PHT	Within policy framework.	Not known at this stage.
b. Relevant professionals should be given 'next of kin' status to allow them to access appropriate information that will smooth the process. (Pt 5.5 refers)	Relevant sheltered housing staff	Legislative framework.	Operational.
c. Where appropriate, relevant sheltered housing professionals should attend discharge planning meetings to advise on suitable ways forward for their service users. (Pt 5.5 refers)	Relevant sheltered housing staff	Within policy framework.	Scheme manager time.
d. It should be a requirement for care agencies to feed back all any relevant	Domiciliary Care Agencies	Within policy framework.	None.

Recommendation	Action By	Budget & Policy Framework	Resource Implications
information to the discharge planning team.			
e. Patients and families continue to be involved in the discharge planning process as early as possible to minimise the potential for disagreement.	PHT and Adult Social Care	Within policy framework.	Already in place.
f. There needs to be one care plan for each patient being discharged, accessible to everyone involved and with clear reasons why each step is being taken. It should also include named individuals and realistic dates by which actions are expected to be taken. This plan should be available to patients and families and they should be involved, as much as medically appropriate, in the devising of it.	PHT	Ongoing work. Care Plan live and available for GP's and ambulance service.	Already in place.
g. The Council explore the possibilities to keep a whole housing market register of people that need adapted property. It is appreciated that this may need to be regularly updated, but may help towards increasing the supply of accommodation.	Head of Corporate Assets, Business and Standards	Within policy framework.	Officer time and effort.
h. The improving relationship between	PHT and Adult	Within policy framework.	None.

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Recommendation	Action By	Budget & Policy Framework	Resource Implications
PHT and PCC's ASC team should continue.	Social Care		
i. Continuing effort should be made to encourage weekend and evening discharges. 60% of discharges occur after 3pm and the QA employing a registrar to oversee discharges at the weekend suggest this will help. Yet those in sheltered housing do not cover these periods. Employing a weekend team, perhaps working alongside the Council's out of hours unit to oversee these discharges.	PHT	Safer Discharge Bundles have been brought in. Increasing discharges over weekends and early mornings. A lot of ongoing work.	
j. Effort should be continued to develop accommodation for people with physical disabilities as part of the council's house building programme and in any affordable part of private housing developments.	Head of Corporate Assets, Business and Standards	Within budget and policy framework.	Within existing.

APPENDIX ONE

Meeting Date	Witnesses	Documents Received.
11 October 2013	Claire Budden, Senior Programme Manager for the Integrated Commissioning Unit Tim Hodgetts, Service Manager for Adult Social Care Alison Croucher, Sheltered Housing Manager	Summary of resources/reports held by ASC and ICU. Hospital Discharge Information - Portsmouth City Council Sheltered Housing Service
7 November 2013	Karen Wigley and Cathryn Francis, Occupational Therapists, ASC Nigel Baldwin, Housing Enabling Manager	Paper regarding the role of the Council's OTs in the hospital discharge process.
11 December 2013	Elaine Bastable, Housing Options Manager	
3 February 2014	Due to unforeseen circumstances the Managing Director of Medicine for the Clinical Services Centre at Queen Alexandra Hospital submitted his apologies at short notice.	
18 February 2014	Due to unforeseen circumstances the Managing Director of Medicine for the Clinical Services Centre at Queen Alexandra Hospital submitted his apologies at short notice.	
24 February 2014	Chief Executive Officer of Age UK Portsmouth, Dianne Sherlock Project Co-ordinator, Age UK Portsmouth, Cindy Lillington	A powerpoint presentation which had been presented to the Board of Trustees together with the latest Reablement Pilot Project report. 'Help Around The Home' and 'Just Left Hospital? Need Some Help?' leaflets

	Sarah Adams and Andrea Fernhead from Hampshire Domiciliary Care Association Marie Edwards, Senior Manager, Hospital and Health Services, Adult Social Care	
28 March 2014 Held at Queen Alexandra Hospital	Mike Quinn, the Managing Director of Medicine for the Clinical Services Centre at Queen Alexandra Hospital	
22 July 2014	An update/review of all information received from the various witnesses was given and an update on the progress of the report was provided.	
12 December 2014	The report was signed off by the panel.	

APPENDIX TWO

GLOSSARY

ASC	Adult Social Care
CCG	Clinical Commissioning Group
CN	Corporate Nurse
DAD	Day After Discharge
DFG	Disabled Facilities Grant
DPU	Disabled Persons' Units
HA	Housing Association
HDCA	Hampshire Domiciliary Care Association
HHSRS	Housing Health & Safety Rating System
ICB	Integrated Commissioning Bureau
IDU	Integrated Discharge Unit
MDT	Managing Discharge Team
OT	Occupational Therapist
PALS	Portsmouth Advisory Liaison Service
PHT	Portsmouth Hospitals' NHS Health Trust
PRRT	Portsmouth Rehabilitation and Re-ablement Team.
QA	Queen Alexandra Hospital

Agenda item:

Decision maker:	Cabinet City Council
Subject:	Treasury Management Policy for 2015/16
Date of decision:	5 March 2015 (Cabinet) 13 March 2015 (Governance and Audit and Standards Committee – information only) 17 March 2015 (City Council)
Report by:	Chris Ward, Head of Financial Services and Section 151 Officer
Wards affected:	All
Key decision:	Yes
Budget & policy framework decision:	Yes

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1. Purpose of report

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

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

2. Recommendations

2.1a the prudential indicators in Appendix A be approved;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;**

- **The loans portfolio is managed in the best interests of the whole authority;**

- **The costs and benefits of over and under borrowing above or below the capital financing requirement (CFR) are equitably shared between the General Fund and the HRA;**

2.1k **the regulatory method of calculating Minimum Revenue Provision (MRP) be applied to pre 1 April 2008 debt and new government supported debt but excluding finance leases and service concessions (including Private Finance Initiative schemes);**

2.1l **the asset life (equal instalment) method of calculating MRP is applied to post 1 April 2008 self-financed borrowing but excluding:**

- **Finance leases**
- **Service concessions (including Private Finance Initiative schemes)**
- **Borrowing to fund long term debtors (including finance leases);**

2.1m **MRP on finance leases and service concessions including Private Finance Initiative (PFI) arrangements equals the charge that goes to write down the balance sheet liability;**

2.1n **the principal element of the income receivable from long term debtors be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;**

2.1o **the principal element of the rent receivable from finance leases be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;**

2.1p **the Housing Revenue Account (HRA) provide for the repayment of the Self Financing Payment over 30 years;**

2.1q **that specified investments should only be placed with institutions that have a long term credit rating of at least A- from at least two credit rating agencies except registered social landlords for which a single credit rating will be required;**

2.1r **investments should only be placed with institutions based in either the United Kingdom or sovereign states with a AA+ credit rating;**

2.1s **the Council's investments are limited to senior debt;**

2.1t **the bodies meeting the criteria of categories 1 to 8 in paragraph 16.15 are approved as repositories of specified investments of the City Council's surplus funds;**

2.1u that investments in banks, building societies and registered social landlords (RSLs) with a duration exceeding 2 years are secured

2.1v credit ratings be reviewed monthly and that any institution whose credit rating falls below the minimum level stated in paragraph 16.15 of the Treasury Management Policy be removed from the list of specified investments;

2.1w institutions that are placed on negative watch or negative outlook by the credit rating agencies be reassigned to a lower category;

2.1x non-specified investments in aggregate are limited to the following:

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

2.1y the total amount that can be directly invested with any organisation at any time should be limited as follows (see paragraph 18.1):

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

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

2.1aathat the following investment limits be applied to sectors:

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

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

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

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

(i) an annual report on the Treasury Management outturn to the Cabinet by 30 September of the succeeding financial year;

(ii) A Mid Year Review Report to the Cabinet and Council;

(iii) the Annual Strategy Report to the Cabinet in March 2016;

(iii) quarterly Treasury Management monitoring reports to the Governance and Audit and Standards Committee.

3. Background

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

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

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

4. Reasons for recommendations

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

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

5. Equality impact assessment (EIA)

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

6. Legal Implications

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

7. Head of Finance's comments

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

....

Signed by Head of Financial Services & Section 151 Officer

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

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

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

Title of document	**Location**
1 Treasury Management Files	Financial Services
2	

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

....

Signed by the Leader of the Council

TREASURY MANAGEMENT POLICY STATEMENT INCLUDING:

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

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

TREASURY MANAGEMENT POLICY STATEMENT 2014/15

CONTENTS

1 BACKGROUND

1.1 This Council defines its Treasury Management activities as "the management of the organisation's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."

1.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

1.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

1.4 The City Council's treasury management activities are governed by various codes of practice and guidance that the Council must have regard to under Local Government Act 2003. The main codes and guidance that the Council must have regard to are:

- Treasury Management in the Public Services Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) which sets out the key principles and practices to be followed.

- The Prudential Code for Capital Finance in Local Authorities published by CIPFA which governs borrowing by local authorities.

- The Guidance on Local Government Investments published by the Department for Communities and Local Government which governs local authorities investment activities and stipulates that investment priorities should be security (protecting the capital sum from loss) and liquidity (keeping money readily available for expenditure when needed), rather than yield.

2 BORROWING LIMITS AND THE PRUDENTIAL CODE

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

i) Authorised Limit

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

	£m
Borrowing	419
Other Long Term Credit Liabilities	84
	503

ii) Operational Boundary

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

	£m
Borrowing	399
Other Long Term Credit Liabilities	84
	483

iii) Other Prudential Indicators Contained in the Prudential Code

The following indicators are also included in the Prudential Code:

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

These are contained in Appendix A.

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

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

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

3 TREASURY MANAGEMENT POLICY STATEMENT

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

- Credit risk – ie. that the local authority is not repaid, with due interest in full, on the day repayment is due.

- Liquidity risk – ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs.

- Interest rate risk – ie. that the authority fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the authority has budgeted.

- Exchange rate risk – This is the risk that the authority enters into a contract priced in a foreign currency and the exchange rate fluctuates adversely between entering the contract and settling the contract.

- Maturity (or refinancing risk) – This relates to the authority's borrowing or capital financing activities, and is the risk that the authority is unable to repay or replace its maturing funding arrangements on appropriate terms.

- Legal risk – ie. that one or other party to an agreement will be unable to honour its legal obligations.

- Procedures (or systems) risk – ie. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud, error or corruption.

- Market risk – This is the risk of adverse market fluctuations in the value of the principal sums of tradable investments such as Government gilts.

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

(a) Cash flow (daily balance and longer term forecasting);

(b) Investing surplus funds in approved investments;

(c) Borrowing to finance cash deficits;

(d) Funding of capital payments through borrowing, capital receipts, grants or leasing;

(e) Management of debt (including rescheduling and ensuring an even maturity profile);

(f) Interest rate exposure management;

(g) Dealing procedures;

(h) Use of external managers for temporary investment of funds.

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

4 TREASURY MANAGEMENT STRATEGY FOR 2015/16

4.1 Objectives

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

(a) Borrowing

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

(b) Lending

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

4.2 Risk Appetite Statement

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

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

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

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

4.3 Gross Debt and the Capital Financing Requirement

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

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

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

4.4 Gross and Net Debt

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

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

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

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

4.5 Interest Rates

4.5.1 Interest Rate Forecasts for 2015/16

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

4.5.2 Long Term Borrowing Interest Rates

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

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

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

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

4.5.3 Short Term Investment Interest Rates

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

4.6 Borrowing / Lending Requirements

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

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

4.7 Volatility of Budgets

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

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

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

4.8 Upper limits for fixed interest rate exposures

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

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

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

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

2014/15 £272m

2015/16 £304m

2016/17 £377m

2017/18 £383m

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

4.9 Upper limits for variable interest rate exposures

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

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

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

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

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

2014/15 (£246m) – Investments up to £246m

2015/16 (£278m) – Investments up to £278m

2016/17 (£332m) – Investments up to £332m

2017/18 (£331m) – Investments up to £331m

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

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

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

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

4.11 <u>Limits for the maturity structure of borrowing</u>

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

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

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

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

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

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

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

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

4.12 Debt Rescheduling

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

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

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

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

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

5 APPROVED METHODS OF RAISING CAPITAL FINANCE

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

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

5.2 The main methods of raising capital finance used by the City Council are discussed in greater detail within Section 6 of this report. Other methods are not generally used because of the perceived risk or because administrative costs are high, such as in the case of Local Bonds.

5.3 Local authorities are not required to conform to the Money Laundering Regulations stipulated in the Financial Services Acts. However, these principles where practical will be applied when arranging future money market borrowing to ensure that funds are not obtained from potentially unscrupulous sources.

6 APPROVED SOURCES OF BORROWING

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

(a) Public Works Loans Board (PWLB)

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

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

(b) Money Market Loans – Long Term

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

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

(c) Bonds

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

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

(d) Municipal Bonds Agency

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

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

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

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

(f) Overdraft

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

(f) Internal Funds

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

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

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

7.1 The Localism Act 2011 requires local authorities to allocate existing and future borrowing costs between council housing (the HRA) and the General Fund. It is for local authorities to choose an allocation method that achieves the principles detailed in their treasury management strategies.

7.2 As previously stated, the Council took advantage of the NLF rates and borrowed £88.6m and subsequently applied the borrowing to fund the HRA Self Financing "buy out". The Council then switched the original PWLB borrowing of £84m taken earlier in the year and applied that to fund existing and future General Fund capital expenditure.

7.3 The approved Treasury Management Strategy for 2012/13 provided for a single loans pool to be maintained for both HRA and General Fund. This reflects the previous co-operation between the General Fund and the HRA and provides for the loans portfolio to be managed in the best interests of the whole authority. If the HRA had its own loans pool, having already borrowed £84m at an average rate of 4.51% to fund the Self Financing payment, it would not have been able to borrow much at the NLF rates that were subsequently offered. A single loans pool means that the HRA gets more of the long term benefits of the 3.49% NLF rate loans than it could have done on its own. Although a single loans pool does not allow the HRA to directly benefit from the NLF rate loans, it is felt that a single loans pool is broadly equitable between the HRA and the General Fund in the Council's circumstances.

7.4 It is proposed to continue to operate with a single loans pool and apportion costs according to locally established principles. It is recommended that the principles upon which the apportionment of borrowing costs should be based are as follows **(recommendation 2.1(j))**:

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

7.5 For the purpose of apportioning borrowing costs it will be assumed that the HRA is under or over financed in the same proportion as the Council as a whole. The HRA will be charged interest at the Council's average cost of borrowing adjusted to take account of any under or over financing which will be charged at the average return on the Council's investments.

8 ANNUAL MINIMUM REVENUE PROVISION FOR DEBT REPAYMENT STATEMENT

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

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

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

9.1 The Government has supported some local authority borrowing through the Formula Grant. Provision may be made for the repayment of existing and new government supported borrowing through the Capital Financing Requirement Method or the Regulatory Method.

9.2 For debt that is supported by Formula Grant, authorities are able to make revenue provision for the repayment by setting aside 4% of their Adjusted Non-Housing Capital Financing Requirement (CFR). The CFR represents the underlying requirement to borrow for capital expenditure. It takes the total value of the City Council's fixed assets and determines the amount that has yet to be repaid or provided for within the Council's accounts. The CFR is adjusted so that it excludes self-financed debt incurred after 1 April 2008. This is known as the CFR Method.

9.3 Alternatively, for debt that is supported by Formula Grant, authorities are able to continue to use the formulae in the previous regulations, since Formula Grant is calculated on that basis. This is known as the Regulatory Method. This method is also based on the CFR but is adjusted by the effect of the previous regulations. This method is more complex than the CFR method. However it is estimated that the MRP under this method will be £320k less per annum than under the CFR method. It is therefore recommended that the Regulatory Method of calculating MRP be applied to pre 1 April 2008 debt and new government supported debt **(Recommendation 2.1(k))**. This is the same method as that adopted for 2014/15.

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

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

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

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

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

12.1 The income received from long term debtors has an interest and a principal element. The interest element is credited to the revenue account. The principal part of the income receivable will be taken to reduce the loan asset on the balance sheet rather than being credited to the revenue account. This part of the rent receivable generates a capital receipt. Capital receipts can principally be used to finance new capital expenditure or repay debt. It is recommended that the principal element of the rent receivable be set aside to repay the borrowing that financed these assets **(recommendation 2.1(n))**. This is in line with the MRP policy adopted in 2014/15 for long term debtors funded by unsupported borrowing.

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

13 HOUSING REVENUE ACCOUNT (HRA) BORROWING

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

14 ANNUAL INVESTMENT STRATEGY

14.1 The Government has also issued guidance on investments. The guidance requires the City Council to adopt an Annual Investment Strategy. This is contained within paragraphs 15, to 21 below. The requirements of the Department for Communities and Local Government are in addition to the requirements of the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice.

14.2 During the year the Council may be asked to approve a revised strategy if there are investment issues which the full Council might wish to have brought to their attention.

14.3 The guidance defines a prudent policy as having two objectives:

- achieving first of all security (protecting the capital sum from loss);
- liquidity (keeping the money readily available for expenditure when needed).

Only when proper levels of security and liquidity have been secured should yield be taken into account.

14.4 Investment strategies usually rely on credit ratings and both the current and recommended Investment Strategies are based on credit ratings. Although the recommended Investment Strategy is based on credit ratings other sources of information will be taken into account prior to placing deposits such as information in the quality financial press and credit default swaps (CDS) prices.

14.5 CDS are a financial instrument for swapping the risk of debt default. The buyer of a credit default swap pays a premium for effectively insuring against a debt default. He receives a lump sum payment if the debt instrument is defaulted. The seller of a credit default swap receives monthly payments from the buyer. If the debt instrument defaults they have to pay an agreed amount to the buyer of the credit default swap. Absolute prices can be unreliable; however trends in CDS spreads do give an indicator of relative confidence about credit risk.

15. INVESTMENT CONSULTANTS

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

- Interest rate forecasts
- Credit ratings
- CDS prices

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

16. SPECIFIED INVESTMENTS

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

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

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

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

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

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

16.4 The main rating agencies have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". Standard and Poor have started this process and among others have placed Barclays Bank, HSBC Bank, Lloyds Bank, Nationwide Building Society, and Standard Chartered Bank on negative watch. The removal of all sovereign support from the credit ratings would result in HSBC's long term credit rating being reduced by one notch from AA- to A+, and Standard Chartered's long term credit rating being reduced by one notch from A+ to A. The removal of all sovereign support from the credit ratings would result in Barclays, Lloyds and Nationwide all having their long term credit ratings reduced by 2 notches from A to BBB+. It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis.

16.6 Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. This has resulted in a number of Long Term ratings being given a negative outlook where they exceed the Financial Strength rating.

16.7 Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

16.8 It is recommended that specified investments should only be placed with institutions that have a long term credit rating of at least A- from at least two rating agencies except registered social landlords for which a single credit rating will be required **(Recommendation 2.1q).** Registered social landlords (RSLs) are regulated by the Government and their debts can be secured on their housing stock. However, most RSLs are only rated by a single agency.

16.9 In addition to rating financial institutions the rating agencies also rate governments. These are known as sovereign credit ratings. Sovereign credit ratings give an indication of a government's capacity to support its financial institutions. Sovereign credit ratings are also dependent on a government's ability to raise taxes and thus also give an indication of the state of a nation's general economy. It is recommended that investments should only be placed with institutions based in either the United Kingdom or states with an AA+ credit rating **(Recommendation 2.1r).**

16.10 When an institution or state has differing ratings from different agencies, the average rating will be used to assess its suitability. This is a change from the previous practice of using the lowest credit rating to assess the suitability of institutions for investment. This change is necessary as Standard and Poor may reduce its long term credit rating for the majority of the UKs high street banks to BBB+ which would not meet the Council's minimum criteria for specified investments. Standard and Poor's changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. Those institutions that have not been rated by a particular agency will not be discarded because of the lack of ratings.

16.11 It is proposed that investments be allowed in government bodies, banks including supranational banks, building societies, money market funds, enhanced money market funds, RSLs and corporate bonds that meet the Council's investment criteria.

16.12 Money market funds are well diversified funds that invest in high quality very short term instruments enabling investors to have instant access to their funds. Enhanced money market funds, also known as short dated investment funds, are also well diversified funds investing in high quality counter parties, but for longer periods, and require a few days' notice of withdrawals.

16.13 Corporate bonds are tradable loan instruments issued by commercial companies. Credit ratings measure the risk of default, ie. the risk of not receiving principal and interest when it is due, across these institutions in a way that allows them to be compared. However, other measures of credit risk such as CDS prices are not available for all institutions including most building societies, RSLs and commercial companies.

16.14 There are over 30 registered social landlords (RSLs) with a single or double A credit rating. RSLs are subject to Government regulation but their debts are not guaranteed by the Government. As RSLs own houses, lending to RSLs can be secured by a charge against the RSLs properties.

16.15 The risk of loss following a default is much smaller for building societies. Building societies also operate under a separate legal regime to banks, which limits the amount of lending not secured on residential property and limits the amount of wholesale funding.

16.16 It is recommended that the Council's investments be limited to senior debt **(Recommendation 2.1s)**. This recommendation was not included in the 2014/15 Investment Strategy, but is included to provide clarification and does not represent a change in the Council's investment practices. Subordinated corporate bonds are sometimes issued by financial institutions and commercial companies. Subordinated corporate bonds offer higher yields, but in the event of an institution defaulting, senior debtors are repaid before subordinated debtors. Because of this, subordinated bonds often have a lower credit rating than senior debt issued by the same institution.

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

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

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

16.17 The maximum duration for investments in corporate bonds was previously four years and reflected a likely lack of sovereign support in the event of a commercial company getting into financial difficulties. However, given that the likelihood of sovereign support in the event of a bank or building society getting into financial difficulties is now much reduced, it is felt that the duration limits for corporate bonds, banks and building societies should be the same.

16.18 It is recommended that investments in banks, building societies and RSLs with durations in excess of two years should be secured in order to reduce the consequences of such institutions defaulting **(recommendation 2.1u)**. This represents a change from the current investment strategy as the consequences of default could be particularly severe in the event of a bank or building society defaulting as legislation will allow regulators to use a proportion of the Council's funds to support such an institution if it got into financial difficulties, known as a "bail in". This risk can be mitigated by investing in covered bonds which are typically secured on a pool of mortgages. Loans to RSLs can be secured on their housing stock.

16.19 It is recommended that the credit ratings be reviewed monthly and that any institution whose lowest credit rating falls below the criteria for category 8 in paragraph 16.11 be removed from the list of specified investments **(Recommendation 2.1(v))**.

16.19 It is recommended that institutions that are placed on negative watch or negative outlook by the credit rating agencies be reassigned to a lower category **(Recommendation 2.1(w))**.

17. NON-SPECIFIED INVESTMENTS

17.1 The Government's Guidance requires that other less secure types of investment be identified and that a limit be set on the overall amount that may be held in such investments at any time in the year. Non-specified investments are investments that are not secure, ie. do not have an "A" credit rating or are not liquid, ie. have a maturity in excess of 364 days. Investments that are not denominated in sterling would also be non-specified investments due to exchange rate risks.

17.2 49% of the Councils investments are currently placed with local authorities due to the absence of a sufficient number of counter parties. Whilst other local authorities offer security, they only offer a modest return. It is estimated that the average amount of cash invested in 2015/16 will be £304m. In order to reduce the risks associated with placing funds with a relatively small number of counter parties and to improve returns it is recommended that further investment categories be established for non-specified investments that do not meet the criteria for specified investments.

Category 9 - £10m for 2 years
Short Term – F2 (or equivalent from Moody's and Standard & Poor)
Long Term – BBB or better (or equivalent from Moody's and Standard and Poor)

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

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

Category 10 - £6m for 2 years

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

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

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

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

Category 11 - £6m for 364 days

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

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

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

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

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

17.6 The Council sometimes enters into contracts denominated in foreign currencies. Such contracts normally relate to civil engineering schemes at the port. It can be beneficial to buy Euros early to fund these projects and avoid the associated currency risk.

17.7 It is recommended that non-specified investments should be limited to the following (**Recommendation 2.1 (x))**:

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

18. MAXIMUM LEVEL OF INVESTMENT IN INDIVIDUAL ORGANISATIONS

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

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

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

18.3 AAA money market funds offer security and same day access. By aggregating investments they can also invest in financial institutions that may not be interested in the relatively small sums that the Council can invest. The Council will only invest in money market funds that are managed by major banks with considerable investment expertise. Although AAA money market funds are well diversified in their investments there is a risk that more than one fund could have investments with the same bank or that the Council may also have invested funds in the same bank as a money market fund. Therefore it is proposed that the Council should aim to have no more than £70m invested in money market funds with an absolute limit of £80m.

18.4 Most building society lending is secured against residential properties. If property prices fall there may be inadequate security to support building societies lending giving rise to a systemic risk.

18.5 As RSL's offer one principal service and their assets principally consist of residential properties, excessive investments in RSLs would also expose the Council to a systemic risk.

18.5 In order to minimise systemic credit risk in any sector it is recommended that the following limits be applied **(Recommendation 2.1(aa))**:

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

18.6 In order to minimise systemic credit risk in any region it is recommended that the following limits be applied to the geographic areas where investments can be made in foreign countries.

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

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

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

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

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

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

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

19. LIQUIDITY OF INVESTMENTS

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

20. INVESTMENT OF MONEY BORROWED IN ADVANCE OF NEED

20.1 Section 12 of the Local Government Act gives a local authority the power to invest for "any purpose relevant to its functions under any enactment or for the prudent management of its financial affairs". While the speculative procedure of borrowing purely to invest at a profit is clearly unlawful, there is no legal obstacle to the temporary investment of funds borrowed for the purpose of funding capital expenditure incurred in the reasonably near future.

20.2 Borrowing in advance of need may enable the City Council to obtain cheaper loans than those available at the time when expenditure is incurred, although the consequent investment of funds borrowed in advance of need does expose the City Council to credit risk. The interest payable on funds borrowed in advance of need is likely to exceed the interest earned on the investment of those funds in the current economic climate.

20.3 The main reason for the Council's gross debt exceeding its CFR relates to borrowing undertaken for the Housing Revenue Account self-financing scheme in advance. The expected direction of gilt yields was upwards. Subsequently the Government announced that they would allow local authorities to borrow this sum from the Public Works Loans Board at National Loans Fund (NLF) rates. NLF rates are typically 1.13% below the rates the PWLB normally offers to local authorities. The Council therefore took advantage of this and borrowed a further £88.6m. Consequently, the Council's gross debt will exceed its estimated capital financing requirement by £50.5m at the end of 2014/15. The Council's gross debt is forecast to exceed its capital financing requirement by £29.1m at the end of 2015/16. The Council's gross debt is forecast to exceed its capital financing requirement (calculated in accordance with the prudential indicator of gross debt and the capital financing requirement) by £4.3m at the end of 2018/19. This balance will be used to fund future capital investment by the Council and the Council's gross debt is forecast to fall below the Council's capital financing requirement (calculated in accordance with the prudential indicator of gross debt and the capital financing requirement) in 2019/20.

21. TRAINING OF INVESTMENT STAFF

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

22. DELEGATED POWERS

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

23. TREASURY SYSTEMS AND DOCUMENTATION

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

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

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

24. REVIEW AND REPORTING ARRANGEMENTS

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

(i) an annual report on the treasury management outturn to the Council by 30 September of the succeeding financial year

(ii) a mid year review to the Council

(iii) the Annual Strategy Report to the Council in March 2016

(iv) quarterly treasury management monitoring reports to the Governance and Audit and Standards Committee

APPENDIX A

PRUDENTIAL INDICATORS

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

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

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

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

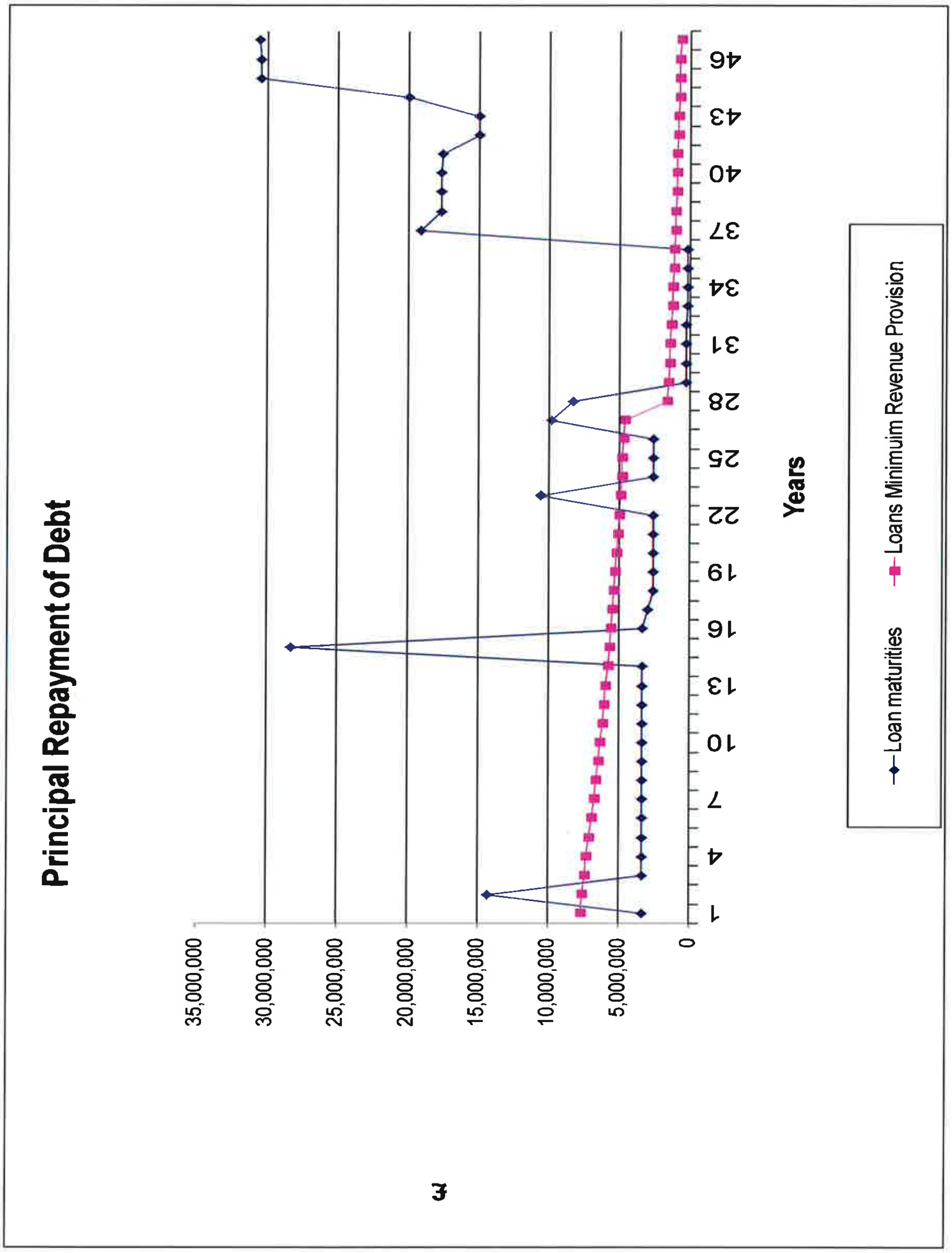
Authorised Limit for External Debt	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Borrowing	426,373	416,768	418,861	417,289	415,083	411,652	400,517
Other Long Term Liabilities (ie Credit Arrangements)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

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

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

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

APPENDIX B



Principal Repayment of Debt
£
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
0
1
4
7
10
13
16
19
22
25
28
31
34
37
40
43
46
Years
Loan maturities
Loans Minimuim Revenue Provision

APPENDIX C

DEFINITIONS OF LONG TERM CREDIT RATINGS

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

AAA: Highest credit quality
"AAA" ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality
"AA" ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High Credit Quality
"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than in the case of the higher ratings.

BBB: Good credit quality

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

APPENDIX D

INVESTMENT COUNTER PARTY LIST

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

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

Notes

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

Agenda Item 10

Agenda item:

Decision maker:	Cabinet 5th March 2015 City Council 17th March 2015
Subject:	Budget & Performance Monitoring 2014/15 (3rd Quarter) to end December 2014
Report by:	Head of Finance & Section 151 Officer
Wards affected:	All
Key decision (over £250k):	Yes

1. Purpose of Report

1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the third quarter for 2014/15.

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

2. Recommendations

2.1 It is recommended that:

(i) The forecast outturn position for 2014/15 be noted:

(a) An overspend of £822,200 after further forecast transfers to Portfolio Specific Reserves
(b) An overspend of £562,000 before further forecast transfers to Portfolio Specific Reserves.

(ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2015/16 Cash Limit.

(iii) Members note that the following actions have been instigated by the Head of Finance and S151 Officer in relation to the Children & Education Portfolio overspend:

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

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

3. Background

3.1 The Revised Budget for 2014/15 of £182,053,100 was approved by City Council on the 10th February 2015. This level of spending required an overall contribution from General Reserves of £8.83m in order to meet the shortfall between in-year spending and in-year income from all sources.

3.2 This is the third quarter monitoring report of 2014/15 and reports on the forecast 2014/15 outturn as at the end of December 2014. The forecasts summarised in this report and detailed in the attached papers are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.

3.3 Any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any "windfall cost" from within their areas of responsibility in order to protect the overall Council financial position. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.

3.4 The Financial Pack attached at Appendix A has been prepared in Portfolio format and is similar in presentation, but not the same as, the more recognisable "General Fund Summary" presented as part of the Budget report approved by Council on 10th February 2015. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

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

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

4.2 The quarter 3 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 3 stage are:

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

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

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

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

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

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

The key variances are:

- Family Support Services is forecast to overspend by £200,000. The forecast overspend includes previously agreed savings and efficiency targets of £40,000 which have yet to be fully implemented and realised. The service is also unable to deliver vacancy savings targets, due to the operational decision not to operate with vacancies, in order to try and maintain manageable caseload levels.

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

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

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

- Whilst placements with independent foster carers continue to reduce, this has been at a slower rate than that anticipated and due to the complexity of needs the Looked After Children budget area is forecast to overspend by £1,699,000.

- Commissioned Services are forecast to overspend by £114,000: £40,000 relates to the loss of income following a decision not to pursue parental contributions, (means tested contributions in respect of s.20 placements), a further £60,000 from increased cost of emergency duty, child advocacy and supervised contact commissioned services. The remainder relates to additional project support and consultancy costs.

- Management and Support (£398,000 overspend): The Independent Reviewing Officer (IRO) service is experiencing budget pressures as a result of not achieving vacancy savings targets, combined with the additional cost of 2 supernumerary specialist posts, which were recruited to lower the number of cases held by the IRO officers. The service is also experiencing additional pressures due to the increased contribution to the Integrated Commissioning Unit (this investment is intended to deliver future cost reductions through commissioning arrangements) as well as increased OFSTED inspection requirements.

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

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

i. the current financial year

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

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

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

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

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

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

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

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

The key variances are:

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

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

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

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

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

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

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

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

- As a result of effective contract monitoring the cost of Refuse Collection and Waste Disposal is forecast to be £97,000 lower than budgeted.

- Staffing costs across the Portfolio are expected to be £55,000 lower than originally budgeted due to staff vacancies, higher fee income for staff time spent on major capital projects offset by staffing costs associated with the 'Delivering Differently' project.

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

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

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

5.6 Other Miscellaneous – £3,267,000

As described in the Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19 Report to Council on 10th February 2015, the Children and Education Portfolio is experiencing difficulty containing expenditure within budgeted limits. The Revised Budget approved by the City Council on the 10th February 2015 was prepared to include a Contingency provision of £2,912,000 which was set aside to guard against an overall overspend on the Children's Safeguarding budget. In addition it is now expected that a further £355,000 currently provided within the 2014/15 Contingency will not be required.

6 Other Minor Budget Variations – Forecast Outturn 2014/15

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

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

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

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

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

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

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

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

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

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

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

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

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

6.9 Levies – No Forecast Variance

6.10 Insurance – No Forecast Variance

7. Transfers From/To Portfolio Specific Reserves

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

- Each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio

- The Portfolio Holder be responsible for approving any releases from their reserve in consultation with the Head of Finance and Section 151 Officer

- That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant portfolio:

  i. Any overspendings at the year-end
  ii. Any one-off Budget Pressures experienced by a Portfolio
  iii. Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
  iv. Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
  v. Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)

- Once there is confidence that the instances i) to v) above can be satisfied, the earmarked reserve may be used for any other development or initiative

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

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

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

8. Relationships between Financial Performance and Service Performance

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

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

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

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

9. Conclusion - Overall Finance & Performance Summary

9.1 The overall forecast outturn for the City Council in 2014/15, before further transfers to Portfolio Specific Reserves as at the end of December 2014, is forecast to be £182,615,100. This is an overall overspend of £562,000 against the Revised Budget and represents a variance of 0.30%. Once all transfers to Portfolio Specific Reserves are taken into account the forecast outturn for the City Council increases by £260,200 to £182,875,300. This is an overall overspend against the revised budget of £822,200 representing a variance of 0.50%.

9.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.

9.3 The overall financial position is deemed to be "red" since the forecast outturn after transfers to Portfolio Specific Reserves is higher than budgeted. However, finance is not having a negative impact on the overall performance status of the Council's activities.

9.4 As outlined in paragraph 4.2, the forecast overspend within the Children and Education Portfolio represents the greatest area of concern in terms of the impact it has on the overall City Council budget for 2014/15. Consequently the Head of Finance & S151 Officer has set in train a series of actions to minimise the underlying budget deficit.

9.5 Where a Portfolio is presently forecasting a net overspend, in accordance with current Council policy, any overspending in 2014/15 will be deducted from cash limits in 2015/16 and therefore the appropriate Heads of Service in consultation with Portfolio Holders should prepare an action plan outlining how their 2014/15 forecast outturn or 2015/16 budget might be reduced to alleviate the adverse variances currently being forecast.

9.6 Based on the Revised Budget of £182,053,100 the Council will remain within its minimum level of General Reserves for 2014/15 of £6.0m as illustrated below:

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

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

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

10. City Solicitor's Comments

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

11. Equalities Impact Assessment

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

…………………………………….

Chris Ward

Head of Finance & S151 Officer

<u>Background List of Documents –</u>

Section 100D of the Local Government Act 1972

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

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

The recommendations set out above were:

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

Signed: ……………………………………….

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

Signed: ……………………………………….

APPENDIX A

FINANCIAL & SERVICE PERFORMANCE

QUARTER 3
2014/15

INFORMATION PACK

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO City Council General Fund

BUDGET Total General Fund Expenditure

TOTAL CASH LIMIT 182,053,100

CHIEF OFFICER All Budget Holders

MONTH ENDED December 2014

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

Note **All figures included above exclude Capital Charges**

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

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

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

Note **Remedial Action resulting in savings should be shown in brackets**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Children and Education

BUDGET

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

TOTAL CASH LIMIT **31,876,300**

CHIEF OFFICER **Julian Wooster**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET FORECAST 2014/15				RISK INDICATOR
		Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	£	£	£	%	
1	ISB Nursery	7,559,900	7,622,800	62,900	0.8%	7,559,900	7,809,900	**250,000**	3.3%	L
2	ISB Primary	48,719,300	48,719,400	100	0.0%	48,719,300	48,719,300	**0**	0.0%	L
3	ISB Secondary	26,126,700	26,126,600	(100)	(0.0%)	26,126,700	26,126,700	**0**	0.0%	L
4	ISB Special	3,384,000	3,195,000	(189,000)	(5.6%)	3,384,000	3,384,000	**0**	0.0%	L
5	DSG	(59,950,100)	(68,069,900)	(8,119,800)	(13.5%)	(85,789,900)	(86,039,900)	**(250,000)**	(0.3%)	L
6	Strategic Commissioning	717,800	702,300	(15,500)	(2.2%)	943,400	1,076,400	**133,000**	14.1%	L
7	Early Support	2,113,800	1,700,700	(413,100)	(19.5%)	2,819,400	2,658,700	**(160,700)**	(5.7%)	L
8	Education Improvement	576,100	318,000	(258,100)	(44.8%)	1,068,500	1,099,400	**30,900**	2.9%	M
9	Child Support Services	2,586,900	2,142,800	(444,100)	(17.2%)	3,661,300	3,744,600	**83,300**	2.3%	M
10	Joint Priorities	210,900	(780,400)	(991,300)	(470.0%)	531,900	531,900	**0**	0.0%	M
11	Family Support Service	1,000,000	1,126,800	126,800	12.7%	1,318,800	1,518,900	**200,100**	15.2%	M
12	Fieldwork Services	4,413,700	5,543,700	1,130,000	25.6%	5,838,500	7,450,800	**1,612,300**	27.6%	H
13	Looked After Children	8,534,300	9,980,700	1,446,400	16.9%	11,260,300	12,958,800	**1,698,500**	15.1%	H
14	Services Commissioned And Provided	694,400	390,700	(303,700)	(43.7%)	925,800	1,040,100	**114,300**	12.3%	H
15	Safeguarding Management And Support	772,900	1,125,300	352,400	45.6%	1,436,300	1,833,900	**397,600**	27.7%	H
16	Youth Support (IYSS)	1,638,300	1,004,800	(633,500)	(38.7%)	2,072,100	1,938,600	**(133,500)**	(6.4%)	M
TOTAL		**49,098,900**	**40,849,300**	**(8,249,600)**	**(16.8%)**	**31,876,300**	**35,852,100**	**3,975,800**	**12.5%**	
	Total Value of Remedial Action (from Analysis Below)						0			
	Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)					**31,876,300**	**35,852,100**	**3,975,800**	**12.5%**	
	Total Forecast Transfers From Portfolio Specific Reserves					0				
	Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)					**31,876,300**	**35,852,100**	**3,975,800**	**12.5%**	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
1	The overspend is due to the continued growth in the private, voluntary and independent nursery places for 3 & 4 year olds being funded in the City. The EFA funding is lagged and therefore creating a pressure in year.	250,000
5	Whilst the Authority is seeing growth in the number of 2 year olds accessing early education an underspend is expected in 2014-15 due to the profile of the take up of nursery places.	(250,000)
6	The overspend is due to a combination of the cost of temporary cover for senior posts, a supernumerary post and the decision to contribute to the cost of the new posts in the Integrated Commissioning Unit.	133,000
7	The underspend is due to the service finding further efficiencies within their operations in anticipation of further savings being required in the future.	(160,700)
8	The overspend is due to the cost of the team supporting the virtual head teacher.	30,900
9	The overspend in the Home to School / College transport budget is due to the number of Children currently being supported. The effect of the new transport policies implemented in September 2014 have reduced the cost of travel compared to 2013-14. This transport overspend has been partly offset by a slower than anticipated uptake of the short breaks service.	83,300
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 regrading the posts.	200,100
12	The overspending is primarily related to staffing levels. These remain high thus not achieving the level of vacancy savings built into the budget nor offsetting the loss of Social Work Matters funding this year together with the financial effect of the recent regrading of social work staff.	1,612,300
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 a higher cost than provided for in the budget. In house placements are also growing and budget provision in this area is now being exceeded.	1,698,500
14	Reduced expectation of parental contributions coupled with an un-anticipated increase in contract costs.	114,300
15	Need for Independent Reviewing Officer posts and agency coverage, alongside a contribution towards the Integrated Commissioning Unit posts.	397,600
16	The underspend has arisen as a result of the secondment and delayed backfill of a Commissioning manager post, together with vacancies in the Targeted Youth Services.	(133,500)
	TOTAL PROJECTED VARIANCE	**3,975,800**

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 DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Culture, Leisure & Sport

BUDGET

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

TOTAL CASH LIMIT **8,673,400**

CHIEF OFFICER **Kathy Wadsworth**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15 Budget Profile To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15 Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	Parks, Gardens & Open Spaces	1,735,110	1,573,101	(162,009)	(9.3%)	2,438,400	2,367,500	**(70,900)**	(2.9%)	H
2	Seafront Management	184,485	137,480	(47,005)	(25.5%)	179,300	179,300	**0**	0.0%	L
3	Golf Courses	(196,406)	(191,737)	4,669	2.4%	(205,500)	(180,300)	**25,200**	12.3%	M
4	Pyramids	948,046	965,704	17,658	1.9%	1,048,700	1,048,700	**0**	0.0%	H
5	Mountbatten & Gymnastic Centres	212,652	212,259	(393)	(0.2%)	283,500	293,500	**10,000**	3.5%	M
6	Other Sports & Leisure Facilities inc (POC)	211,105	61,085	(150,020)	(71.1%)	298,700	296,300	**(2,400)**	(0.8%)	M
7	Sports Development	192,176	195,111	2,935	1.5%	219,700	240,400	**20,700**	9.4%	L
8	Departmental Establishment (Leisure)	375,921	281,634	(94,287)	(25.1%)	338,600	326,600	**(12,000)**	(3.5%)	L
9	Libraries	1,665,654	1,579,656	(85,998)	(5.2%)	2,160,200	2,168,000	**7,800**	0.4%	M
10	Museum Services	616,120	552,055	(64,065)	(10.4%)	819,600	819,600	**0**	0.0%	M
11	Cultural Partnerships (Previously Arts Service)	286,120	317,741	31,621	11.1%	334,100	334,100	**0**	0.0%	L
12	Community Centres	323,514	206,793	(116,721)	(36.1%)	390,600	357,600	**(33,000)**	(8.4%)	L
13	Events	336,940	349,207	12,267	3.6%	367,500	364,500	**(3,000)**	(0.8%)	L
TOTAL		**6,891,437**	**6,240,089**	**(651,348)**	**(9.5%)**	**8,673,400**	**8,615,800**	**(57,600)**	**(0.7%)**	
	Total Value of Remedial Action (from Analysis Below)						0			
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)						**8,673,400**	**8,615,800**	**(57,600)**	**(0.7%)**	
	Total Forecast Transfers To Portfolio Specific Reserves					(57,600)				
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)						**8,615,800**	**8,615,800**	**0**	**0.0%**	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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 DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Environment & Community Safety

BUDGET

980,500	Corporate Assets, Business & Standards
114,000	City Development & Cultural Services
13,080,000	Transport and Street Management
2,270,100	Community Safety
	Head Plan
TOTAL CASH LIMIT **16,444,600**	

CHIEF OFFICER **Kathy Wadsworth**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET FORECAST 2014/15				RISK INDICATOR
		Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	£	£	£	%	
1	Environmental Protection	281,500	273,600	(7,900)	(2.8%)	324,800	324,800	**0**	0.0%	L
2	Environment Admin & Management	8,000	12,700	4,700	58.8%	34,000	34,000	**0**	0.0%	L
3	Community Safety Administration & Management	10,600	10,300	(300)	(2.8%)	14,200	14,200	**0**	0.0%	L
4	Environmental Health - Commercial Services	216,000	191,600	(24,400)	(11.3%)	295,500	295,500	**0**	0.0%	M
5	Port Health	(15,600)	(29,400)	(13,800)	(88.5%)	(23,800)	(23,800)	**0**	0.0%	L
6	Trading Standards	243,900	247,400	3,500	1.4%	323,600	323,600	**0**	0.0%	M
7	Welfare Burials	9,100	3,700	(5,400)	(59.3%)	12,200	12,200	**0**	0.0%	L
8	Refuse Collection	2,578,000	1,719,200	(858,800)	(33.3%)	3,683,800	3,596,300	**(87,500)**	(2.4%)	H
9	Waste Disposal	3,931,800	3,896,000	(35,800)	(0.9%)	4,692,400	4,682,900	**(9,500)**	(0.2%)	H
10	Waste Recycling	99,700	103,200	3,500	3.5%	136,000	133,700	**(2,300)**	(1.7%)	L
11	Public Conveniences	285,700	253,200	(32,500)	(11.4%)	427,800	400,900	**(26,900)**	(6.3%)	L
12	Street Cleansing	2,223,100	2,223,100	0	0.0%	2,964,200	2,964,200	**0**	0.0%	L
13	Clean City	3,000	1,400	(1,600)	(53.3%)	4,000	4,000	**0**	0.0%	L
14	Built Environment	59,100	60,000	900	1.5%	80,300	80,300	**0**	0.0%	L
15	Control Of Dogs	55,700	50,200	(5,500)	(9.9%)	88,700	88,700	**0**	0.0%	M
16	Projects & Procurement Management	68,600	40,900	(27,700)	(40.4%)	137,500	96,200	**(41,300)**	(30.0%)	M
17	Sea Defences And Drainage	175,800	294,800	119,000	67.7%	367,700	379,700	**12,000**	3.3%	M
18	Coastal Partnership	150,700	153,800	3,100	2.1%	161,600	161,600	**0**	0.0%	L
19	LATS			0	-			**0**	-	H
20	Cemeteries	(19,500)	(62,700)	(43,200)	(221.5%)	12,400	12,400	**0**	0.0%	L
21	Contaminated Land	89,160	75,957	(13,203)	(14.8%)	114,000	113,000	**(1,000)**	(0.9%)	L
22	Carbon Allowances	0	579,700	579,700	-	190,000	190,000	**0**	0.0%	L
23	Carbon Management Team	83,600	98,000	14,400	17.2%	133,600	128,600	**(5,000)**	(3.7%)	L
24	Motiv8	61,400	81,800	20,400	33.2%	81,800	81,800	**0**	0.0%	L
25	Hidden Violence And Abuse	330,900	215,300	(115,600)	(34.9%)	441,200	385,400	**(55,800)**	(12.6%)	L
26	Community Safety Strategy And Partnership	128,100	241,400	113,300	88.4%	244,800	308,500	**63,700**	26.0%	H
27	CCTV	169,200	341,500	172,300	101.8%	225,700	246,700	**21,000**	9.3%	H
28	Community Wardens	683,300	645,400	(37,900)	(5.5%)	901,000	867,400	**(33,600)**	(3.7%)	L
29	Anti Social Behaviour Unit	140,200	136,100	(4,100)	(2.9%)	186,900	187,700	**800**	0.4%	L
30	Substance Misuse (including Alcohol)	0	0	0	-	0	0	**0**	-	L
31	Civil Contingencies (Emergency Planning)	141,500	149,600	8,100	5.7%	188,700	192,700	**4,000**	2.1%	L
TOTAL		**12,192,560**	**12,007,757**	**(184,803)**	**(1.5%)**	**16,444,600**	**16,283,200**	**(161,400)**	**(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)						**16,444,600**	**16,283,200**	**(161,400)**	**(1.0%)**	
	Total Forecast Transfers To Portfolio Specific Reserves					(161,400)				
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)						**16,283,200**	**16,283,200**	**(0)**	**(0.0%)**	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £
8	Due to careful management of the costs of the Waste Collection service for the year ended September 2014 a favourable variance of £33,000 was achieved. In addition, the contract for the year beginning October 2014 has been negotiated at a lower cost than had been forecast, which is expected to cost £15,000 less than budget in the six months to March 2015. Additionally, staff vacancies have resulted in a saving of £16,000 in employee costs.	(87,500)
9	The contract with Veolia has been renewed at renegotiated prices, which will reduce the Fixed Fee by £90,000 for the Quarter January-March 2015. This has been built into future years savings targets. Also, an arrangement has been entered into with Southampton City Council, for the purchase of Portsmouth's unused incinerator capacity at £45/tonne from January 2015, generating income of £68,000 in the current financial year. This has not been built into future savings proposals, but will be used to offset future increases in disposal volumes and a reduction in the sale prices of commodities which are currently being experienced and are expected to continue in the future. Waste disposal costs are currently forecast to be £46,000 above budget, primarily due to large volumes of green waste (£43,000 above budget) and sharp increases in the cost of the disposal of wood (£30,000 over budget), offset by savings elsewhere, primarily on Landfill costs (£29,000 below budget). In addition, income from the sale of waste is forecast to be £78,000 lower than budgeted due to lower volume of Dry Mixed Recyclables than expected and lower selling prices of various types of waste. There are also various unbudgeted but approved additional costs amounting to £38,000, of which £13,000 will be funded from the Portfolio Specific Reserve.	(9,500)
11	Income at the Clarence Pier convenience is above budget and is forecast to be £14,000 favourable over the full year. A saving of £10,000 is expected on cleaning costs, and water usage is less than budget. A part-year saving of £6,000 has been realised due to the deletion of one post. Various improvements works are being undertaken at several locations at a total cost of £60,000, funded from the Portfolio Reserve.	(26,900)
16	Income generated by the Projects & Procurement team has been higher than budgeted due to more work of a chargeable nature being undertaken. The costs of Phase 2 of the City Energy project have been incurred here, partly funded by a transfer from the Portfolio Reserve (£40,000).	(41,300)
17	A Drainage Engineer post has been vacant all year. However, the saving in employee costs is more than offset by the loss of income that this post was expected to generate.	12,000
23	The forecast saving of £5,000 is attributable to employee costs caused by a phased return to work following maternity leave. A sum of £20,000 is being spent on Phase 1 of the City Energy Project, funded from the Portfolio Reserve.	(5,000)
25	Early Intervention staffing costs are lower than originally estimated.	(55,800)
26	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.	63,700
27	A higher than anticipated number of CCTV cameras have needed replacement.	21,000
28	Reduced overtime payments required within the Community Wardens service covering vacancies, has resulted in a saving.	(33,600)
	Other minor variances	1,500
	TOTAL PROJECTED VARIANCE	**(161,400)**

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

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO	Health & Social Care	
BUDGET		48,288,700
TOTAL CASH LIMIT		**48,288,700**
CHIEF OFFICER	**Julian Wooster**	
MONTH ENDED	**December 2014**	

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET FORECAST 2014/15				RISK INDICATOR
		Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	£	£	£	%	
1	Physical Support	8,409,500	10,170,300	1,760,800	20.9%	11,212,800	11,238,500	**25,700**	0.2%	L
2	Sensory Support	180,000	180,500	500	0.3%	240,000	240,000	**0**	0.0%	L
3	Memory & Cognition	2,773,700	2,679,200	(94,500)	(3.4%)	3,698,200	3,606,400	**(91,800)**	(2.5%)	M
4	Learning Disability Support	12,827,300	12,209,500	(617,800)	(4.8%)	17,103,000	17,119,600	**16,600**	0.1%	L
5	Mental Health Support	1,547,800	1,923,300	375,500	24.3%	2,063,800	2,123,200	**59,400**	2.9%	M
6	Social Support: Substance Misuse Support	104,000	(18,400)	(122,400)	(117.7%)	138,700	51,800	**(86,900)**	(62.7%)	H
7	Asylum Seeker Support	0	0	0	-	0	0	**0**	0.0%	L
8	Support for Carer - Direct Payments	0	0	0	-	0	0	**0**	0.0%	L
9	Social Support: Other Support for Carer	57,800	187,000	129,200	223.5%	77,100	77,100	**0**	0.0%	L
10	Assistive Equipment & Technology	571,600	991,900	420,300	73.5%	762,100	865,300	**103,200**	13.5%	H
11	Social Care Activities	4,792,200	4,728,100	(64,100)	(1.3%)	6,389,600	6,587,100	**197,500**	3.1%	M
12	Information & Early intervention	27,800	38,400	10,600	38.1%	37,000	29,500	**(7,500)**	(20.3%)	H
13	Commissioning and Service Delivery	1,286,400	3,000,000	1,713,600	133.2%	1,715,100	1,788,100	**73,000**	4.3%	M
14	Supporting People - Housing	3,638,500	3,473,900	(164,600)	(4.5%)	4,851,300	4,777,200	**(74,100)**	(1.5%)	L
18	Sexual Health Mandatory - services	2,414,800	2,307,900	(106,900)	(4.4%)	3,219,700	3,107,000	**(112,700)**	(3.5%)	M
19	Sexual Health Non Mandatory - services	191,000	196,000	5,000	2.6%	254,700	249,000	**(5,700)**	(2.2%)	L
20	Smoking	916,400	771,000	(145,400)	(15.9%)	1,221,800	1,104,300	**(117,500)**	(9.6%)	H
21	Children 5-19 Programme	443,700	379,700	(64,000)	(14.4%)	591,600	496,400	**(95,200)**	(16.1%)	H
22	Health Checks	308,700	241,200	(67,500)	(21.9%)	411,500	337,000	**(74,500)**	(18.1%)	H
23	Obesity	338,800	236,200	(102,600)	(30.3%)	451,700	362,700	**(89,000)**	(19.7%)	H
24	Substance Misuse	3,638,600	3,099,700	(538,900)	(14.8%)	4,851,500	4,385,200	**(466,300)**	(9.6%)	H
25	Public Health Advice	125,700	38,100	(87,600)	(69.7%)	167,600	112,500	**(55,100)**	(32.9%)	H
26	Miscellaneous Public Health Services	(8,377,700)	(10,554,600)	(2,176,900)	(26.0%)	(11,170,100)	(10,154,100)	**1,016,000**	(9.1%)	H
27	European Integration Fund	0	73,300	73,300	-	0	0	**0**	0.0%	L
28	Big Lottery	0	(93,300)	(93,300)	-	0	0	**0**	0.0%	L
29	Chances 4 change	0	18,600	18,600	-	0	0	**0**	0.0%	L
30	Cities of Service	0	(57,200)	(57,200)	-	0	0	**0**	0.0%	L
TOTAL		**36,216,600**	**36,220,300**	**3,700**	**0.0%**	**48,288,700**	**48,503,800**	**215,100**	**0.4%**	

Total Value of Remedial Action (from Analysis Below)		0		
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)	**48,288,700**	**48,503,800**	**215,100**	**0.4%**
Total Forecast Transfers From Portfolio Specific Reserves	0			
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)	**48,288,700**	**48,503,800**	**215,100**	**0.4%**

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 £	Remedial Action	Value of Remedial Action
3	Memory and Cognition - the current financial year has seen a change in the client demographic with more clients being cared for in their own homes leading to a decrease in nursing care clients and the associated reduction in costs.	(91,800)	We are currently projecting that the service will be overspent by £215,000 at the end of the 2014/15 financial year. This is subject to continuing budget monitoring and control throughout the remainder of the financial year.	0
5	Mental Health Support - increased client numbers for both residential and domiciliary care.	59,400		
6	Social Support: Substance Misuse Support - fewer clients going through the residential rehabilitation programme.	(86,900)		
10	Assistive Equipment and Technology - increased requirement for equipment to maintain clients at home for longer.	103,200		
11	Social Care Activities - Deprivation of Liberties (DOLS) - Adult Social Care are currently projecting an overspend of £310,522 for this area of the budget due to a recent change in legislation. This has placed the responsibility on local authorities to carry out these DOLS assessments which have rapidly increased from a few per month to approximately 25 per week.	197,500		
	Other Miscellaneous Comprises a number of very small variances over a range of services.	33,700		
	TOTAL PROJECTED VARIANCE	**215,100**	**TOTAL VALUE OF REMEDIAL ACTION**	**0**

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

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Housing

BUDGET

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

TOTAL CASH LIMIT **1,855,900**

CHIEF OFFICERS **Kathy Wadsworth**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15: Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		BUDGET PROFILE 2014/15: Total Budget	Forecast Year End Outturn	Variance vs. Total Budget To December 2014		RISK INDICATOR
		£	£	£	%	£	£	£	%	
1	Housing Strategy - General	114,450	108,100	(6,350)	(5.5%)	152,600	145,100	(7,500)	(4.9%)	L
2	Registered Social Landlords	54,500	42,900	(11,600)	(21.3%)	72,400	58,300	(14,100)	(19.5%)	L
3	Housing Advisory Service	160,200	142,200	(18,000)	(11.2%)	213,700	191,500	(22,200)	(10.4%)	L
4	Housing Enabling	65,800	62,500	(3,300)	(5.0%)	87,300	84,100	(3,200)	(3.7%)	L
7	Private Leased Properties	(28,200)	(48,500)	(20,300)	(72.0%)	(37,600)	(43,600)	(6,000)	(16.0%)	L
10	Homeless Prevention	518,100	314,600	(203,500)	(39.3%)	690,500	787,400	96,900	14.0%	M
11	Telecare	(100,300)	(111,200)	(10,900)	(10.9%)	(133,300)	(149,400)	(16,100)	(12.1%)	L
12	Wardens Welfare (Sheltered Housing)	56,000	47,500	(8,500)	(15.2%)	74,700	74,700	0	0.0%	L
13	Youth & Play Shared Services with the HRA	182,000	261,300	79,300	43.6%	342,600	347,100	4,500	1.3%	L
14	De Minimis Capital Receipts	(97,000)	(54,600)	42,400	43.7%	(128,300)	(74,300)	54,000	42.1%	M
15	Other Council Property	(11,800)	(22,300)	(10,500)	(89.0%)	(15,800)	(29,100)	(13,300)	(84.2%)	L
16	Works in Default / Properties in Default	(6,100)	(12,200)	(6,100)	(100.0%)	(8,000)	(8,000)	0	0.0%	L
17	Housing Standards	388,200	308,500	(79,700)	(20.5%)	517,600	503,700	(13,900)	(2.7%)	L
18	Houses in Multiple Occupation	(12,500)	(162,100)	(149,600)	(1196.8%)	3,500	(23,500)	(27,000)	(771.4%)	L
19	Houses in Single Occupation	(700)	(1,800)	(1,100)	(157.1%)	(1,000)	(1,000)	0	0.0%	L
20	Home Check scheme	17,500	53,700	36,200	206.9%	23,000	63,500	40,500	176.1%	M
21	Controlling Orders	1,500	0	(1,500)	(100.0%)	2,000	2,000	0	0.0%	L
22	Mortgages	0	0	0	-	0	0	0	-	L
23	Green Deal	0	(11,000)	(11,000)	-	0	0	0	-	L
24	Low Rise Houses in Multiple Occupation Licensing	0	0	0	-	0	(44,700)	(44,700)	-	L
TOTAL		**1,301,650**	**917,600**	**(384,050)**	**(29.5%)**	**1,855,900**	**1,883,800**	**27,900**	**1.5%**	
	Total Value of Remedial Action (from Analysis Below)						0			
	Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)					**1,855,900**	**1,883,800**	**27,900**	**1.5%**	
	Total Forecast Transfers From Portfolio Specific Reserves					27,900				
	Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)					**1,883,800**	**1,883,800**	**0**	**0.0%**	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1	This underspend, mainly on private contractors costs will be used to offset the overspend on De Minimis Capital Receipts.	(7,500)		
2	This underspend has arisen from a saving on employee costs and will be utilised to offset a projected overspend within De Minimis Capital Receipts.	(14,100)		
3	This saving has arisen due to vacant posts and employees not joining the pension scheme.	(22,200)		
7	Increased income from government grants and dwelling rents.	(6,000)		
10	The projected overspend reflects the cost of a greater than anticipated need for Bed & Breakfast type accommodation.	96,900		
11	This saving has arisen from various small underspends across expenditure budgets within the Telecare service.	(16,100)		
14	Income from de minimis capital receipts received is due to a reduction in the number of housing improvement loans being awarded, as a result of the slower recovery than first anticipated in the housing market.	54,000		
15	The additional income is mainly due to unplanned rental income from a unit on the ground floor of Chaucer House.	(13,300)		
17	Employee savings due to vacant posts and employees not joining the Local Government pension scheme.	(13,900)		
18	Income expected to exceed budget due to an increase in the number of HMO licences granted.	(27,000)		
20	This budget had challenging targets for 2014/15 and currently both income and expenditure are projected to be below target, resulting in an increase in net service costs.	40,500		
24	Employee savings have arisen due to vacant posts part way through the year and employees not joining the Local Government pension scheme.	(44,700)		
	Minor Variances	1,300		
	TOTAL PROJECTED VARIANCE	**27,900**	**TOTAL VALUE OF REMEDIAL ACTION**	**0**

Note **Remedial Action resulting in savings is shown in brackets**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Leader

BUDGET 234,000

TOTAL CASH LIMIT **234,000**

CHIEF OFFICER

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15 Budget Profile To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15 Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	Portsmouth Civic Award	600	100	(500)	-83.3%	1,000	1,000	**0**	0.0%	L
2	Leader Initiatives	0	7,200	7,200	-	25,000	25,000	**0**	0.0%	L
3	Lord Mayor	76,300	78,200	1,900	2.5%	101,900	108,600	**6,700**	6.6%	L
4	Lord Mayor's Events	(5,100)	2,400	7,500	147.1%	(5,900)	200	**6,100**	103.4%	L
5	Civic Events	89,900	89,300	(600)	-0.7%	112,000	112,000	**0**	0.0%	L
TOTAL		**161,700**	**177,200**	**15,500**	**9.6%**	**234,000**	**246,800**	**12,800**	**5.5%**	
		Total Value of Remedial Action (from Analysis Below)					0			
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)						**234,000**	**246,800**	**12,800**	**5.5%**	
		Total Forecast Transfers From Portfolio Specific Reserves				0				
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)						**234,000**	**246,800**	**12,800**	**5.5%**	

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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 DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

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

BUDGET

980,500	City Development & Cultural Services
(4,137,800)	Corporate Assets, Business & Standards
2,094,400	Housing & Property Services
TOTAL CASH LIMIT (1,062,900)	

CHIEF OFFICER **Kathy Wadsworth**
Michael Lawther

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15 Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		BUDGET FORECAST 2014/15 Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDIC ATOR
		£	£	£	%	£	£	£	%	
1	Planning Management & Administration	118,810	120,740	1,930	1.6%	157,900	150,900	(7,000)	(4.4%)	M
2	Planning Development Control	(74,648)	(151,551)	(76,903)	(103.0%)	(150,100)	(171,100)	(21,000)	(14.0%)	H
3	Planning Policy	276,758	249,943	(26,815)	(9.7%)	368,600	368,600	0	0.0%	M
4	Building Regulations & Control	3,510	(55,290)	(58,800)	(1675.2%)	(25,400)	(28,400)	(3,000)	(11.8%)	H
5	Economic Regeneration and Service Plan	262,850	144,926	(117,924)	(44.9%)	337,600	333,600	(4,000)	(1.2%)	L
6	Tourism	242,392	250,095	7,703	3.2%	291,900	291,900	0	0.0%	L
7	Economic Development, Business and Standards	190,200	92,000	(98,200)	(51.6%)	262,600	262,600	0	0.0%	L
8	Enterprise Centres	(210,500)	(314,600)	(104,100)	(49.5%)	(280,900)	(350,900)	(70,000)	(24.9%)	L
9	PCMI	60,000	173,000	113,000	188.3%	45,500	267,400	221,900	487.7%	L
10	Community Learning & Pride in Pompey	(4,800)	(88,200)	(83,400)	(1737.5%)	0	(9,900)	(9,900)	-	M
11	Administrative Buildings	1,239,825	1,286,200	46,375	3.7%	1,653,100	1,652,100	(1,000)	(0.1%)	M
12	Guildhall	375,200	381,300	6,100	1.6%	441,300	441,300	0	0.0%	L
13	Property Portfolio	(2,776,685)	(2,772,681)	4,004	0.1%	(4,165,000)	(4,053,000)	112,000	2.7%	H
14	City Centre North Development			0	-				-	
TOTAL		**(297,088)**	**(684,118)**	**(387,030)**	**(130.3%)**	**(1,062,900)**	**(844,900)**	**218,000**	**20.5%**	
							(221,900)			
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)						**(1,062,900)**	**(1,066,800)**	**(3,900)**	**(0.4%)**	
		Total Forecast Transfers To Portfolio Specific Reserves				(3,900)				
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)						**(1,066,800)**	**(1,066,800)**	**0**	**0.0%**	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Planning Regeneration & Economic Development (Commercial Ferry Port)

BUDGET (4,220,500)

TOTAL CASH LIMIT **(4,220,500)**

CHIEF OFFICER **Martin Putman**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

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

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

Total Value of Remedial Action (from Analysis Below)		0		
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)	**(4,220,500)**	**(4,201,000)**	**19,500**	**0.5%**
Total Forecast Transfers From Portfolio Specific Reserves	19,500			
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)	**(4,201,000)**	**(4,201,000)**	**0**	**0.0%**

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
Income	Adverse income variance due to services finishing earlier in December than anticipated and the effect of bad weather resulting in the cancellation of some services.	55,700		
Operational Costs	Adverse variance due to the use of berthing contractors and overtime to facilitate throughput, additional costs to rectify radio interference, offset in part by other operational savings identified.	51,500		
Management and General Expenses	Favourable variance arising from a vacant post.	(13,000)		
	TOTAL PROJECTED VARIANCE	**94,200**	**TOTAL VALUE OF REMEDIAL ACTION**	**0**

Note **Remedial Action resulting in savings is shown in brackets**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Resources

BUDGET 22,259,500

TOTAL CASH LIMIT **22,259,500**

CHIEF OFFICER **Various**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET PROFILE 2014/15				RISK INDICATOR
		Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	£	£	£	%	
1	Miscellaneous Expenses	103,100	181,500	78,400	76.0%	236,100	233,900	**(2,200)**	(0.9%)	L
2	HR, Legal and Performance	2,438,600	2,033,900	(404,700)	(16.6%)	3,034,200	2,957,100	**(77,100)**	(2.5%)	H
3	Transformation Workstream Investment	0	275,000	275,000	-	0	277,000	**277,000**	-	M
4	Customer & Community Services	1,353,800	1,297,900	(55,900)	(4.1%)	1,897,600	1,901,400	**3,800**	0.2%	L
5	Grants & Support to the Voluntary Sector	876,000	763,000	(113,000)	(12.9%)	838,400	838,400	**0**	0.0%	L
6	Financial Services	3,720,600	3,660,200	(60,400)	(1.6%)	4,742,700	4,730,300	**(12,400)**	(0.3%)	L
7	Information Services	3,338,400	2,901,700	(436,700)	(13.1%)	4,490,000	4,442,200	**(47,800)**	(1.1%)	H
8	AMS Design & Maintenance	636,200	726,000	89,800	14.1%	894,100	967,100	**73,000**	8.2%	H
9	Property Services	185,100	157,400	(27,700)	(15.0%)	257,000	347,000	**90,000**	35.0%	H
10	Landlords Repairs & Maintenance	938,900	433,100	(505,800)	(53.9%)	1,251,800	1,221,800	**(30,000)**	(2.4%)	H
11	Spinnaker Tower	0	(89,300)	(89,300)	-	(250,000)	(300,000)	**(50,000)**	(20.0%)	M
12	MMD Crane Rental	0	(289,100)	(289,100)	-	(385,400)	(385,400)	**0**	0.0%	M
13	Administration Expenses	0	0	0	-	5,000	5,000	**0**	0.0%	L
14	Housing Benefit - Rent Allowances	(515,700)	(559,100)	(43,400)	(8.4%)	(637,000)	(436,200)	**200,800**	31.5%	H
15	Housing Benefit - Rent Rebates	(138,500)	(101,300)	37,200	26.9%	(200,000)	(282,600)	**(82,600)**	(41.3%)	H
16	Local Taxation	1,571,500	1,489,100	(82,400)	(5.2%)	1,302,300	1,296,500	**(5,800)**	(0.4%)	L
17	Local Welfare Assistance Scheme	551,700	531,300	(20,400)	(3.7%)	446,200	446,200	**0**	0.0%	L
18	Benefits Administration	1,515,000	1,237,800	(277,200)	(18.3%)	2,000,400	1,957,300	**(43,100)**	(2.2%)	H
19	Discretionary Non-Domestic Rate Relief	0	(20,000)	(20,000)	-	0	0	**0**	-	L
20	Land Charges	(55,200)	(78,400)	(23,200)	(42.0%)	(83,200)	(106,900)	**(23,700)**	(28.5%)	M
21	Democratic Representation & Management	897,100	921,900	24,800	2.8%	1,202,500	1,206,800	**4,300**	0.4%	L
22	Corporate Management	704,400	1,042,400	338,000	48.0%	1,216,800	1,174,300	**(42,500)**	(3.5%)	M
TOTAL		**18,121,000**	**16,515,000**	**(1,569,500)**	**(8.7%)**	**22,259,500**	**22,491,200**	**231,700**	**1.0%**	

Total Value of Remedial Action (from Analysis Below)		(277,000)		
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)	**22,259,500**	**22,214,200**	**(45,300)**	**(0.2%)**
Total Forecast Transfers To Portfolio Specific Reserves	(45,300)			
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)	**22,214,200**	**22,214,200**	**0**	**0.0%**

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
2	The HR, Legal and Performance Management budget is currently forecast to be underspent due to additional income and part year vacancies. Legal Services have been able to increase fee earning income whilst not increasing associated costs to the same extent.	(77,100)		
3	The initial investment for the Transformation Business cases was agreed by City Council on 11th October 2011. As expenditure is incurred, a release from the MTRS Reserve will be actioned to fund these costs at year end.	277,000	A planned (and approved) release from the MTRS Reserve which will fully meet the costs of the Transformation Business Cases.	(277,000)
6	The service is holding vacancies where possible in order to prepare for saving requirements in future years.	(12,400)		
7	The service is projecting an underspend due to vacant posts being held in preparation for future years savings.	(47,800)		
8	An overspend is predicted of £73,000, due to increased expenditure relating to occupancy for the Design and Health & Safety teams together with an under-achievement of fee income on the Design Services team.	73,000		
9	A sum of £100,000 was a recommended 2014/15 budget saving. This saving was based on the AMS Property Service creating Business Partners with other PCC Services' Property Departments providing a more efficient service and creating economies of scale. However, following the restructuring of AMS, this saving proposal is no longer feasible.	90,000		
10	An underspend is expected due to the mild winter reducing the need for heating and ventilation works.	(30,000)		
11	The Spinnaker Tower operator agreement continues to report an improvement in trading activity.	(50,000)		
14 & 15	These variances represent the difference between housing benefit paid out to private and council house tenants and the government subsidy received for these purposes. The total value of benefits paid exceeds £100m and minor fluctuations in the factors affecting Housing Benefit can result in material variances.	118,200		
16	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(5,800)		
18	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(43,100)		
20	Land Charges have experienced higher than expected demand for property searches as a direct result of a buoyant private sector property market.	(23,700)		
22	This budget saving represents a number of unfilled vacancies which will be used in order to meet future budget savings.	(42,500)		
	Net of variances less than £5,000	5,900		
	TOTAL PROJECTED VARIANCE	**231,700**	**TOTAL VALUE OF REMEDIAL ACTION**	**(277,000)**

Note **Remedial Action resulting in savings is shown in brackets**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Traffic & Transportation

BUDGET 16,966,800

TOTAL CASH LIMIT **16,966,800**

CHIEF OFFICER **Kathy Wadsworth**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15: Budget Profile To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15: Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	Off-Street Parking	(1,301,500)	(1,494,200)	(192,700)	(14.8%)	(1,811,000)	(1,704,200)	**106,800**	5.9%	H
2	Tipner Park and Ride	247,800	230,700	(17,100)	(6.9%)	-	405,900	**405,900**	-	H
3	Road Safety & Sustainable Transport	140,500	151,900	11,400	8.1%	197,300	218,700	**21,400**	10.8%	L
4	Network Management	372,600	377,400	4,800	1.3%	564,900	570,700	**5,800**	1.0%	M
5	Highways Infrastructure	3,974,400	4,007,900	33,500	0.8%	9,276,600	9,276,600	**0**	0.0%	L
6	Highways Routine	2,334,500	2,214,200	(120,300)	(5.2%)	3,136,400	3,119,400	**(17,000)**	(0.5%)	H
7	Highways Street Lighting (Electricity)	834,600	980,000	145,400	17.4%	1,130,600	1,479,800	**349,200**	30.9%	H
8	Highways Design	(49,000)	(44,700)	4,300	8.8%	(59,800)	(59,800)	**0**	0.0%	M
9	Travel Concessions	3,076,600	3,121,000	44,400	1.4%	4,016,300	4,042,800	**26,500**	0.7%	H
10	Passenger Transport	(136,700)	(1,030,200)	(893,500)	(653.6%)	(173,300)	(128,300)	**45,000**	26.0%	M
11	Integrated Transport Unit	87,900	87,000	(900)	(1.0%)	118,300	118,300	**0**	0.0%	L
12	School Crossing Patrol	242,200	186,000	(56,200)	(23.2%)	328,400	251,000	**(77,400)**	(23.6%)	M
13	Transport Policy	120,000	107,600	(12,400)	(10.3%)	140,900	143,100	**2,200**	1.6%	L
14	Feasibility Studies	212,500	198,000	(14,500)	(6.8%)	62,300	112,400	**50,100**	80.4%	M
15	Tri-Sail Maintenance	29,200	12,500	(16,700)	(57.2%)	38,900	38,900	**0**	0.0%	L
					-					
TOTAL		**10,185,600**	**9,105,100**	**(1,080,500)**	**(10.6%)**	**16,966,800**	**17,885,300**	**918,500**	**5.4%**	
	Total Value of Remedial Action (from Analysis Below)						(918,500)			
	Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)					**16,966,800**	**16,966,800**	**0**	**0.0%**	
	Total Forecast Transfers From Portfolio Specific Reserves					0				
	Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)					**16,966,800**	**16,966,800**	**0**	**0.0%**	

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1	Off-Street income is forecast to be £137,000 less than budget this is due in part to the suspension of business with two third party clients. It is hoped that these contracts will recommence in the near future. Civil Enforcement Officer vacancies are likely to result in an underspend of £58,000 in employment costs, but other costs will be above budget, the largest being an unbudgeted security cost of £12,000.	106,800		
2	Income is now forecast to be £66,000 more than budgeted. Offsetting this, £80,000 will be spent on planned marketing activity and also other operational costs mainly relating to the provision of an additional bus during peak times of operation. A forecast transfer from the Park & Ride Reserve of £325,000 will be made at the end of the year to fund the 2014/15 operating deficit of the Park and Ride scheme. The level of the operating deficit is expected to reduce in future years as the scheme becomes more established.	405,900	Appropriation from Parking Reserve £80,000. Appropriation from Park and Ride Reserve £325,900.	(405,900)
3	The variance relates to a subscription to British Cycling.	21,400		
6	Grounds maintenance activity for areas not covered by the Highways Maintenance PFI contract has been less than budgeted for the year to date resulting in a forecast underspend.	(17,000)		
7	The installation of LED lights is expected to lead to significant savings in street lighting electricity costs. However this capital investment project is currently delayed, the additional costs will be funded by a release from contingency.	349,100	Release from Contingency	(346,400)
9	The extended good weather in the summer led to increased bus passenger usage and a consequent increases in claims for reimbursements of concessionary fares by the bus operators.	26,500		
10	Additional employment costs have been incurred on maternity cover for the Transport Planning Manager and additional support required for increased Development Control activity.	45,000		
12	Difficulties in recruiting School Crossing Patrol staff continue to be experienced and a number of vacancies persist despite continued recruitment activity.	(77,400)		
	Other Variances	58,200	Transfer from Offstreet Parking Reserve	(166,200)
	TOTAL PROJECTED VARIANCE	**918,500**	**TOTAL VALUE OF REMEDIAL ACTION**	**(918,500)**

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

COMMITTEE Licensing

BUDGET (144,900)

TOTAL CASH LIMIT **(144,900)**

CHIEF OFFICER **Michael Lawther**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15 Budget To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15 Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	Licensing Committee	(107,300)	(52,400)	54,900	51.2%	(144,900)	(178,000)	**(33,100)**	(22.8%)	L
TOTAL		**(107,300)**	**(52,400)**	**54,900**	**51.2%**	**(144,900)**	**(178,000)**	**(33,100)**	**(22.8%)**	
	Total Value of Remedial Action (from Analysis Below)						0			
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)						**(144,900)**	**(178,000)**	**(33,100)**	**(22.8%)**	
	Total Forecast Transfers To Portfolio Specific Reserves					(33,100)				
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)						**(178,000)**	**(178,000)**	**0**	**0.0%**	

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

COMMITTEE Governance, Audit and Standards Committee

BUDGET 304,500

TOTAL CASH LIMIT **304,500**

CHIEF OFFICER **Michael Lawther**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15: Budget To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15: Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	Municipal Elections	109,100	135,700	26,600	24.4%	144,100	153,000	**8,900**	6.2%	L
2	Registration Of Electors	253,200	185,700	(67,500)	(26.7%)	269,600	266,500	**(3,100)**	(1.1%)	M
3	Registrar of Births, Deaths & Marriages	(100)	(150,200)	(150,100)	(150100.0%)	(109,200)	(121,300)	**(12,100)**	(11.1%)	M
TOTAL		**362,200**	**171,200**	**(191,000)**	**(52.7%)**	**304,500**	**298,200**	**(6,300)**	**(2.1%)**	
	Total Value of Remedial Action (from Analysis Below)									
Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)						**304,500**	**298,200**	**(6,300)**	**(2.1%)**	
	Total Forecast Transfers To Portfolio Specific Reserves					(6,300)				
Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)						**298,200**	**298,200**	**0**	**0.0%**	

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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

Note **Remedial Action resulting in savings is shown in brackets**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure

BUDGET 851,000 Levies

TOTAL CASH LIMIT **851,000**

CHIEF OFFICER **Michael Lawther**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15 Budget To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15 Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	Environment & Flood Defence Agency	0	0	0	-	35,900	35,900	**0**	0.0%	M
2	Coroners	540,075	433,663	(106,412)	(19.7%)	778,500	778,500	**0**	0.0%	M
3	Southern Sea Fisheries	0	0	0	-	36,600	36,600	**0**	0.0%	L
TOTAL		**540,075**	**433,663**	**(106,412)**	**(19.7%)**	**851,000**	**851,000**	**0**	**0.0%**	
	Total Value of Remedial Action (from Analysis Below)						0			
	Total Net Forecast Outturn (after remedial action)					**851,000**	**851,000**	**0**	**0.0%**	

Note **All figures included above exclude Capital Charges and Insurances**

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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

Note **Remedial Action resulting in savings is shown in brackets**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure

BUDGET 1,218,000 Insurance

TOTAL CASH LIMIT **1,218,000**

CHIEF OFFICER **Michael Lawther**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15				BUDGET FORECAST 2014/15				RISK INDICATOR
		Budget Profile To End December 2014	Actual To End December 2014	Variance vs. Profile To December 2014		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	£	£	£	%	
1	Insurance Revenue Account	913,500	913,500	0	0.0%	1,218,000	1,218,000	**0**	0.0%	M
TOTAL		**913,500**	**913,500**	**0**	**0.0%**	**1,218,000**	**1,218,000**	**0**	**0.0%**	
	Total Value of Remedial Action (from Analysis Below)						0			
	Total Net Forecast Outturn (after remedial action)					**1,218,000**	**1,218,000**	**0**	**0.0%**	

Note All figures included above exclude Capital Charges and Levies

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure

BUDGET 20,863,300 Asset Management Revenue Account

TOTAL CASH LIMIT **20,863,300**

CHIEF OFFICER **Michael Lawther**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15 Budget To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15 Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	External Interest Paid	10,599,100	10,599,072	(28)	(0.0%)	17,281,400	18,039,300	**757,900**	4.4%	H
2	External Interest Earned	(1,803,800)	(3,210,663)	(1,406,863)	(78.0%)	(3,363,100)	(3,023,600)	**339,500**	10.1%	H
3	Net Minimum Revenue Provision		0	0	-	6,945,000	5,733,100	**(1,211,900)**	(17.4%)	M
TOTAL		**8,795,300**	**7,388,409**	**(1,406,891)**	**(16.0%)**	**20,863,300**	**20,748,800**	**(114,500)**	**(0.5%)**	
	Total Value of Remedial Action (from Analysis Below)						0			
	Total Net Forecast Outturn (after remedial action)					**20,863,300**	**20,748,800**	**(114,500)**	**(0.5%)**	

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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

Note **Remedial Action resulting in savings is shown in brackets**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2014

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2014/15

PORTFOLIO Other Expenditure

BUDGET 17,645,400 Miscellaneous

TOTAL CASH LIMIT **17,645,400**

CHIEF OFFICER **Michael Lawther**

MONTH ENDED **December 2014**

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2014/15 Budget Profile To End December 2014 £	Actual To End December 2014 £	Variance vs. Profile To December 2014 £	%	BUDGET FORECAST 2014/15 Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget £	%	RISK INDICATOR
1	Precepts	35,451	35,451	0	0.0%	35,500	35,500	**0**	0.0%	L
2	Portchester Crematorium	0	0	0	-	(150,000)	(150,000)	**0**	0.0%	L
3	Compensatory Added Years & Contribution to Prior Years Pension Deficit	0	0	0	-	5,885,000	5,885,000	**0**	0.0%	L
4	Contingency	0	0	0	-	4,683,800	1,416,800	**(3,267,000)**	(69.8%)	H
5	Revenue Contributions to Capital	0	0	0	-	3,829,000	3,829,000	**0**	0.0%	L
6	MMD Losses	1,278,000	1,397,000	119,000	9.3%	1,704,000	1,704,000	**0**	0.0%	L
7	Off Street Parking Reserve	0	0	0	-	(948,200)	(948,200)	**0**	0.0%	L
8	Transfer to / (From) MTRS Reserve	0	0	0	-	631,700	631,700	**0**	0.0%	L
9	Other Miscellaneous	0	0	0	-	2,310,000	2,310,000	**0**	0.0%	L
10	Other Transfers to / (from) Reserves	0	0	0	-	(335,400)	(335,400)	**0**	0.0%	L
TOTAL		**1,313,451**	**1,432,451**	**119,000**	**9.1%**	**17,645,400**	**14,378,400**	**(3,267,000)**	**(18.5%)**	
	Total Value of Remedial Action (from Analysis Below)						0			
	Total Net Forecast Outturn (after remedial action but before transfers (From)/to Portfolio Specific Reserves)					**17,645,400**	**14,378,400**	**(3,267,000)**	**(18.5%)**	
	Total Forecast Transfers To Portfolio Specific Reserves					260,200	260,200			
	Total Net Forecast Outturn (after remedial action and after transfers (From)/to Portfolio Specific Reserves)					**17,905,600**	**14,638,600**	**(3,267,000)**	**(18.2%)**	

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2014/15

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

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

Note **Remedial Action resulting in savings is shown in brackets**

Meeting: Cabinet Decision

Subject: Establishment of a new 'social enterprise'

Date of decision: March 5th 2015

Report by: Head of Health, Safety and Licensing

Wards affected: All

Key decision: Yes

Full Council decision: No

1. Summary

1.1 Portsmouth is one of 10 pioneering local authorities receiving £100,000 worth of support from the Cabinet Office to explore different delivery models for existing public services. The work recommends the establishment of a new social enterprise jointly owned and controlled by in the council, the police and the fire service. The new company would continue to deliver the services valued by residents, generate income from the development of new commercial and grant funded services, and deliver the savings required by local and central government.

1.2 Officers have worked with consultants provided by the Cabinet Office to produce an outline business case and transition plan. These documents have been reviewed and are supported by the Cabinet Member for Community Safety and the Leader of the Council. Officers are now working on a local market analysis and full business plan.

2. Purpose

2.1 This report informs members about the government's 'Delivering Differently' programme[1] and requests the formal support of the Cabinet to establish a social enterprise in equal partnership with Hampshire Constabulary and Hampshire Fire and Rescue Service. The enterprise will be incorporated in the legal form of a Teckal[2] compliant company limited by guarantee. In practice this means the council (alongside our partners) will retain a high level of control over the company's activity and the services it will provide. The timescale associated with this work means preparation has started in some areas.

[1] (https://www.gov.uk/government/collections/delivering-differently-programme-for-local-authorities#delivering-differently-for-local-authorities-about-the-programme

[2] Teckal is a public sector procurement arrangement that allows a high level of control and direct contract awards from public authorities without the need for a competition. For this to happen, the organisation being awarded the contract must be 75% controlled by public contracting authorities and other conditions must be met as now specified in Regulation 12 of the Public Contracts Regulations 2015.

3. Recommendations

3.1 That members:

3.1.1 Delegate authority to the Interim Chief Executive with support from legal services to take all steps and prepare and submit all documents necessary to incorporate formally a 'shell' company ready to commence trading at a later date.

3.1.2 Authorise the transfers, commencement of trading, and entering into all necessary legal documentation with the new company[3] (New Co.), upon the section 151 officer in conjunction with the City Solicitor in consultation with the Leader being satisfied of the final business case, terms of transfer, and all related contractual documentation.

3.1.3 Appoint the Cabinet Member for Environment and Community Safety as a member of the shadow board and instruct the Chief Executive to appoint another council officer, with the appropriate financial skills to support the Interim Chief Executive on the shadow board, with those individuals to become directors of the company upon incorporation.

3.1.4 Approve the resource plan set out at item 19 to provided dedicated resources from HR, IT and finance to support the development of the business plan against the gateways and timeline set out in appendix 1

3.1.5 Subject to approval in accordance with recommendation 3.1.2 delegate authority to the City Solicitor in consultation with the Section 151 Officer and the Interim Chief Executive to prepare, settle and execute all documents required for the transfer of staff, contracts, assets, equipment and accommodation as necessary to enable New Co to operate.

4. Background

4.1 Members of the Safer Portsmouth Partnership (SPP) [4] began exploring alternative delivery models for community safety services in response to public sector cuts across partner organisations. To support this work we successfully applied for the 'Delivering Differently' Cabinet Office programme and as a result we received 100k worth of consultancy support to progress the work.

4.2 Phase one of the programme began in June 2014. The responsible authorities group, including the Leader Cllr Jones and Cllr New, met on 9th September 2014 to consider an options appraisal in relation to the delivery vehicle. It was agreed the best and most flexible option for all partners would be to set up a Teckal compliant company limited by guarantee. Since September an outline business case and transition plan has been developed. The plan was discussed at a second meeting of the responsible authorities group on 6th January at which all parties agreed in principle to the establishment of the new company.

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[3] The new company will be constituted as a social enterprise to be a Teckal compliant company limited by guarantee, in partnership with Hampshire Constabulary and Hampshire Fire and Rescue Service,

[4] There are five 'responsible authorities' in relation to the Crime and Disorder Act; the local authority, the fire authority, the police service, the health service and the probation service. These organisations have a statutory responsibility to work together. They do this through the Safer Portsmouth Partnership alongside other local partners. SPP's statutory duty is to reduce crime, anti-social behaviour, substance misuse, offending and reoffending, by taking collective action to address local priorities identified by research and analysis. Cllr New, Cabinet Member for Community Safety, is the Chair of the SPP.

5. Rationale

5.1 The rationale behind 'spinning out' services from the local authority into a Teckal compliant social enterprise is to protect the good outcomes services currently delivered and the jobs of those who deliver them, whilst reducing costs to the council and allowing the development of commercial services that will attract different kinds of income down the line. A 'Teckal' entity is seen legally as a body over which the public sector partners exercise control which is similar to that which they exercise over their own departments. The more income generated by the new entity - which includes grant funding and social finance not currently available to the public sector - the less reliance on partner's budgets; a 20% saving for public sector partners would translate into a 20% sales/income target for the social enterprise.

5.2 Spinning out services from the public sector is not a new concept, but this will be the first organisation in the UK to bring three public sector community safety partners together as joint owners of a social enterprise. As part of the government's flagship programme this work is likely to attract national attention although there has been no formal publicity as yet.

5.3 The Portsmouth social enterprise would be commissioned (or directed) to deliver services that would reduce costs for the partner agencies and increase wellbeing. For example:

a. We know that in 2013/14 62% of child protection cases in Portsmouth involved domestic abuse[5]. Reducing the harm caused by domestic abuse in families by providing advocacy and support, safety planning and perpetrator programmes, ***before*** the risk to the children becomes unmanageable, is likely to save money for the council almost immediately.
b. Similarly for the police, more timely safety planning and risk management with victims of abuse is likely to reduce the number of times police are called - 59% of a recent sample of domestic incidents involved repeat victims and perpetrators.
c. We also know that recent analysis of complex cases of anti-social behaviour managed by the ASB Unit found that 86% (n77) of the 90 cases analysed involved entrenched problems caused by alcohol or drug misuse, mental health problems, domestic abuse and repeat offending; most were adults, not young people[6].
d. The links between community safety and health have long been acknowledged by the community safety partners; the development of the Alcohol Interventions Team developed by community safety with other health and crime benefits is testament to this.[7]
e. Intervening earlier and reducing risk factors also allows us to boost the protective factors that are needed for people to thrive, improving health, community cohesion, social capital, democratic participation and tax revenues from employment.

[5] Domestic abuse performance report Q1 2014/15, compared to 69% in 2013/14
[6] Research review of complex cases of Anti-social Behaviour: Stage 2 Report, Wickson (October 2013)
[7] In the 2014 SPP Community Safety Survey, 22% (n185) of residents either agreed or strongly agreed that that anti-social behaviour is a big problem in the area where they live.

5.4 These examples from community safety illustrate the potential long term financial benefits of early intervention for public sector partners, and as resources continue to reduce, positioning a new social enterprise outside the council is arguably the best way to sustain that investment and minimise the risk to key services and jobs in the long term.

5.5 The first two years for new businesses are critical so it is important to explore all avenues of financial support, including pump priming as 'invest to save'. Social Impact Bonds (SIBs) work by shifting the risk of failure with new interventions (such as new programmes for domestic abuse perpetrators) from the public sector to the private sector/social investors who put up the bond. The public sector only pays if the intervention works. If it doesn't the social investors cover the cost. We plan to work with colleagues from Social Finance over the next couple of months as part of a government funded scheme to support new SIBs to explore their potential. There are currently about 20 SIBs in the UK including one at Essex County Council (see appendix 2). Financial and data support is available to councils considering this approach[8]:

6. Services in scope

6.1 Appendix 3 (exempt item) sets out services that could be transferred, subject to discussion and agreement with heads of service where necessary. The view of the Cabinet Office consultants is that there is good potential for development of the existing services, in particular the CCTV, civil contingencies, consultancy, and early intervention / domestic abuse services. Every effort should be made to create critical financial mass to give the new organisation the best chance of success. Their view is that overall, and with hard work and careful management, the company has an important community safety and well-being role to play in the region.
In the light of cuts imposed to the local authority's budget the financial picture looks tight so the contributions of the Responsible Authorities remain crucial.

7. Partner contributions

7.1 The partnership support team (research and communications) has been funded by partner contributions since 2008. It is anticipated these arrangements will be maintained in the new company.

7.1.1 Police contribution

It is hoped both the police will be able to make a financial contribution to the development of the new organisation in addition to allowing the use of the police 'brand' as part of its 'unique selling point' (USP). We are also discussing the possibility of seconding staff, commitment to commission services and sign posting others to the new company. Hampshire Constabulary has some experience in this area with the Blue Lamp Trust and more recently the Skills and Knowledge Service complement those provided by the new company and offer further potential collaboration. There are no clear conflicts of interest.

7.1.2 Fire contribution

Hampshire Fire and Rescue Service also set up their own trading company (3SFire) in 2013. This organisation is a company limited by shares and wholly owned by the Fire Authority. It provides

[8] http://www.biglotteryfund.org.uk/global-content/programmes/england/commissioning-better-outcomes-and-social-outcomes-fund and http://data.gov.uk/sib_knowledge_box/knowledge-box

high level consultancy and training in relation to fire safety and event management and so is unlikely to conflict with services provided by the new organisation. Similarly, a financial contribution is anticipated as well as use of the brand, secondment of staff and commissioning services.

8. How will New Co. deliver differently?

8.1 Currently the Head of Service for community safety could be seen as both a commissioner and a provider of services. Having agreed the contract to provide the proposed group of council services as described above, with appropriate safeguards and robust performance management in place, this social enterprise could also commission and deliver new services on behalf of its partner organisations. Similar new models of service delivery that dissolve barriers between commissioners and providers and explore alternative approaches such as volunteers working alongside professional staff, using the community as a 'renewable resource', are set out in the NHS Five Year Forward View[9] and are also being explored by our partners and might provide fertile ground for future collaboration.

8.2 The following short profile has been developed with a small group of staff in order to help others understand how the new organisation will work. This work, including the choice of name, is in the very early stages and will be reviewed and refined going forward with input from the board of directors.

Figure 1

New Co Social Enterprise - the company that gives back

Our Mission

To keep people, businesses and visitors healthy and safe

Our Vision

To be recognised as a successful social enterprise delivering services that work and make a positive difference to people's lives

Community benefit and social value

- *New Co aims to provide community benefit by delivering services that increase people's personal safety and wellbeing both outside and inside the home. These services will also make people more confident and more able to secure positive outcomes for themselves and their families. This might include making a personal contribution by moving into work, education, training or volunteering.*
- *New Co will reinvest profits from the sale of commercial services back into the company to subsidise these positive outcomes.*
- *New Co will strive to improve people’s perception of security in our business communities and make our towns good places to be in business*

[9] http://www.england.nhs.uk/ourwork/futurenhs/5yfv-exec-sum/

9. How does this fit with current developments around localities?

The development of this social enterprise, is one of a number of developments across the city, and across the country, that attempt to square the circle between available (and reducing) funding, managing demand and levering in additional resource. As multi-agency teams developed by the Children's Trust look to provide an effective preventative response to statutory intervention, based in one of three localities agreed by partners, work in the Paulsgrove area (*Delivering Differently in Neighbourhoods*) is taking shape at an even earlier stage in the cycle of need and support. Discussions about a combined authority are at an early stage and if successful could help to provide a wider market for the new organisation.

10. Outline business case and transition plan

An outline business case has been prepared by the consultants. Work on the full business plan is on-going but commentary on key issues is set out below:

10.1 Governance and leadership (Teckal control - appendix 4)

Establishing a company limited by guarantee that is compliant with the 'Teckal' conditions as now prescribed by the Public Contracts Regulations 2015[10] means the council (and its public sector partners) will retain considerable control over the new company. The company operates in form and function as an extension of the council as a company member. This allows the direct award of contracts to the new body by any one of the company members, thus giving the new social enterprise a 'leg up' into the market. The longer term aim is to convert the organisation to a charity or a community interest company which would provide access to a wider range of funding and social finance opportunities. Future proofing the company with this change of structure brings flexibilities, particularly in relation to finance and risk management as discussed below.

10.1.1 Shadow Board

A shadow board has established with two directors representing each organisation; the Cabinet Member for Community Safety and the Section 151 Officer (or his nominated deputy) have been nominated to represent the City Council. Directors from the Police will be Supt Will Schofield and Ch Insp Tony Rowlinson, from Hampshire Fire and Rescue, Group Manager, Dave Smith and Area Manager Stewart Adamson (Head of Prevention).

10.1.2 Interim Chief Executive

Setting up a social enterprise requires leadership at officer level to reassure staff as well as the leadership of the Executive Member for Environment and Community Safety and Cabinet colleagues. At the first meeting of the Shadow Board which took place on 4th February, a proposal by Cllr New was agreed that Rachael Dalby become the Interim Chief Executive of the new company. Once the new company is incorporated and begins trading, consideration by the Board will be given to the appointment of the substantive role.

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[10] *Since Appendix 4 was written the Public Contracts Regulations 2015 have been made by Parliament and come into force on 26th February 2015. These regulations give effect in national law to the new EU procurement directive referred to in the text and accordingly the advice in this Appendix is not materially affected."*

10.2 Risk

10.2.1 Given the position of public finances overall, there is a high risk that many valued services currently provided by local authorities will disappear resulting in significant reputation damage. More specifically for this group of services, the risk of losing these services means we are likely to see domestic homicides, increased crime associated with drugs and alcohol, and increased concern in neighbourhoods about anti-social behaviour.

10.2.2 Risks associated with operating in a commercial environment are being addressed by carrying out a skills audit for key staff and directors with support from the Social Enterprise Support Centre. This will highlight any gaps and training needs.

10.2.3 A formal risk register has been established (exempt item - appendix 5) and the risks of establishing a new organisation are currently being explored in detail in order to minimise the exposure of partner organisations. For example, the impact of new procurement law that comes into force on 26th February, duty of best value under Sec 3 (1) Local Government Act 1999, state aid implications

10.3 Market Analysis

A high level market analysis was undertaken by the consultants and, as previously mentioned, they have confirmed there is good potential to develop current services. Work is now underway to develop a more locally focused analysis which will explore the latent demand for existing services in Hampshire as well as potential new services that can be developed quickly to generate income. A 'cross selling matrix' will also help to identify new markets for existing services. Market analysis must be an ongoing task that supports the board's strategic intentions and will determine the focus of the board in directing the work of the company going forward.

10.4 Financial modelling

Dedicated accountancy support is required to complete financial projections, detailed service budgets and costs. Alongside the proposed group of services, it is also proposed to also include the new 'integrated wellbeing service' currently being developed using the public health grant. The inclusion of as large a cluster of services as possible will help to achieve a critical mass of turnover that creates confidence in the new company and should help to unlock other money either contracts or project grant funding. It is important that this is considered when agreeing the scope of services and maximising their combined value. The decision to establish New Co will also be impacted on by the senior management review.

10.5 Staff Consultation

Staff from HR and Corporate Communications have been fully involved in the project team meetings since September 2014. An internal communications plan has been put in place, although there has been limited staff engagement thus far. An initial staff briefing and workshops have been held to explain the general concept of social enterprise, mutuals and local authority spinouts. Responses to initial concerns, questions and ideas from staff for income generation and company names are being made available electronically in shared areas.

A full programme of briefings and workshops is planned and will commence in line with the gateway plan.

11. LGPS Pension scheme

11.1 A separate pension briefing has been prepared (see appendix 6 - exempt item) by the council's pension specialist, reviewed and discussed with the council's Section 151 Officer. To ensure that the New Co is competitive and successful in the market place, the following pension assumptions have been made:

a. The New Co becomes a Schedule 2 body in the Hampshire LGPS

b. Based on the current grouping of services, the actuary has indicated (using current staff assumptions) that an estimated 17.8% employers pension rate will apply

c. As is normal with outsourcing arrangements the liability for past service deficits will remain with PCC.

d. That PCC will carry the risk of the company being unable to cover any future deficit that may arise as a result of company insolvency

11.2 These staff pension arrangements are predicated on the assumption that the pension scheme would be closed to new staff (with new staff being offered alternative less favourable pension arrangements) and also should New Co cease to exist through insolvency then the council is likely to bring some staff back in house in order to deliver statutory duties under the Crime and Disorder Act 1998 (as amended) and as such any deficit would remain with the council in any case.

11.3 Whilst the new company is Teckal compliant, there is a risk associated with employing *new* staff on *new* terms and conditions, details of which are set out in the risk register attached at appendix 5. This risk will be managed and monitored closely by the board.

12. Publicity

As previously mentioned, there has been no formal publicity about this work outside of the council (or within the police or fire service) over and above ad hoc, high level conversations. As we anticipate a level of national/regional interest, it has been suggested that any formal press statements are agreed with our partners in advance and issued as part of a planned approach.

13. Costs to council

13.1 The aim of establishing a new social enterprise is to save money for the council in the long term, both by identifying additional sources of income and by early intervention services that reduce demand for other services and by generating additional income to offset further budget reductions.

13.2 In the short term, the development work will incur some corporate costs, we anticipate in the region of £80k, which could be looked on as pump priming or 'spend to save' and can be funded from portfolio reserves.

13.3 Over and above dedicated support from PCCs corporate finance, communications, IT and HR teams, the set up costs for the new business (incorporation, branding, website etc.) would be approximately £65,000. Funding will be sought to cover the costs from the LEP. There is other support available for newly incorporated 'spin-outs' (e.g. Big Potential http://www.bigpotential.org.uk, Investment and Contract Readiness Fund). http://www.beinvestmentready.org.uk/) The new organisation needs to be incorporated before being eligible for these grants.

13.4 Staff with the skills and knowledge to manage this contract will remain within the Council and we are currently teasing out any other costs that might arise as part of the service specification preparation. See also comments later from Head of Finance.

14. Timeline

14.1 The aim is to establish the new entity as soon as possible in 'shell' form so that the necessary arrangements can be put in place to begin trading once the full business plan is approved. Contract negotiations accommodation and back office support, develop service specifications, negotiate contracts, consult and transfer staff into the new organisation between 1st July 2015 and end of September 2015. The 'go live' date will be determined by the timescales involved in matters such as agreeing contracts and staff consultation. For example it is important there is clarity for all parties in relation to the implications of transferring to the social enterprise in particular for pay, terms and conditions and pensions. This is a tight timescale, but also important to maintain the momentum and profile of the work.

14.2 The Cabinet Office has extended elements of the consultancy support until the end of March but it is anticipated that additional expert guidance is likely to be required at least until June 2015 with the main object being to ensure that New Co/the Shadow Board have appropriate independent legal advice through the implementation stage.

15. Conclusions

15.1 Officers have worked with Cabinet Office consultants to produce comprehensive documentation setting out legal options, risks, governance, market analysis, financial modelling that have started to make the case for the establishment of a social enterprise. Spinning out services has risks for the council (and our partners), but the greater risk is that valuable services are lost, demand increases that we are unable to meet and the council suffers reputational damage.

Figure 2

> *New ideas and collaborations traditionally emerge during periods of austerity, and this has happened as a consequence of recent economic upheaval. Around the UK, democratic markets are emerging that are networked and responsive. There has been an explosion in entrepreneurship, collaboration and consumer empowerment.*
>
> *The traditional notion that, politically, we can apportion basic ideas and concepts to being of either the left or the right, is being turned on its head. Capital and labour, collaboration and competition, society and economy are working together to drive growth in the social economy. It is creating wealth, jobs and social capital. It is becoming an important British export, as well as having a profound influence on the mainstream economy at home.*
>
> *Social enterprises and co-operatives are outperforming just-for-profit businesses; alternative banks have better returns on assets, lower volatility and higher growth; and a growing proportion of start-ups are socially-driven. Consumers are buying more from social enterprises, and joining co-operatives. In fact the UK now has more people who are member-owners of co-operatives than direct shareholders in businesses.*
>
> *Extract from Social Economy Alliance Manifesto: (http://www.socialenterprise.org.uk/public/uploads/editor/Social-Economy-Alliance-2015-Manifesto.pdf)*

16. Reasons for recommendations

Public sector budgets are shrinking so the council needs to find a way of shifting resources upstream to reduce demand and explore new ways of delivering services. Working with public sector partners is not new, but this work takes the relationships between organisations a stage further and facilitates collaborative leadership, co-commissioning and co-production in a competitive environment.

17. Equality impact assessment

Being undertaken

18. Legal implications

18.1 The legal issues arising from a proposal for the Responsible Authorities to move to service provision via an entity (such as a newly established social enterprise) with a separate legal identity and thereby becoming commissioners rather than providers of the services concerned are examined by the Cabinet Office appointed consultants in the Options Appraisal and in particular appendix 2 to that Appraisal (appended to this report as appendix 4).

18.2 The consultants' overall conclusion (Options Appraisal, appendix 2, Part 1, paragraph 13) having considered the complex legislative backdrop to the proposal is that although care will be needed in the implementation phase to ensure that the law is complied with and to minimise the chances of a successful legal challenge, the Responsible Authorities will be able to make this change.

18.3 This overall conclusion is supported.

18.4 The legal risk to the City Council in setting up a 'shell' company at this stage as recommended is very low although care will need to be taken to ensure that the incorporation documents will be fit for the purposes of the new company as and when it commences trading.

18.5 The more important risk, which is in part informed by the legal analysis, is the viability of the arrangements given the legal implications of the business case, operating conditions, employment strategy (including the pensions arrangements), and the manner in which the Council shares or has passed through to it, the costs and risks of the entity.

18.6 The Council has the necessary legal power to set up the shell company principally under the general power of competence in Section 1 of the Localism Act 2011 and further under section 111 of the Local Government Act 1972 (power to do anything ……….which is calculated to facilitate, or is conducive or incidental to, the discharge of any of the Council's functions).

18.7 The principle legal issues and areas of risk to the City Council that may arise in the course of the finalisation of the business case and the implementation phase before the new company goes live, will need to be carefully minimised and managed as referenced in 10.2.

18.8 Legal Services will work with Human Resources, Finance staff and the Interim Chief Executive through the implementation phase to ensure that these risks for the City Council are appropriately addressed and managed.

18.9 Importantly, the power to establish the entity depends upon the Council being satisfied that it represents an appropriate step to take, noting the risks, financial exposure, alongside the business priority aims and vision. It is clear, at this stage, that dedicated resource is required to fully work up the business model and plan, and it is only at that stage that the Council can decide on whether a "spin out" of these services into an entity, as proposed.

18.10 In formulating the commercial transfer arrangements, legal services will need to work with the Interim Chief Executive to ensure that an appropriate risk share is devised as between the Council and the entity, and the Council and its partners, the Police, and the Fire and Rescue Authority.

19. Head of finance

19.1 The recommendation to establish the social enterprise company in shell form only, at this stage, will expose the council to negligible operational and financial risk.

19.2 However, before any further decision for the company to be activated and to commence trading can be made, a significant amount of further investigation, analysis and due diligence by the Council is necessary to ensure that not only is the company business plan realistic and achievable, but there is also a demonstrable business case that the delivery of services via the company will enable financial savings to accrue to the Council whilst maintaining, or enhancing, the quality of the services provided.

19.3 Appendix 1 has identified a number of approval gateways that must be satisfied to enable final approval by the Council for the transfer of staff, assets and services to the new social enterprise company.

19.4 Significant input from Human Resources, legal services and financial services will be necessary to ensure that the required levels of investigation, analysis and due diligence have been completed prior to the commencement of trading by the new company.

19.5 To enable the engagement of HR, legal & finance staff (both for New Co and the local authority) with the appropriate skill sets and experience to complete the work required leading up to each approval gateway, it is recommended that over the period 2014/15 to 2015/16 up to £80,000 be released from the Environment & Community Safety Portfolio Specific Reserve to meet these costs.

…………………………………………………………
Signed by: Head of Health, Safety and Licensing

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

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

Title of document		**Location**
1	Options Appraisal - Hempsons	Community Safety
2	Outline Business Case and Transition Plan - Hempsons	Community Safety

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

……………………………………………
Signed by: Leader of the Council

ENDS

Appendices

Appendix 1 - Gateways and Timeline doc - **exempt item**

Appendix 2 - Social Impact Bond

Case Study – the Essex County Council Social Impact Bond

- The **Essex 'children on the edge of care'** SIB was the first local government SIB in the UK. Social Finance raised £3 million from social investors to fund work with adolescents on the edge of care in Essex.
- It focuses on 11-16 year-olds at the edge of care or custody in Essex, with the objective of providing support in order that the young people can safely remain at home with their families, with the aim of substantial improvements in their lives.

- Funders of the programme costs make a financial return on their investment if it is successful, with the size of return dependent on the level of success, but could lose their entire investment if it isn't.

http://blogs.cabinetoffice.gov.uk/socialimpactbonds/

Appendix 3 - Services in scope - **exempt item**

Appendix 4 - Governance & Leadership (Teckal)

Appendix 5 - Risk Register - **exempt item**

Appendix 6 - Pension Briefing - **exempt item**

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Appendix 4 - Teckal [1]

1 Teckal – the requirements

1.1 The *Teckal* exemption arises from the European case of the same name. The principles have also been elaborated upon in a number of cases and in particular the recent domestic Supreme Court case of *Brent London Borough Council and others v Risk Management Partners Ltd.* The *Teckal* exemption establishes that in certain circumstances, there will not be a contract opportunity (and therefore not a legal duty to conduct a tender process) for the purposes of the Regulations if:

- the public body (or bodies) exercises the same kind of control over the service provider as it does over its own departments;
- the service provider carries out the principal or essential part of its activities with the relevant public body (or bodies); and
- there is no private sector ownership of the service provider or any intention that there should be any.

i.

1.2 You should note that these conditions are cumulative. An arrangement will therefore only satisfy the requirements of *Teckal* if the service provider meets all of the conditions above.

1.3 Article 12 of the adopted version of the new EU procurement directive provides that:

> *"A public contract awarded by a contracting authority to a legal person governed by private or public law shall fall outside of the scope of the Directive where all of the following conditions are fulfilled:*
>
> *(a) the contracting authority exercises over the legal person concerned a control which is similar to that which it exercises over its own departments;*
>
> *(b) more than 80% of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority or by other legal persons controlled by that contracting authority; and*
>
> *(c) there is no direct private capital participation in the controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled legal person.*
>
> *A contracting authority is deemed to exercise over a legal person a control similar to that which it exercises over its own departments within the meaning of point (a) of the first subparagraph where it exercises a decisive influence over both the strategic objectives and significant decisions of the controlled legal person. Such control may also be exercised by another legal person, which itself is controlled in the same way by the contracting authority."*

[1] *Since Appendix 4 was written the Public Contracts Regulations 2015 have been made by Parliament and come into force on 26th February 2015. These regulations give effect in national law to the new EU procurement directive referred to in the text and accordingly the advice in this Appendix is not materially affected."*

1.4 The new directive also clarifies that even if a contracting authority does not, on its own, exercise a control over the service provider which is similar to that which it exercises over its own departments, the *Teckal* exemption may still be available if that contracting authority exercises such control over the service provider together with at least one other contracting authority and limbs (b) and (c) above are satisfied.

1.5 The utility of a *Teckal* organisation in these circumstances will depend on the parties involved with the arrangement, their powers to create such an organisation, and the constitution of the organisation being sufficiently carefully designed to bring it within the scope of the test set out above. We would be happy to advise on this further once more information is available concerning the proposed arrangement. If the Council do not intend to be involved, however, the *Teckal* exemption would not be available. The exemption would also impact on the commercial options given the restrictions on private involvement.

2 The Hamburg test

2.1 The *Hamburg* case is named after a dispute between the European Commission and Germany relating to shared services for waste disposal in Hamburg. The principles in this case have been developed through a series of European judgments, which in our view lead to the following summary of the cumulative requirements that must be met in order to satisfy the exemption:

- The contract in question must establish cooperation between contracting authorities with the aim of ensuring that a public function that they all have to perform is carried out;
- That contract must be concluded exclusively by public entities, without the participation of a private party;
- No private provider of the services should be placed in a position of advantage vis-à-vis competitors as a result of the arrangement; and
- Implementation of such cooperation must be governed solely by considerations and requirements relating to the pursuit of objectives in the public interest (i.e. it should be of a non-profit making, non-commercial nature).
- In addition, it should be noted that if a contract:
  - Generates profit for one of the parties to it; or
  - Involves one party providing services to the others (rather than a genuine pooling of resources and cooperation/collaboration), whether or not the providing party makes any profit;

  then such a contract is unlikely to meet the requirements of *Hamburg* as it has been developed in recent European cases.

As is the case for the *Teckal* exemption, the commercial drivers will influence whether this exemption could be an option.

<u>Matters to consider – common public function?</u>

2.2 The first limb of the Hamburg test relates to the arrangement "establishing cooperation with the aim of ensuring that a public function that [all of the participating contracting authorities] have to carry out is carried out".

2.3 The first issue to consider is whether all of the Responsible Authorities jointly operating a shared service can properly be classified as being for the purpose of "*enabling all of the parties to perform a public function or task that they all have in common and all have to carry out*". This will depend on whether the word "*enabling*" and the phrase "*function…that they all have in common and all have to carry out*" is given a wide or narrow interpretation.

Direct or ancillary to performance of public function?

2.4 A parallel and linked issue is whether the *Hamburg* exemption properly covers services ancillary to the performance of the function that the contracting authorities all have to carry out, rather than only the direct performance of the required function itself. Where is the line drawn between the performance of the public function/task, and the performance of services ancillary to, or complementary to, or even that better enable that function to be performed?

2.5 Compare for example, a contract for the coordination of waste disposal (a direct and primary public function that the authorities in *Hamburg* were required to carry out – and which fell within the scope of the exemption), with a contract for the cleaning of an office or IT services (which are not a direct public function of the parties, but which it could be argued are ancillary to and would enable one of the parties to fulfil its primary public functions) Cleaning services have, for example been held not to fall within the scope of the exemption in *Piepenbrock,* one of the most recent cases on this subject. This is a point that has not been dealt with by the European Court expressly and therefore the position is currently unclear. The level of shred functions would also need to be considered.

2.6 Given that the European Court has not, to date, provided any express guidance on the above points and the consequent lack of certainty, our view is that there is a degree of risk of challenge to any such shared service arrangement that does not directly result in a common public function being delivered.

2.7 Recent European case law has confirmed that the *Hamburg* exemption will not apply where one party (or several parties) to an arrangement acts as a service provider to another party (or parties). In such circumstances there will not be a genuine pooling of resources or the required degree of cooperation to fulfil the requirements of the exemption. This will be the case whether or not the service provider makes a profit for providing the services. The parties to the arrangement will therefore need to demonstrate that they are working together genuinely to deliver the relevant common functions, rather than simply outsourcing those functions or requirements to one (or several) of the parties to perform behalf of the others.

Summary of the Hamburg position under the new procurement directive

- The new directive sets out a public to public cooperation exemption that is wider than that set out in the current case law;
- In interpreting the articles of the directive, it is appropriate to take into account the stated objectives contained in the recitals to the directive;
- Taking the recitals and the articles of the new directive together, it is possible both to envisage that the public to public cooperation exemption extends to services that potentiate the delivery of a public service and, significantly here, that the services of the cooperating public bodies need not be identical so long as they are complimentary in achieving a common objective;
- The new directive of course is not yet in force in the UK (but it is anticipated that it will be before the end of the year), but it has some persuasive force as an indication of what a true interpretation of the EU law is (or should be);

Explanation of Hamburg position under the new procurement directive

2.8 Article 12(4) of the new procurement directive as adopted provides that:

"A contract concluded exclusively between two or more contracting authorities shall fall outside the scope of this Directive where all of the following conditions are fulfilled:

(a) the contract establishes or implements a cooperation between the participating contracting authorities with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common;

(b) the implementation of that cooperation is governed solely by considerations relating to the public interest; and

(c) the participating contracting authorities perform on the open market not less than 20% of the activities concerned by the cooperation."

2.9 It is also of note that recital 33 to the new directive states that:

"Contracting authorities should be able to choose to provide jointly their public services by way of cooperation without being obliged to use any particular legal form. Such cooperation <u>might cover all types of activities related to the performance of services and responsibilities</u> assigned to or assumed by the participating authorities, such as mandatory or voluntary tasks of local or regional authorities or services conferred upon specific bodies by public law. The services provided by the various participating authorities need not necessarily be identical; they might also be complementary."

2.10 The above text suggests a wider interpretation of the *Hamburg* test, and that activities <u>related to</u> the performance of services and responsibilities <u>assigned to or assumed by</u> participating authorities might be covered by the exemption when the new directive is implemented into domestic law via new regulations. It is also worth noting the potential widening effect of the final sentence (confirming that the services need not necessarily be identical in order to fall within the scope of the exemption).

2.11 Unfortunately, the text that is most supportive of a wider interpretation of the *Hamburg* exemption is contained in a recital (which would be used to assist with interpretation) rather than the operative text of the directive itself, but this does not mean that the recital is completely without impact, especially in the context of European Law rules of interpretation (European Law should be interpreted purposively).